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DEBATES OF THE SENATE

OFFICIAL REPORT

(HANSARD)

THE HONOURABLE JEAN MARCHAND, P.C.
SPEAKER

1980-81-82-83

FIRST SESSION, THIRTY-SECOND PARLIAMENT

29-30-31-32 ELIZABETH II

VOLUME IV

(March 10, 1982 to November 24, 1982)

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DEBATES OF THE SENATE

The Speaker

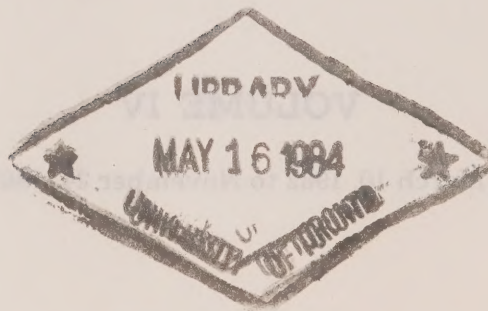
THE HONOURABLE JEAN MARCHAND, P.C.

The Leader of the Government

THE HONOURABLE HORACE ANDREW OLSON, P.C.

The Leader of the Opposition

THE HONOURABLE JACQUES FLYNN, P.C.



THE SENATE

Wednesday, March 10, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Hon. William J. Petten: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(i), I move:

That the name of the Honourable Senator Stollery be substituted for that of the Honourable Senator Stanbury on the list of senators serving on the Special Joint Committee on Official Languages; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Hon. Lowell Murray: Honourable senators, we look forward to Senator Stollery's attendance this afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CANCELLATION OF COMMITTEE MEETING

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before Question Period commences I would mention a minor point of order. The notice in the *Minutes of the Proceedings of the Senate* indicates that a meeting of the Standing Committee on Internal Economy, Budgets and Administration is scheduled for tomorrow at 11.15 a.m. in room 257 in the East Block. Senator Graham, the chairman of that committee, tells me, although such a meeting usually does take place on Thursdays, that will not be the case tomorrow. To avoid any senator's being misled by what is in the *Minutes of the Proceedings*, I advise the house that there will not be a meeting of the Internal Economy, Budgets and Administration Committee this week, but there will be one next week.

Hon. Jean-Paul Deschatelets: Honourable senators, are there any other changes in the schedule of committee meetings for tomorrow?

Senator Frith: As far as I know, all other committee meetings, of which we have had notice, will be taking place as scheduled.

QUESTION PERIOD

[English]

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—MEMBERSHIP

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, following the motion made by Senator Petten to have Senator Stollery named a member of the Special Joint Committee on Official Languages, could the deputy leader, or the leader, or perhaps Senator Petten, tell us if Senator Stollery asked to be put on that committee in order that he may attend the meeting scheduled for this afternoon?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Stollery has always had a deep and abiding interest in bilingualism, and he is pursuing his demonstrated interest and bent.

Senator Flynn: Last evening Senator Stollery was somewhat worried about the fact that the two parties were not represented at the committee meeting of yesterday. If he wishes to be there today to represent the Liberal Party, I am quite sure that Senator Murray will welcome him with open arms.

Senator Perrault: All of us on this side are deeply touched by the interest demonstrated this afternoon for government supporters by the Leader of the Opposition. His concern for their attitudes and views and the question of their committee membership has been noted with interest.

Senator Flynn: I am also happy to see that the Leader of the Government is in a very good mood today, which is in contrast with the mood he displayed last evening.

Hon. Royce Frith (Deputy Leader of the Government): I do not think we can assure the honourable senator that Senator Stollery is looking forward to being welcomed with open arms by Senator Murray.

Senator Flynn: Well, I don't know about that. Senator Stollery is the one who complained yesterday, and I see he is not present in the chamber at this moment. He is probably waiting at the door of the committee room.

Senator Perrault: Obviously, he is preparing his views for the meeting this afternoon.

• (1410)

Senator Flynn: It is certainly a good idea that he should be prepared.

THE ECONOMY

QUEBEC—BUSINESS FAILURES

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the very distinguished Minister of State—

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Flynn:—in charge of economic and regional development—or is it regional disparities? I always get mixed up.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I can correct it right now. The title is Minister of State for Economic and Regional Development. All the other connotations are inappropriate to the office which, I believe, has an important function in this country.

Senator Flynn: I thank the minister. When he says “regional,” is it economic also?

Senator Olson: Both.

Senator Flynn: There is a difference between “economic” and “regional”; “regional” is not necessarily “economic.”

Senator Olson: The Leader of the Opposition should listen carefully. The title is Minister of State—that is pretty clear—for Economic and Regional Development. MSERD is the abbreviated term that is commonly being used.

Senator Flynn: I thought it should have been general and regional economic development. That was my understanding. I believe the way it is described officially is misleading. But that should not prevent my putting my question to the minister.

On previous occasions I have asked what effect the government's recent policy of stalling or completely abandoning certain mega-projects has had on the economy. My question today relates to the report referring to the number of recent bankruptcies. It was announced that in January there were 405 business failures in Quebec, 100 more than in Ontario, despite the larger population of Ontario. Would the minister attribute the situation in Quebec to the current recession?

Senator Olson: Honourable senators, first, I wish to express my appreciation to the Leader of the Opposition for referring to the minister as a “distinguished minister”. I believe he said “very distinguished minister,” which adds to the compliment. The Leader of the Opposition then proceeded to ask a question related to mega-projects and attempted to relate that to the number of bankruptcies—

Senator Flynn: Failures.

Senator Olson:—involving a number of companies which, he indicated, were not in the same category.

I have a good deal of sympathy for the difficulties faced by some businesses in Canada, but I cannot stretch my intellectual capacity to see any relationship between those two assertions.

Senator Flynn: In connection with those figures, national records were set with 2,403 personal bankruptcies and 917 business failures. If we considered the total amount involved in

the 917 business failures, the figure would certainly represent the equivalent of a mega-project. Perhaps the minister would comment on that.

Senator Olson: Honourable senators, the comment that I should make at the outset, to avoid confusion in the connotation of words, concerns the definition of “mega-project” as used by the committee that was set up to look into the prospects, number and timing of so-called mega-projects. The term applied to any individual operation, or corporation, or project that had a required investment of \$100 million or more. Whether or not you want to add up all of the people involved in bankruptcies, that does not fit the connotation that was used. “Mega-projects” is not a term that I initiated; in fact, I am not sure where “mega” came from, although I understand that it is a derivative of “major” projects—

• (1415)

Hon. Lowell Murray: It is from the Greek.

Senator Olson:—that were involved, and I have to repeat to my honourable friend, so that he will understand, that the government is not hanging all of its hopes on the so-called mega-, or “major”, projects. As a matter of fact, I have said in this chamber a number of times that from now until the end of this century, if you like, which is the period the major projects committee looked at, the \$440 billion that would be invested in those major projects would be about 20 or 25 per cent of the total projected investment in the economic development of Canada.

MANUFACTURING SECTOR—DECLINE IN PRODUCTIVE CAPACITY

Hon. G. I. Smith: Honourable senators, I have a question that I should like to direct to the Minister of State for Economic Development, but before I do so I wonder if he would be kind enough to repeat the abbreviation for his department that I thought I heard him mention a few minutes ago but which I was not quick enough to catch.

Hon. H. A. Olson (Minister of State for Economic Development): The department is the Ministry of State for Economic and Regional Development. If you take the first letter of each word and pronounce it according to the usual principles of pronunciation of the English language, the result is MSERD.

Senator Smith: I see. I thank the honourable gentleman for that explanation.

I am sure that the minister is aware that Statistics Canada reported last week that Canada's manufacturing industry operated at about 75 per cent of capacity during the final quarter of 1981, and intimated that that was a 20-year low. Would the minister indicate if the government can ascribe a reason for this decline, such as a decrease in productivity, or failure of markets, whether export or domestic, or a reduction in investment?

Senator Olson: Honourable senators, there is, of course, a combination of reasons for this. Some of them are interrelated and, in some cases, very complex. There has been a decline in

consumer buying of a number of the items produced by the manufacturing sector. There has also been a decline in some of the demand for the export of Canadian manufactured products. This situation, of course, is not confined to Canada, and, indeed, is substantially more severe in other parts of the world where some of our major trading partners are to be found. These are some of the reasons.

I suppose another is that interest rates, driven by inflation, have come to unacceptably high levels, preventing some people from continuing consumer buying at the rate that was in effect prior to the dates my honourable friend has mentioned, principally the last quarter of 1981. We hope that there will be a reduction in inflationary pressure, and there are indications that that is happening, which could be followed by such actions as a reduction in the interest rate. That, of course, is linked to greater confidence on the part of investors, and, indeed, consumer buyers whose purchases would involve interest charges on unpaid portions.

We have reason to expect that all of these things will work out well, because inflation is now receding somewhat rather than continuing its recent climb. Certainly, there is an enormous number of economic development projects in Canada that could alleviate the situation, not only as regards capital investment but, indeed, as regards the confidence that has to be established so that interest rates will not go skyrocketing again.

● (1420)

QUEBEC—BUSINESS FAILURES—NUMBER IN RECEIPT OF RDIA GRANT

Hon. Jack Marshall: Honourable senators, I have a question which is supplementary to that asked by Senator Flynn regarding bankruptcies and the new department of the Minister of State for Economic Development. My question concerns the grants that were given to many businesses during the past few years under the Regional Development Incentives Act. Could the minister produce a list which will indicate, out of the 405 Quebec businessmen who went into bankruptcy, those who were in receipt of an RDIA grant? Could the minister also indicate how the government expects to get repayment of the funds?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not sure whether I can produce such a list, but I will take the question seriously and make every effort to do so. My honourable friend must also be aware of one other fact which relates to RDIA grants as well as other grants that are made from time to time by the Department of Regional Economic Expansion. That fact is that in order for any such program to perform effectively, it, by its very nature, must be ready to take higher risks than those that the commercial financial community would support. There is no question about that, honourable senators. If that were not the case, the program would not be doing its job. Perhaps it is not perfect, but we believe, and have believed for a number of years, that it is appropriate for the federal government to institute some kind of program that will take on

some of the higher risks so that, as a result, more development can take place in the regions of this country.

It comes as no surprise to me that, if one is involved in somewhat higher risks of capital investment, one may suffer a higher risk of the consequences that follow should the businesses be unsuccessful.

Senator Marshall: I would agree, in part, with what the minister has said. I think, however, that if we saw the percentage of those businesses which went bankrupt and which also received RDIA grants, we would have some indication of the performance of this program. I am not merely interested in the performance in the province of Quebec, but across the country as well. Such a list would tell the whole story and could be helpful to the minister in advancing these grants through MSERD.

Senator Olson: Honourable senators, it is probably a good idea to review the performance of such programs now and then. I hope, however, that the honourable senator is not advocating that, somehow, regional economic development should be a "no risk" operation.

Hon. Jacques Flynn (Leader of the Opposition): No!

Senator Olson: If it were such an operation, it certainly would not perform the function for which it was set up.

Senator Flynn: Who said that?

Senator Olson: No one has said that, but I know what the honourable senator is leading up to.

Senator Flynn: Wait until he does.

Senator Olson: He is inferring that somehow we should be absolutely certain that there is no risk involved. If there is no risk—or, at least, a no higher than normal risk—involved, there is really no purpose for DREE, either.

Senator Marshall: Honourable senators, perhaps the minister is going off on a tangent. I am not suggesting that at all. If he examines the records of the other place, he will see that I was one of those who gave the government credit for advancing venture capital, which the banks refused to do. I believe the question is legitimate. I think we should be aware of what is happening with the program. Perhaps some changes would be advisable which would make it better.

Senator Olson: I shall try to produce such a list. However, the other part of the honourable senator's question really has to do with how we are going to get our money back. We shall get our money back by means of the same recourse open to any individual with respect to any corporation that has gone into receivership or trusteeship. That usually means settling for something less than 100 cents on the dollar.

DECLINE IN GOVERNMENT SPENDING—NEWSPAPER REPORT

Hon. Richard A. Donahoe: Honourable senators, I should like to address a question to the Minister of State for Economic and Regional Development.

Hon. Royce Frith (Deputy Leader of the Government): Hear, hear! Another first for Senator Donahoe!

Senator Donahoe: I appreciate the compliment. I can tell honourable senators that I made careful note of the minister's new title when it was announced in the chamber.

● (1425)

My question concerns a statement the Prime Minister made a little more than a week ago at a press conference which he called. He is quoted in the newspapers as saying that the share of all spending by government has declined from 52 per cent to 34 per cent.

Hon. H. A. Olson (Minister of State for Economic Development): Is that the federal government?

Senator Donahoe: The federal government. Well, it was the federal Prime Minister who said it.

Hon. Jack Marshall: That is Trudeau.

Senator Donahoe: My question is directed to the minister to whom I have already referred in such exact and glowing terms. Is the minister able to confirm that those are accurate figures?

Senator Olson: I believe that the Prime Minister had some basis for using those figures. I will ask him, if the honourable senator wishes, what compilations were used to arrive at those figures. It would depend on what was included, and whether it was just transfers to other governments. In fact, I think he also said, "excluding transfers to provincial governments."

We will have to check to make sure. I know Senator Donahoe will want to co-operate with me so that we can come to an agreement so that we will be adding the same things into the same columns. In some cases there are certain preliminary assumptions which have to be made.

Hon. Raymond J. Perrault (Leader of the Government): You have to read the whole speech.

Senator Donahoe: May I ask a supplementary question for the sake of clarity and in order to be of assistance, perhaps, to my honourable friend the minister?

The article in which I read the statement was printed in a newspaper. It also said at the same time that officials of the Department of Finance were baffled by these figures. When they were asked directly whether the figures were accurate, just as I have asked the minister this afternoon, their answer was that they were unable to explain the source of the figures.

My question is simple. The phrases used by those commenting on the Prime Minister's statement were:

It's curious . . . I don't know where they came from . . .

The Prime Minister has what amounts to a photographic memory. But . . . he's not always right.

Sometimes the camera does not open, or the lens does not take the right picture, or something, because he is not always accurate.

Senator Perrault: What are the names of these people? Do you have their names and positions? You must, of course, give your sources.

[Senator Donahoe.]

Senator Donahoe: I would be glad to supply a copy of the article to my learned friend.

Senator Perrault: Just the names. That is all we want.

Senator Donahoe: What names?

Senator Perrault: The names of the people he is quoting.

Hon. Royce Frith (Deputy Leader of the Government): Homer nods!

Senator Donahoe: I beg your pardon. I misunderstood you. The official of the department who made this statement is a man by the name of John Holding. I am sure that it is possible for my honourable friend the Leader of the Government to verify the statement.

Anyway, Mr. Holding made the statement and my question is very simple: If it is not the problem of the Department of Finance that the Prime Minister is misleading Canadians as a prelude to cutting back on transfers to the provinces, it would seem about to become a problem of the provinces, and I want to know whether the minister can confirm that, in fact, the federal share of all government spending has increased since 1968, when Trudeau came to power.

Senator Olson: Well, the question of course gets into a great deal of difficulty because Senator Donahoe says at the outset that he is quoting from a newspaper, and then he wants me to comment on the accuracy of that. I should like to refer him to Beauchesne's *Parliamentary Rules and Forms*, Fifth Edition, page 129, citation 357, which says:

A question oral or written must not—

I emphasize the word "not", and then under (e) it says:

—inquire whether statements made in a newspaper are true.

So he has ruled himself out of order by the preamble to his question.

Hon. Jacques Flynn (Leader of the Opposition): You never understood the rules in your life.

Senator Olson: I understand them better than you do.

Senator Donahoe: Any port in a storm.

Senator Olson: No way!

Senator Donahoe: "Any port in a storm," I always say.

THE CABINET

HON. H. A. OLSON, P.C.—DESIGNATION

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I rise on a question of privilege involving the Senate as a whole. In a statement made by Senator Olson, he described himself as the Minister of Economic and Regional Development, but in *Hansard* of March 2 he is listed as Minister of State for Economic Development. The Honourable Herbert Eser Gray is listed as the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion. So I think the honourable senator was incorrect when he described himself in this chamber as the Minister of State for

Economic and Regional Development. However, if he claims that this list should be corrected, then that is another matter.

● (1430)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall have that list corrected to the complete satisfaction of my honourable friend, the Leader of the Opposition in the Senate. He is absolutely correct in saying that the legislative authority has not been passed by both houses of Parliament to change my title from Minister of State for Economic Development to Minister of State for Economic and Regional Development. However, there is no doubt that when things improve and Parliament can get on with its business, this matter will be dealt with as well. In any event, when I was asked to give my new designation, I replied very clearly that an "R", for Regional Development, was being added to my title, and once Parliament is in a position to deal with the legalities and the statutory requirements for which we on this side of the house have a great deal of respect, that will be the case. However, it will not be the case until both houses of Parliament pass it.

Senator Flynn: Of course, the legislation could be introduced in the Senate since it is not a matter involving money. If the honourable senator intends to take this approach, I hope that he will include more initials, because to have the "R" stand for Regional Development does not make sense.

Senator Olson: Honourable senators, I have long since given up trying to find rational explanations—

Senator Flynn: Without success.

Senator Olson: —for interpretations which my honourable friend puts on most things. Once in a while his interpretations can be quite accurate, but in most cases I do not follow his logic or reasoning.

Senator Perrault: It is tortuous.

Senator Flynn: It is very difficult for me to adjust to your thinking.

Senator Olson: If the honourable senator cannot understand the initials and chooses to give them other connotations, then that is his choice and his right, and I am sure that he will continue to exercise his right, so I can give no undertaking that I will try to sort out my honourable friend's thinking.

Senator Perrault: Two-syllable words seem to confuse him.

AIR CANADA

ALLEGED MISLEADING ADVERTISING

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate, and it deals with certain advertising by Air Canada. It seems that many Canadian citizens took advantage of an advertisement offering a return trip from Toronto to Vancouver at \$354, only to learn upon attempting to buy the tickets that there was a mistake, and the price was actually \$448. To my mind, this comes very close to misleading advertising. We receive reports almost

every month on the number of people and firms charged with misleading advertising, and I think that this may be a fine example. Would the Leader of the Government investigate the matter to determine whether Air Canada will be charged, and report back to this house?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I would appreciate it if Senator Marshall would provide me with the details or a copy of the reported advertisement which, according to him, misled a number of people into believing that they could fly out to springtime in Vancouver at a lower price than they were ultimately asked to pay.

Senator Marshall: How much do you pay?

Senator Perrault: I would suggest to the honourable senator that in the first instance he should write to Air Canada to determine whether or not there was simply a typographical error.

Senator Marshall: I would never receive a reply.

THE ESTIMATES

DISTRIBUTION TO SENATORS—QUESTION OF PRIVILEGE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on February 24 Senator Marshall sought information on a question of privilege concerning the distribution of the estimates to senators. I contacted my colleague, the President of the Treasury Board, on this matter. I have been provided with the assurance that copies of the estimates were sent out both to senators and members of the House of Commons at the same time through the normal distribution channels.

The problem seems to be in the distribution system in the East Block. Senators and members of the House of Commons with offices in that particular building seem to receive material, sent through Distribution, one day after everyone else. That appears to be the case in the distribution of the estimates. Senators were sent all of the material at the same time as everyone else. Therefore, it is not the Senate which is "always last to receive them," but those parliamentarians who occupy offices in the East Block.

Honourable senators, I am taking steps to see what can be done to rectify the situation and to make sure that senators who occupy offices in the East Block receive material, sent through Distribution, at the same time as everyone else.

● (1435)

FISHERIES AND OCEANS

NEWFOUNDLAND—ANNUAL SEAL HUNT—DYE SPRAYING OF SEALS BY PROTESTORS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Marshall asked a question about dyeing yesterday—that is, the dyeing of seals.

Hon. Jack Marshall: Perhaps you should explain that it is d-y-e-i-n-g.

Senator Perrault: As I promised last evening, I contacted the Department of Fisheries and Oceans on this subject to get a complete update on the situation. However, I thought it might be useful to repeat an answer given to the same question posed by Senator Marshall two years ago. It was given on April 29, 1980, and is to be found at page 134 of *Debates of the Senate*. It reads as follows:

I am informed by the Department of Fisheries and Oceans that experiments have been conducted on the effects of dyeing young harp seals. Apparently, small quantities of dye are not harmful to either the pup or the mother-pup interaction. In large quantities, however, it is possible that harmful effects could result. Certain dyes, for example, might possess odours which could interfere with the mother's ability to identify her own pup.

Although conclusive results are not yet available, individuals would be well advised to consider the possible dangers to the harp seal pups they claim they want to protect.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Leave having been given to revert to Notices of Motions:

Hon. John M. Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Tremblay be substituted for that of the Honourable Senator Asselin on the list of senators serving on the Special Joint Committee on Official Languages; and

That a message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF ELEVENTH REPORT OF STANDING JOINT COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the eleventh report of the Standing Joint Committee on Regulations and other Statutory Instruments which was tabled on Tuesday, March 2.

Hon. John M. Godfrey: Honourable senators, the purpose of this report is to list the failures and successes of the Standing Joint Committee on Regulations and other Statutory Instruments in this Parliament in persuading ministers and heads of agencies to correct matters with respect to regulations which we have brought directly to their attention.

Our committee examines all the regulations and other statutory instruments which appear in the *Canada Gazette*, or

[Senator Perrault.]

otherwise come to our attention. Our purpose and mandate is not to pass on the merits of a particular regulation. We approach it from a technical point of view to see whether or not the regulation is in breach of one of the 15 criteria under which the committee operates, and which have been approved by both chambers of Parliament.

The most important of these criteria is whether or not the regulation is authorized by the terms of the enabling statute. In other words, is it *ultra vires*? Other important criteria are whether, in the absence of express authority to that effect in the enabling statute, the regulation purports to have retroactive effect; appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment; imposes a fine, imprisonment or other penalty; imposes a charge on the public revenue; or requires payment to the Crown for any licence or service.

Two other criteria are whether or not it is in conformity with the Canadian Bill of Rights, or is unclear in its meaning or otherwise defective in its drafting.

If we are unsuccessful in persuading a department or crown agency to amend or withdraw a regulation that offends one of our criteria, our only recourse is to expose this intransigence and give the department concerned a slap on the wrist by reporting the matter to Parliament.

● (1440)

I am pleased to state that one minister in the last Parliament was so concerned at the exposure of an irregularity in the regulation-making process of his department that he bitterly resented—and said so in the other place when the report was being debated—our reporting the matter to Parliament without notifying him personally of our objections beforehand. We had been dealing exclusively with his senior officials, and had presumed that they had kept their minister advised. The committee thought that the minister had a very valid complaint, and we amended our procedure accordingly.

Our initial procedure remains unchanged. When the committee objects to or questions some provision in a regulation, it instructs our counsel to take the matter up with the designated instruments officer of the department or agency responsible for the enactment of the regulation.

The officer concerned may satisfy the committee that our initial objection was not valid. If not, and no promise of remedial action can be obtained, the committee chairmen, as a last resort, write the responsible minister or head of the relevant agency.

The committee may, after hearing from the minister or head of the agency, be satisfied. If not, and the minister or agency head declines to take action, the committee reports the regulation to both houses.

As honourable senators can see from the schedules to our report, the committee has had a fair amount of co-operation and success with some departments, less so with others. Some departments are very co-operative; with others—and they would be the largest group—we have had mixed success; and

then there are a few departments where we have little or no success at all.

Schedule II lists six instances where the minister concerned has not even had the courtesy to reply to our original letter or the follow-up one. Three of these instances involve the Department of Fisheries and Oceans, and one each for the Department of Finance, the Department of Industry, Trade and Commerce and the Department of Indian Affairs and Northern Development. Incidentally, of these, it is only the Department of Finance and the Department of Industry, Trade and Commerce that I would put in the third group as departments where the committee has had little or no success.

Schedule I lists eight instances where departments have given undertakings to the committee to take action, but nothing has been done so far. Two of these go back to August 1980, two to February 1981, two to March 1981, and one each to April 1981 and May 1981. Three involve the Department of Indian Affairs and Northern Development, and one each for the Department of National Revenue, the Department of Energy, Mines and Resources, the Department of Agriculture, the Department of National Defence, and the Department of Fisheries and Oceans. Of these, it is only the Department of Energy, Mines and Resources that I would place in the unco-operative third group, whereas the Department of National Revenue, the Department of Agriculture and the Department of National Defence would definitely be placed in the first group because they co-operate by responding promptly, and almost always either do what the committee wants or convince us that we are wrong.

Schedule III records the outcome of all matters raised with ministers and heads of agencies during this session of Parliament. It is to be noted that these total 50, and of these 50 there are 34 instances where the minister either took the action requested by the committee or gave an undertaking to do so. This shows that we have been successful in 68 per cent of the cases in which we have dealt with ministers—which is not bad, considering that the committee's only power is persuasion and, if necessary, exposure in a report to Parliament. This latter remedy apparently has considerable influence on many ministers; there are a few, however, who apparently could not care less and presumably they will continue not to care, unless the media give more publicity to our reports.

I should also point out that the committee has been successful in many other cases where our counsel has dealt with the designated instruments officer only and it has not been necessary to appeal to the minister.

On motion of Senator Macdonald, for Senator Doody, debate adjourned.

TENTH REPORT OF STANDING JOINT COMMITTEE—MOTION FOR ADOPTION—DEBATE ADJOURNED

The Senate proceeded to consideration of the tenth report of the Standing Joint Committee on Regulations and other Statutory Instruments which was presented on Wednesday, December 16, 1981.

Hon. John M. Godfrey moved that the report be adopted.

He said: Honourable senators, the tenth report of the Standing Joint Committee on Regulations and other Statutory Instruments was presented to this house on December 16, 1981. I did not make a speech on the report at the time because, frankly, I could not think of anything to say that was not already in the report. However, I think now is the time to remind honourable senators and the government of what is in that report and why we were critical of the government for enacting three sections of the Claims Regulations.

Two of these sections involve what employees of the federal government must do when they are involved in an incident that may give rise to a claim against the Crown for damages.

One of the legal points that often arise, for example, where a Crown-owned motor vehicle is involved, is whether or not the employee was acting within the scope of his duties or employment at the time the incident occurred. A judge trying such a case would consider the factual evidence as to what the employee's duties are and the evidence as to what the employee was actually doing when the incident occurred, and then arrive at the legal decision as to whether he was or was not acting within the scope of his duties or employment, and thus whether the Crown was liable.

These two sections referred to in our report actually require the employee, who is usually not a lawyer, to state what is essentially a legal conclusion, namely, whether or not he was, in his opinion, acting within the scope of his duties or employment when the incident occurred.

As stated in our report, the committee considered this to be unfair and wrong in principle. The employee should be asked factual questions concerning factual matters. The legal conclusions that can be drawn from the facts should be left to the lawyers and the courts. Employees should not be asked questions beyond their competence to answer.

The other section to which exception was taken is section 8(a) of the Regulations which requires the Deputy Attorney General to give "his opinion on the position the Crown should adopt respecting liability" arising out of an incident where an employee is involved. The Deputy Attorney General in section 8(b) must also give "his opinion as to whether or not"

- (i) the incident was occasioned by the negligence of an officer or servant of the Crown, and
- (ii) the officer or servant of the Crown involved was acting within the scope of his duties or employment at the time the incident occurred—

The opinion given under section 8(b) is, of course, perfectly proper and necessary.

The committee felt very strongly that the opinion required in section 8(a) was improper because the Crown should govern itself by the highest possible standard of conduct in litigation.

It is outrageous, if the Crown has a legal opinion under section 8(b) that it is liable because the incident was occasioned by the negligence of an officer or servant of the Crown who was acting within the scope of his duties or employment,

that it should then be advised by the Deputy Attorney General to deny liability in the hope that they can make a settlement for a smaller amount of damages.

As we say in our report, given the great advantages that attend the Crown as litigant, "particularly in relation to citizens with limited means, it seems to your Committee right and proper that the Crown should readily admit its liability when it has a legal opinion to that effect. If a satisfactory settlement cannot be reached, any litigation should be confined to the quantum of damages."

It is, I might add, astonishing that the government should be so insensitive to what is right and proper, as to blatantly disclose in a regulation that they are prepared to approve tactics which would not normally be adopted by any decent and honourable individual, or corporation in the private sector.

On motion of Senator Macdonald, for Senator Nurgitz, debate adjourned.

● (1450)

BROADCASTING

REGION 2 MF (AM) BROADCASTING CONFERENCE (SECOND SESSION)—ORDER DISCHARGED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Stollery calling the attention of the Senate to the Region 2 MF (AM) Broadcasting Conference (Second Session) held during November and December, 1981, in Rio de Janeiro, Brazil.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Order No. 10 calls for the resumption of the debate on the inquiry of the Honourable Senator Stollery calling the attention of the Senate to the Region 2 MF (AM) Broadcasting Conference. I moved the adjournment of this debate to allow honourable senators to participate, if they so wished. If no other senator desires to speak, then I would suggest that the order be discharged.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Order discharged.

EDUCATION

CONCERN FOR FUTURE OF POST-SECONDARY INSTITUTIONS—
DEBATE CONTINUED

The Senate resumed from Thursday, February 18, the debate on the inquiry of Senator Macquarrie calling the attention of the Senate to the widespread expressions of concern from educational leaders concerning the future of post-secondary institutions in Canada, in particular with reference to governmental grants.

Hon. Frederick W. Rowe: Honourable senators, first of all, I should like to congratulate Senator Macquarrie for taking the initiative in bringing this very important matter of post-

secondary education in Canada to our attention and, through us, to the attention of the Canadian nation as a whole. I listened to, and subsequently read, Senator Macquarrie's speech, much of which was of a humorous nature but, nevertheless, serious. I did not agree with everything he said, as would be expected.

There are a couple of things in his speech that I am going to refer to. At one point he said:

I rarely run across a cheerful administrator.

He was referring to the universities and institutions of higher learning. He also said:

It is a time of crisis for the universities.

Like Senator Macquarrie, I have had some experience with universities in one way or another, and that covers a period going back to when I first went to university—52 years ago. At one period Senator Smith and I were both provincial ministers of highways and also successive Presidents of the Canadian Roads Association—the Canadian Good Roads Association, I believe they called it then—and it was our duty and practice—I do not know where it originated—as president of the association, to make what was called a presidential tour across Canada. In doing that, we would visit all of the universities of Canada. I do not know if that practice still continues, but it was a very valuable and enlightening one. We met with the presidents of universities and technical colleges, and my recollection is that, without exception, every university we visited was going through a period of crisis. I do not think we came across one administrator who was cheerful about the situation, to use Senator Macquarrie's term.

Senator Macquarrie, in relation to post-secondary education—and I believe he was speaking extemporaneously, and used words that are rather too strong at the present time—said:

—what the Minister of Finance is putting forward is almost incomprehensible. I think it is also iniquitous.

I do not agree with that, and I will deal with it further on in my speech.

I should also like to congratulate the Leader of the Government—although I notice that he is not in the chamber at the moment—for the excellent speech he made in reply to Senator Macquarrie. What Senator Perrault gave us was an excellent outline of federal-provincial relationships in this matter of post-secondary education. Also, he reminded us of something that I am inclined to forget, and that is that the federal government's contribution to post-secondary education is not limited to these transferred grants—or whatever we might call them—that they make directly for post-secondary education. As Senator Perrault pointed out, we have such things as military education, student loans, manpower training and many other fields where Ottawa is making a direct or an indirect contribution to the overall costs of education.

I want to congratulate my colleague and esteemed educator, Senator Hicks, for the very interesting and valuable contribution he made to this debate. He gave us statistics, that I had never seen before, showing the contributions through the years

[Senator Godfrey.]

that the various federal governments had made to education. I was interested to note that he and I are in agreement on this matter of accountability. I cannot see how we could go on indefinitely having the federal government pumping such huge sums of money into post-secondary education and not require some degree of accountability. I do not say there is anything seriously wrong with that. I realize there are inherent dangers that must be obvious; nevertheless, it is something that Senator Hicks said we could live with.

If I may go back again, I am reminded of the building of the Trans-Canada Highway. Highways and roads were a provincial responsibility. Nevertheless, in the early 1950s the Government of Canada came into the picture through the medium of the Trans-Canada Highway Agreements.

Hon. Jacques Flynn (Leader of the Opposition): For inter-provincial work.

Senator Rowe: Yes. But there was accountability. I spent five years as Minister of Highways and I know we received grants of 50 per cent to start with, and later it was raised to 90 per cent, but certainly we had to account for it. I do not think it in any way upset or disturbed any of the inherent rights of the provinces in those matters. I give that as an opinion, for what it is worth. I do not think the matter of visibility has any great potential hazards at all. This matter of visibility is as old as federal-provincial relations.

Going back to the Trans-Canada Highway—and I was as much to blame for this as anybody—when the then Minister of Public Works, Bob Winters, came to Newfoundland he would see the signs showing what the Government of Newfoundland was doing. He objected, as did subsequent Ministers of Public Works, and rightly so. I am sure that I would have done the same had I been in their position. I would have objected to the fact that wherever one looked one saw the province getting the credit.

● (1500)

Hon. George J. McIlraith: They were wonderful signs.

Senator Rowe: Yes, they were. They were good signs. I helped to design some of them. So I do not believe we need spend much time on this matter of visibility.

I was interested in the figures prepared by Senator Hicks which appear in *Hansard*. In recent years Ottawa has contributed 83 per cent of the costs of post-secondary education in Newfoundland, 98 per cent in New Brunswick and approximately 50 per cent in Alberta and Quebec. Those are significant figures.

Hon. G. I. Smith: Would the honourable senator be kind enough to give me the reference in *Hansard* for those figures?

Senator Rowe: Yes, I will be glad to. In connection with Senator Hicks' speech on February 18 of this year, the tables were printed as an appendix. Senator Macquarrie's speech was given on December 2, when he introduced the motion.

I come now to Senator Macquarrie's use of the words "incomprehensible" and "iniquitous," with reference to the budget of the Minister of Finance or what was hoped to be

done with respect to post-secondary education. I say quite seriously that we have to be careful here that we do not fall into the old trap of looking for everything to be in black and white, looking for the good guys and the bad guys. There are no villains in this situation. We may differ in our approach to education and with regard to the political aspects of the various federal-provincial agreements, but I do not believe that we should allow education to become a political football, as has so often happened in the past.

In this connection, may I say that I do not believe that what the federal Minister of Finance is doing is either incomprehensible or iniquitous. I cannot accept that a man who was a distinguished academic, a distinguished professor in his own right, is not as concerned about the future of post-secondary education as I am or any other honourable senator; and, by the same token, with regard to the Honourable Mr. Regan, who, as we know, is deeply involved with these matters, I do not believe that his record while Premier of Nova Scotia—later I shall refer to Nova Scotia in connection with this subject of post-secondary education—in support of post-secondary education, and indeed education at all levels, can be criticized. However, I will come back to that in a moment, because I believe we can learn a good deal from what has happened in the province of Nova Scotia.

Also on this point, in the federal cabinet we have the Honourable William Rompkey as spokesman for Newfoundland, at the federal level, on education and other matters, and I am sure that no one can accuse him of not being concerned about the future of post-secondary education, if for no other reason than the simple fact that he is a professional educator in his own right. He has three university degrees, one in English, one in education and another in adult education. Because he advocates either this or that, no one should assume that he is no longer interested in or concerned about post-secondary education. That would be arrant nonsense. I am not implying that Senator Macquarrie tried to make us believe that—I do not believe he did; but there are people who appear to be inclined to distinguish between the good fellows and the bad.

I do not believe that the persons I have named are less concerned about education than, let us say, are Senators Macquarrie, Lamontagne, Hicks, Yuzyk or myself, all of whom have some background in education at the professional level.

One fact emerges from the figures given by Senator Hicks and Senator Perrault, which I believe can give us some degree of comfort. It is that since the federal government entered the picture in the early 1950s, when Mr. St. Laurent was Prime Minister, the federal government's contribution has continued to rise, and I believe that the federal government's contribution will continue to rise.

There is, of course, the growing fear—particularly in academic quarters—connected with the federal government's concern over the problems of unemployment, particularly in this technological age, that the needs of technology will be met at the expense of the traditional university programs. I believe

that to be a very real fear and that it is something about which we should all be concerned.

As our economic needs become more serious, we might see a repetition of what happened during the great depression of the 1930s. I went through it, as did many other honourable senators. In 1932 the government then in power cut grants to various government programs, and also salaries for various categories of public servants, by 20 per cent. Educational grants, most of which were used for the payment of teachers, were cut by 50 per cent. Why was that done? Because that was the easiest thing to do, and education suffered. We have to watch, in these difficult times, which may become worse, that any federal or provincial government does not take the easy way out when it comes to economizing and cause our education facilities to suffer.

I wish to enunciate again one or two principles. I did this earlier in my Senate career, but it is something about which we should keep reminding ourselves. It was the great classical universities of Europe and of the Middle East—Coimbra in Portugal, the Sorbonne in Paris, the several city-state universities in what is now Italy, and Oxford—which more than anything else rescued Europe from the Dark Ages and from the intellectual and political stagnation of medieval times.

● (1510)

In the same context, I think we must always bear in mind that, in spite of technical advances, mankind, which includes us, is capable of reverting to the Dark Ages; in fact, in several countries in the world, perhaps in several dozen, this reversion is already taking place, or has already done so. There is no law that says that we cannot revert in that way. Every day we read the news in newspapers, or watch it on television, and can see manifestations of such a reversion.

It is not an accident that Canada has become one of the greatest and most advanced countries in the world, with a high standard of living and of civilization generally. To find equivalent standards one has to go to some of the smaller countries of Europe, such as Denmark, Holland, Switzerland and one or two others. I would remind honourable senators that the standards of civilization achieved in Holland, for example, over the past 400 years were not due to what we call here, sometimes, our "matchless natural resources." Nor has the greatness of Canada, or the standards we have achieved here over these last hundred years or so, been due to our resources, whether in the form of minerals, water power, forests, or great farm lands. These things were born of the character and training of the people who made up Canada from the outset. There are other countries in the world whose resources are equal to ours, but not their standards. This is not chauvinism or parochialism; it is a simple statement of fact.

I am not sure if I have ever brought up this next point in the Senate. If I have, it will bear repetition.

Some 30 or 40 years ago a survey was made in the United States with the object of finding out which state had the highest cultural and economic standards, which state would be the most desirable in which to live, and which the least

desirable in which to live. The survey was not conducted by academics, by professors at universities. A cross-section was consulted across all of the 48 states, which was all there were at that time. A number of criteria were used, but I will not go into detail on that.

The substance of their findings was that the state which had the highest standards of civilization was the State of Massachusetts. Furthermore, of the 48 states the one that spent the most per capita on post-secondary education, as well as on primary and secondary education, was also the State of Massachusetts. Interesting enough, the state which had the poorest standards of civilization was also the one that spent the least per capita on education. That, speaking from memory, was the State of Mississippi. I am speaking now of some forty or fifty years ago.

I think it is significant that the first colony, which became the first state in what is now the United States, to create an institute of higher learning was also Massachusetts. I believe that Harvard University was founded in the year 1636. Eventually, a second institution was created side by side with Harvard, though the Harvard people had some apprehensions about it, believing that this new seat of learning would hurt them. This institution was the one that we now know as the Massachusetts Institute of Technology. Just as the people at Harvard were worried about the advent of that second institution, so concern is being expressed in our liberal arts universities with regard to what is considered as being an increasing emphasis on technological education. It is not that there is an objection to such education, since we obviously must have it in this day and age; but there is a fear that in emphasizing technological education at every level we may be sacrificing historic and traditional educational values.

In that connection I want to say that in the western world, at any rate, universities have always shown a remarkable ability to change with the times and meet the new demands of society. I believe that we can trust universities to adjust to contemporary needs here without too much prodding from the federal or any other government. I think we have to have that much trust in our universities. The people who make up the faculties of those universities are Canadians, and are just as concerned about the future of this country as are all of us here. As a matter of fact, I was struck by certain figures given by a university president only recently. He said that there was an increase in the number of students in the faculties of engineering, business administration and computer science. That happened without any prodding from the federal government, or, as far as I know, from any provincial government.

I believe it was Senator Macquarrie who suggested the idea of a conference on post-secondary education, with representation from all concerned groups, including the national government, provincial governments, even municipal governments, certainly the universities and their organizations, and so on, with the object of attempting to work out some formula for applying federal and provincial help to post-secondary education over a fairly long period of time.

Universities have become very large. Student bodies of 10,000, 15,000 or 20,000, with faculties of perhaps several thousand, are not uncommon. You cannot run that sort of institution the way you can, as we used to say in Newfoundland, a corner "bull's eye" shop. It is big business now, apart from anything else. Such a conference might very well serve to allay some of the apprehensions, and, indeed, some misapprehensions, that exist in the minds of so many people today.

Honourable senators, I want to say a few words—and this is also related to this whole business of federal contributions to post-secondary education—about the situation that we see in Newfoundland today.

In 1949, when Newfoundland became part of Canada, we did not have a fully fledged university. We had a university college which had been established in 1925. In 1925 we also had another institute of higher learning, which was the Teacher Training School. Memorial College, as it was then known, offered courses of two years' duration in most of its disciplines, and a course of three years' duration in engineering.

● (1520)

In 1949 the Government of Newfoundland created, by statute, a university. At that time approximately 360 students were enrolled. Today, that university has an enrolment of 10,000 students. At present, Memorial University is one of the world leaders in what I understand is known as "cold water research" and in marine research in general. That university has the most modern medical school and teaching hospital in all of Canada. It has the most modern school of engineering as well. I say that it is the most modern because it is the newest school of its kind in the country. In January of 1982, the university opened the most modern library in Canada. This new library cost tens of millions of dollars and, at any given moment, affords 2,000 students individual accommodation. Honourable senators, it is not just in my opinion that these facilities are regarded so highly; I am citing to you the opinions of authorities involved in those fields all across the country.

The faculties of geology and biochemistry are becoming world famous, as is the Department of Folklore. The genetic research that is being carried on at Memorial University has also attracted world-wide attention, especially with regard to cancer research.

Today, honourable senators, the Extension Service affects the lives of tens of thousands of Newfoundlanders who have never been inside a university. It is rather interesting, in my view, that of the five presidents holding office since the university was founded in 1949, four of them, including the most recent, were born in the outports of Newfoundland. Dr. Leslie Harris, who became president a few months ago, is himself a product of that university of which he is now the head. That gives me, as I know it does a great many other Newfoundlanders, great cause for satisfaction.

If I may repeat myself, honourable senators, in the event that someone should regard us as being a little parochial, I should like to pay tribute to the non-Newfoundlanders who are

working at Memorial University and at its branch at Corner Brook. These eminent scholars from all parts of the world came to Memorial in part, I suppose, to make a livelihood, although they could have done so elsewhere. Perhaps they chose this university because it required "pioneer work." Today, these scholars from other parts of the world are making an admirable contribution to the university and, of course, to Canada. It is, in every sense of the word, a community of scholars. One might ask: What does that have to do with the subject at hand? Most of these accomplishments would have been impossible without the federal grants to Newfoundland.

Honourable senators, every day during this period of economic turbulence we are assailed by claims and counterclaims, accusations and denials, and may, as a result, find ourselves doing something that Plato warned us against approximately 2,400 years ago. To paraphrase, "Whatever else you might quarrel about," he said, "don't quarrel about education. It is too important." I plead with everyone concerned, at all government, political and ideological levels, to bear in mind another admonition handed down to us by Plato. I quote his exact words:

Neither must we cast a slight upon education, which is the first and fairest thing that the best of men can ever have and which, though liable to take a wrong direction, is capable of reformation. And this work of reformation is the great business of every man while he lives.

Hon. Senators: Hear, hear!

On motion of Senator Flynn, for Senator Tremblay, debate adjourned.

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—DEBATE CONTINUED

The Senate resumed from Wednesday, February 10, the debate on the consideration of the report of the Standing Senate Committee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces", tabled in the Senate on February 10, 1982.

Hon. Jack Marshall: Honourable senators, while I have come to know Senator Lafond as a very modest man, I am sure that all of my colleagues will join with me in paying a tribute to him in his capacity as chairman of the Subcommittee on National Defence. He should be commended for his leadership and guidance in our deliberations, which produced the first report of the subcommittee entitled "Manpower in Canada's Armed Forces."

One of my military contacts, upon reading it, felt that the report and the testimony presented to the committee provided what is probably the best collection of factual information and formed opinion on Canadian military affairs in more than a decade. I hope that this report will have the same effect on those within government who have the power to act on our recommendations.

It is satisfactory to note, within the past three weeks, that the plea made to Canada by the Supreme Allied Commander in Europe, General Rogers, to increase the size of the Canadian brigade in Europe coincides with the recommendation of the subcommittee to increase the strength of that brigade by 4,400 personnel from its present complement of 5,400. Further, it was a source of satisfaction to note that U.S. Admiral Harry Train supports the need for Canada to beef up its sea power by acquiring new frigates, and to replace our aging vessels which have become an embarrassment to Canada.

Certainly we, as members of the subcommittee, should be pleased by the fact that the estimates recently tabled in the chamber show that Canada will spend more than \$7 billion on defence in the next year. This represents an increase of 19 per cent, and is in line with the federal promise to meet our NATO commitments for the procurement of the F-18 fighter, the long-range patrol planes, the refitting of aging destroyers, the purchase of medium-sized tanks and wheeled vehicles, and the promise to meet the increased cost of maintenance and operation of our planes and ships and to expand our military manpower.

We cannot, however, be satisfied even with these expenditures in this period of galloping inflation. As the report suggests, we must find another \$1.7 billion to keep pace with our projected short-term requirements. To those who say, "We cannot afford to," I say: We cannot afford not to. Even this comparatively modest amount is the penalty we must pay because of past neglect of our defence system and the depressed priority level to which national defence has been pushed for far too long.

● (1530)

It is really amazing, honourable senators, that our troops have been able to perform so well under present circumstances. They should be given every credit for what they have been able to accomplish over the past decade.

What the government has done to the Canadian Forces is shameful and must be corrected. Even though we received positive reaction to our report from the Minister of National Defence himself, who stated publicly that the report should be taken seriously, that it was realistic and well balanced, and particularly his supporting the need for a white paper, I have to treat that reaction on the part of the minister with cautious optimism. I am convinced that the minister is sincere in what he says himself. I am sure he wants to continue in the stated trend of defence spending, but I am not as trusting of the conscientious objectors who sit in cabinet or on Treasury Board.

Certainly, the spending announced last year was welcomed by all concerned and gave a special boost to the morale of the military. Certainly, it is in vivid contrast to the government's attitude on defence in the sixties and seventies. Certainly, the projected five-year outlay of some \$40 billion should allay the fears of pessimists. But I have to confess that I am one of them, because I have heard those stories before. My reason for pessimism is because of the new exclamations of spending restraints alluded to in the recent budget, which noted that

defence expenditures were placing considerable pressure on the government's financial position, and which advised defence management to proceed on the assumption that there would be no further upward adjustments for at least two years. Again, the positive intentions of the government to provide vast sums for defence spending have been tempered—tempered by the recently announced restraints which tend to demoralize.

I have another concern due to the fact that, as I understand it, an interdepartmental committee has been established to look into the question of whether the planned purchases by Canada are the right ones, whether the government will really have enough money to pay for them, and also whether the proportion of the budget now spent on overhead can realistically be cut in favour of still more capital spending.

We can only hope that the conclusions reached in this report will not detract from the thrust now being made by the government, because a withdrawal or postponement of committed defence procurement would be unwise, unfair and, in fact, downright stupid.

To avoid taking up too much of your time by going into all aspects of the report, honourable senators, and because many aspects will be covered by other members of the committee, I want to restrict my remarks to the reserves and the cadets.

After re-reading our report in conjunction with the report of the other place, entitled "Action for Reserves," I question why, if we believe in the total force concept and that the regular and reserve forces should be equal participants, the reserves should be studied in isolation, particularly when dealing with the manpower question which is so interrelated.

Despite the fact that the report deserves commendation for its more detailed study, it indicates a lack of co-ordination in parliamentary efforts, a waste of resources and a duplication of effort. The reserves, to my mind, must play a more meaningful role as a vital and equal component of the total force. Unless the government and the military stop treating the reserves as poor cousins whom they have to put up with, just giving them some of the leftovers, and unless they stop treating the reserves with other than token promises and condescending pats on the back about how important they are, the reserves will continue to deteriorate to a state of ineffectiveness—if they have not already reached that state, other than for a few isolated units who hold strong in spite of, rather than with, regular force support and because of a strong unit dedication by a smattering of officers and men who have some unit spirit, dedication and patriotism still left within their hearts.

I cannot share the optimism of the Director General of Reserves and Cadets, who appeared before the committee, that more attention will be paid to the reserves in manpower, training and equipment, because that same rhetoric has been bandied about every year since World War II. I remember when they appointed the Chief of Reserves, General Rohmer. Somewhere in his evidence he said that during his tour of duty—as a major general, I think—he was never once asked his opinion on the reserves.

[Senator Marshall.]

I say all this, honourable senators, even though I hope that time will prove me wrong. I know that General Cowan is sincere in what he says, but he and other senior officers, as well as the minister, are repeating the same stories that have been told each and every year in the reserves through speeches to the Conference of Defence Associations or the other militia reserve associations. I can verify that, because in my own militia service of over 20 years I heard the same rhetoric at the annual meetings and inspections—and, indeed, as we were told at our committee hearings.

I have here a quotation from the newspaper *The Reservist* in which General Cowan is quoted as saying:

It is an acknowledged fact that in recent years the repeated budget cuts in the Department of National Defence have resulted in our "reserves" suffering. The units have not been getting the equipment they needed and we have not been able to update the facilities the way they should have been.

How true those words are. But "now," he said, "we are doing our utmost to correct that. The lean years are over. Canada's reserve forces are on the move."

I sincerely hope that that is not just wishful thinking, but I am afraid it is unless a new attitude towards the reserves is developed in the coming months and years.

Honourable senators, if we agree with the premise that our country cannot afford a standing military force capable of fulfilling all our military tasks, and if we are to stop once and for all the on-again-off-again political declarations made according to the whims and fancies of whoever happens to be Minister of National Defence at the time, Canada must decide that the most economic way to go is through the reserves, and we will have to rebuild, strengthen and support the reserves to such an extent that we can establish a nucleus of adequately trained patriotic Canadians who can fulfil a meaningful role as an integral element of our total force. In particular, they must be trained to a level where they are able to react or respond to our wartime needs.

I should like to refer to a paragraph on the reserves contained in the 1981 report entitled "Defence Canada." It states:

The reserves are an integral part of the structure of the Canadian forces; they receive challenging employment, equitable pay and service conditions, and training which recognizes the vital role they have in the Canadian Forces.

Well, I don't really know what reserve forces they are talking about in that paragraph, because they certainly do not receive challenging employment, they do not receive equitable pay, and they do not have the same service conditions and training. But giving them the benefit of the doubt, honourable senators, I am hoping that we will see increases in supplies, equipment and ammunition and the expansion and new construction of armouries, training grounds and ranges as a result of the \$230 million budget indicated by General Cowan.

For the purposes of this exercise, dealing with our report, while I could go on to stress the damage that has been caused

to our Canadian Forces over the years, and to the reserves, repeating this at this stage would not help, especially in view of the thrust of spending promised by the government.

I agree with General Withers and the minister that we should stop looking over our shoulders. By way of recommendations, both our report and that of the committee of the other place list in clear detail our short- and long-term requirements as well as a number of complaints made by people in a position to know, including militia officers who now command units.

I should like to stress one particular recommendation in our report having to do with the Reserves. It reads:

● (1540)

A new Standing Reserve Force might be created, for example consisting of 2,000-3,000 personnel recruited into units which could be called for some 6 months service on a rotational basis.

I wonder why that point was missed. The paragraph goes on:

One of its main tasks would be to maintain an effective Canadian presence in the North.

Of course, there are other tasks, particularly those of a domestic nature. The report goes on to say, in the same paragraph:

The Supplementary Reserve could be upgraded and made a major source of augmentation and reinforcement personnel for Regular formations. A new Ready Reserve for augmentation and reinforcement purposes might also be considered.

And the report goes on to make other recommendations.

Personally, I would go further than the report and suggest the formulation of a national compulsory service under a youth development program for youths of 16 and 17 years of age for a period of six months. I hope to introduce an inquiry or private bill on the subject in the near future.

Turning for a moment to the topic of cadets, I feel that Canada's cadet program is one of the best, simply because of its value to our youth. To illustrate this, I quote from the 1981 National Defence report:

The cadet program is providing a challenging and rewarding experience for a large segment of young Canadians and is succeeding in its stated aims of developing in youth the attributes of good citizenship and leadership, promoting physical fitness; and stimulating the interest of youth in the navy, army and air force components of the Canadian Forces. For the first time in several years the strength of the cadet movement increased rather than declined.

In the naval report the Minister of National Defence and the Chief of the Defence Staff indicated that they could not understand why the number of cadets was increasing while the reserves were decreasing in personnel and deteriorating to, as I described, a state of ineffectiveness. The reason for this, of course, is because of the fact that four years ago permission was given to the cadet corps to take in females. On speaking to a cadet officer in St. John's, Newfoundland, I learned that there are 2,100 cadets in 31 units within the province and that

40 per cent of those cadets are girls. Of those 2,100 cadets there are only three regular force personnel. I also want to add that the increase in personnel in the cadets is partially due to the dedication of a few people who still believe in what the cadets have to offer, and I hope that the government will adopt the same belief in the near future.

This increase in the number of cadets is not without its problems. For example, because of the high numbers, many cadets are being denied the opportunity to attend summer camp simply because these camps are restricted to quotas. As a result, many cadets are leaving the cadet corps in disgust. Of the 2,100 cadets in the province of Newfoundland, the province with which I am most familiar, only 450 cadets will be able to attend summer camp.

I wish that Senator Molgat were present in the chamber, because I want to make him aware of the fact that at Camp Argonaut, where upwards of 1,000 cadets train and on which many thousands of dollars have been spent in upgrading, the people in control of the purse-strings will not spend \$40,000 to install a swimming pool. I hope that General Cowan can see his way clear to providing the moneys for that pool out of the \$230 million just allocated. In an attempt to raise the \$40,000, the cadet instructors are running raffles and anything else they can think of, as well as contributing from their pay-cheques, to raise money to have this pool installed. I realize that this matter has nothing to do with the overall defence of Canada, but it certainly relates to an integral part of the development of our forces.

I believe that the school cadet program should be an integral part of the school curriculum, as was the case years ago. That program was one of the best programs Canada ever had for youth. It provided leadership, respect and discipline, and brought out and channeled the energies of our youth. Indeed, I wonder why we run lotteries in our provinces to raise millions of dollars to provide for physical development of our youth without taking into account all those kids in the rural areas who never get a chance. I find it ironic that while we tell our kids that they should not drink because it is bad for their health, they are deluged with advertising by the beer companies associating the good life and the values of sport and physical development with drinking beer.

Finally, I would like to refer to one sentence in the introduction to the report entitled "Action for Reserves" which, to me, puts into perspective what our part-time reserves are all about:

Reserve training has contributed importantly to the development of local leadership and nurtured a sense of citizenship and patriotism . . . Service in the reserves has been a significant expression of voluntary tradition which runs so strongly through Canadian society.

Our government and the Department of National Defence should look at this expression by young Canadians. It appears that we are now finally on the road to building up our forces to the point where we can contribute and participate with pride, as we should, in Canada's forces.

On motion of Senator Hicks, debated adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, March 11, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE HONOURABLE PAUL YUZYK

FELICITATIONS ON AWARD OF HONORARY DOCTORATE BY
UKRAINIAN FREE UNIVERSITY, MUNICH, GERMANY

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, it will be of great interest to you that last Friday, March 5, Senator Paul Yuzyk was awarded the degree of Doctor of Philosophy *Honoris Causa* by the Ukrainian Free University, Munich, Germany. This high honour was conferred upon him on the occasion of the 90th anniversary of Ukrainian settlement in Canada, which was celebrated throughout the country last year.

This recognition was given to Senator Yuzyk for his contributions to the educational, cultural and political progress of his people in Canada, for his leadership in promoting the cause of multiculturalism, and for his defence of human rights in Canada, at NATO and at the United Nations.

Senator Yuzyk, as you know, is an M.A. graduate of the University of Saskatchewan, and a Ph.D. graduate of the University of Manitoba. He was a professor of East European, Russian and Soviet history at the University of Manitoba and at the University of Ottawa. He is the author of several books concerning the contribution of the Ukrainian people to Canada. Of course, his activity here in the Senate is well known, but I thought mention should be made of this great honour that has been bestowed upon him.

Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it is certainly most appropriate for the Leader of the Opposition to draw to the attention of all honourable senators this significant honour accorded Senator Yuzyk. Those who support the government in this chamber extend their congratulations to the senator.

Hon. Senators: Hear, hear.

Hon. Paul Yuzyk: Honourable senators, I am most grateful to Senator Flynn, the Leader of the Opposition, and to Senator Perrault, the Leader of the Government, for their kind words, and I am grateful also to the senators for the warm applause that I have been accorded in the Senate chamber. Indeed, I consider it a great honour to have been recognized by a university that has struggled against great odds to keep alive an independent centre of Ukrainian academic studies.

Since the conquest of the Ukrainian Independent State in 1921 the system of education of that country has been totally

subordinated to Russian communist and imperialist goals and programs imposed by coercion and intimidation. It is to the everlasting credit of the Bavarian and German governments that they accommodated and gave financial support, and that they gave legal status on a par with German state universities, to the Ukrainian Free University in 1945. The Minister of the Interior at Bonn, Herr Baum, spoke at this convocation.

The institution has a proud record. Many of the university staff have taken positions in universities, colleges and higher educational institutions in the United States, Canada and elsewhere, where they have attained distinguished careers and, in many cases, have helped to establish departments of Ukrainian Studies in language, literature, history and culture.

Several hundred graduates with M.A. and Ph. D. degrees have found important positions in the United States and Canada.

I am indeed happy to join the exclusive circle of those who have been awarded honorary doctorate degrees by the Ukrainian Free University, among whom are also such outstanding Canadian scholars as Professor R. Watson Kirkconnell, President of Acadia University, and poet and writer; Professor George W. Simpson, Chairman of the History Department, University of Saskatchewan; and the former Prime Minister, John G. Diefenbaker, statesman and ardent defender of Ukraine statehood. These men have had a profound influence on the course of my life and, therefore, I am profoundly indebted to them.

• (1410)

Hon. Frederick W. Rowe: I would like to add my voice to the congratulations already voiced by others to our colleague, Senator Yuzyk. I received more than passing pleasure and share vicariously the satisfaction I am sure he must feel today, because our backgrounds have so much in common. I congratulate him, and I hope that he will long be spared to carry on the multitude of activities in which he is engaged.

PRIVILEGE

STATEMENT BY SENATOR ROWE

Hon. Frederick W. Rowe: Honourable senators, I have a rather small matter of privilege. Yesterday in the course of my remarks in the debate on post-secondary education, I spoke of a survey that had been done some 40 years ago and stated, speaking from memory, that of the two states named in the survey, Missouri was on the losing side. I am sure most of my colleagues realized that I was making a mistake. I realized my mistake on the way out of the chamber, and I was able to have it corrected in *Hansard* before publication. Rather than the State of Missouri, I should have said the State of Mississippi.

In fairness, I want to stress again that this survey took place some 40-odd years ago, and anybody familiar with that lovely state and that beautiful University of Mississippi will know that conditions have changed greatly for the better since that survey was made.

[Translation]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Tuesday next, March 16, 1982, at 8 o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[English]

EMPLOYMENT AND IMMIGRATION

MANPOWER TRAINING AND JOB CREATION EXPENDITURES— ANNOUNCEMENT BY MINISTER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an announcement with respect to manpower training and job creation expenditures. I received this statement shortly before 2 o'clock this afternoon, and I provided a copy for the Honourable the Leader of the Opposition in the Senate in advance of our sitting this afternoon. I have also had copies made in both official languages for distribution to honourable senators, and I ask for the assistance of the pages in having them distributed.

I am pleased to announce today that the federal government is boosting its training and job creation expenditures by an extra \$208 million in a move aimed at meeting employment needs of young people and other Canadians. The Minister of Manpower and Immigration said in his announcement:

This is a commitment on the government's part to act now so that our young people can receive the kind of training they need to get permanent and well-paying jobs... We want to be certain that young Canadians have the opportunities to fill highly skilled jobs, particularly in trades in critically short supply.

Of these new funds, \$188 million will be used for training and to support a major expansion and modernization of training facilities in Canada to meet the skill demands of the 1980s. The additional funds will open up several thousand new training places for welders and machinists, and in high-technology occupations. Pre-apprenticeship training programs will also benefit. Another \$20 million of the funds are being added to the Summer Canada Program, the federal government's

[Senator Rowe.]

summer student program, so that 10,000 more young people will have a chance to receive valuable work experience this summer, bringing the number of young people working on these jobs to 53,000.

● (1415)

The additional training funds will bring total federal training expenditures to more than \$1 billion in fiscal year 1982-83.

The minister went on to state:

This major increase in training expenditures reflects the government's strategy of applying long-term solutions to employment problems and its commitment to a new National Training Program. In fact it is an investment in the future of Canada as the majority of people who will take skill training will be under 25.

At present, 70 per cent of trainees enrolled in critical trades skills training are under 25. The industrial training portion of the NTP will receive additional funding of \$54.3 million over the next two years, and other high-skilled training funding will be increased by \$30 million.

The increased funding will help many disadvantaged youths, such as natives, obtain the training necessary for meaningful employment.

The Occupational Growth and Adjustment Fund, a new federal initiative which is a major element of the National Training Program put forward last January by the Minister of Employment and Immigration, is intended to provide a stimulus to accelerate skill development in national occupations. It is based on the new system of identifying priority occupations in which there is a demand. These occupations will be identified in large measure on the basis of improved manpower information systems to be developed in co-operation with business, labour and provincial governments.

The fund will enable a total federal contribution of \$108 million in 1982-83 and 1983-84 to be used to provide capital and initial operating expenses for the establishment, expansion or modernization of technical training facilities and equipment.

Facilities to be supported by the fund could be operated by provinces, industry or non-profit organizations such as native associations. The minister stated:

It is essential to make such a fund available to those with special needs to ensure that they have access to emerging employment opportunities.

The funding we are providing for this should also have a positive effect on the construction sector.

Mr. Axworthy pointed out that the fund is desperately needed because the capacity of the present facilities is insufficient to train the skilled people required by industry. He went on to say:

Major continuing shortages of some 9,000 skilled workers are predicted each year for the next five years, and without the increased funding we will be providing, young people will never get a chance to develop their potential.

The extra \$20 million for Summer Canada will bring total funding for student programs to \$120 million. It will allow communities to provide increased opportunities for young people to get the kind of labour market experience that will enhance their future job prospects.

The \$188 million in training funds will be spent under the authority of a new National Training Act which the Minister of Employment and Immigration plans to introduce when Parliament resumes.

May I thank honourable senators for their indulgence in permitting such a long statement to be read in the chamber when all honourable senators by now have received copies of this document.

In this regard, I suggest it is fortunate that at least one chamber of Parliament is operating.

Hon. Richard A. Donahoe: Don't say it; don't say it!

Senator Perrault: I welcome the fact that members of the opposition are here and are able to exercise their democratic and parliamentary right to respond, if they desire, to this statement. That is all I wanted to say.

[Translation]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we are, of course, very pleased with the statement made by the Leader of the Government and the initiatives he has announced on behalf of the Minister of Employment and Immigration, the Honourable Lloyd Axworthy. It is also clear that the statement was made in lieu of tabling the bill in the House of Commons. In circumstances other than those prevailing at the present time in the other place, the Minister of Employment and Immigration would merely have tabled the bill and, at second reading, would have made the speech just read by the Leader of the Government. This is perfectly acceptable.

However, I feel there are some fuzzy areas. It is not clear whether any of the \$280 million or \$188 million or \$20 million which are mentioned here and there in the speech are additional funds which were not included in the regular budget. It seems they are additional funds. It is difficult to make any judgment on this situation or at least on what has been announced, before examining the bill itself.

The government is to be congratulated for whatever positive impact the bill may have, subject to consideration of the bill when it is tabled. I may point out that consideration of this type of bill cannot be initiated here. It seems the Leader of the Government has been unable, within the past ten days, to find any bills he could table in the Senate to keep us busy while the House of Commons is otherwise engaged.

Hon. Louis-J. Robichaud: They are on strike.

Senator Flynn: Senator Robichaud is perfectly free to say anything he likes, but the members of the other place must be the judge of their own actions. Filibusters are hardly more useful than what is happening at the present time. It is just a way of attracting the public's attention to what the govern-

ment is doing. However, I do not want to start a debate on this question.

Senator Robichaud: It would be a waste of time.

Senator Flynn: I merely wish to say, Senator Robichaud, that the Leader of the Government had told us he would consider the feasibility of initiating bills in the Senate, following an unusual suggestion made by Senator Bosa some time ago. But, as I already said, there are none. Meanwhile, we are being kept busy with statements like the one we just heard. We have been told that legislation specifically concerning the plans announced by the Minister of Employment and Immigration will be introduced in the other place. I think we should wait and see what the bill is like in order to have a more realistic and practical basis on which to judge.

● (1420)

[English]

Hon. H. A. Olson (Minister of State for Economic Development): We have the authority to do that now.

Senator Flynn: Not here. It is a money bill, but if you do not need a bill, that is another thing. I am taking the announcement as it was recited by the Leader of the Government. If the Honourable Minister of State for Economic Development—

Senator Olson: "and Regional".

Senator Flynn: No, not "Regional". That is not yet official, and I again suggest that the title is wrong and should be corrected.

If the honourable minister would read what has just been announced, he will find that the last paragraph states:

The \$188 million in training funds will be spent under the authority of a new National Training Act which [Mr. Axworthy] plans to introduce when Parliament resumes.

Senator Olson: I take it all back.

Senator Flynn: Thank you.

Senator Perrault: I thank the Honourable Leader of the Opposition for his statement with respect to the proposal and the generally supportive nature of his remarks. May I encourage him to use his demonstrated persuasive skills to convince his Conservative colleagues in the other place to go back to work so that we may get the bill under way in Parliament?

Senator Donahoe: Cut that out!

Senator Flynn: I could not repay that compliment to the Leader of the Government. I am quite sure that even if he used all his talents he would not be able to persuade the government to make the proper concession.

Hon. John M. Godfrey: Honourable senators, I should like to ask the Leader of the Government whether there is any reason why this bill cannot be published at this time and, by means of a motion in the Senate, referred to a Senate committee for study.

● (1425)

Senator Flynn: That is a difficult problem.

Senator Perrault: That would be an unprecedented procedure, but there is an unprecedented situation in the other place. Certainly, Senator Godfrey's proposal will be taken under consideration.

Senator Flynn: As always.

Hon. Jack Marshall: Honourable senators, I have a grievance relating to all manpower training programs in that all the information emanating from the Department of Employment and Immigration does not go to every parliamentarian. I ask the Leader of the Government if he would check with the Department of Employment and Immigration to ensure that all senators are on the mailing list for the terms of reference that go out to those organizations or individuals who want to apply under the various programs. I know for a fact that we are not getting all the information, and I hope he will take steps to ensure that this does not recur.

Senator Perrault: Honourable senators, it was felt that in the Senate this afternoon it would be appropriate to have this statement delivered to the desk of each senator. Therefore, we are off to a good start as far as these current employment initiatives are concerned. Certainly, much depends upon the initiative of honourable senators in contacting departments and specifying exactly the type of material they want. Continuing representations are made to all ministries to make certain that senators receive all the information available to other members of Parliament.

[Translation]

Hon. Fernand-E. Leblanc: My question is directed to the Leader of the Government and concerns his statement that \$208 million will be spent on training and job creation to meet the needs of Canadians, especially young Canadians. I was wondering if the enabling legislation, which should appropriately follow the statement, will provide for a specific amount for each province, or will the \$208 million be distributed according to some other system as yet to be defined? Have quotas been established for each province? How is the \$208 million going to be divided? As you know, the Province of Quebec is in financial difficulty and urgently needs funds to help young Quebecers.

[English]

Senator Perrault: Honourable senators, that detail is not currently available to me, but the question will be taken as notice, and as much information as possible will be brought to the Senate.

Hon. Robert Muir: Honourable senators, I appreciate Senator Leblanc's question because I had in mind asking what might be available for the Atlantic region. Therefore, if the leader brings in a statement of this nature which would still have to be approved, as our leader has said, by the other place, I think it would be wise to bring in further information as to how many millions might be available for the Atlantic region and Quebec because, you know, we are not all fat cats like British Columbia, Alberta, Toronto and places like that. We would like to have a little more information.

[Senator Flynn.]

Senator Perrault: Honourable senators, one thing that we can agree upon is that there is a need for fast action, the need to get this assistance to young people and others as quickly as possible. In this regard, I know that Senator Muir will again contact his former colleagues in the other place and ask them to end their strike.

Senator Olson: I thought he already had.

Senator Muir: I am wondering why the honourable leader would refer to what is happening in the other place as a "strike". There are justified reasons on both sides, but I shall not get into that at the moment.

However, further to what Senator Marshall has said, we receive many letters. Although Liberals may have taken our places in the House of Commons, the public may not be aware of that and still write to us or telephone us and request us personally to secure information regarding many facets of government operations, employment and so on. As Senator Marshall has said, every available bit of information should be made available to all honourable senators. As the Leader of the Government knows—because he is tremendously busy with his duties in this chamber, plus his western duties, plus his regular duties—you cannot always be—

Senator Olson: And his ordinary duties.

Senator Muir: —and his ordinary duties—one cannot always be calling various departments and asking, "What's new today, fellows?" You have to have the information sent to you.

Senator Perrault: Honourable senators, let me make it clear that I attempted to say, obviously not very successfully, that where there are regular mailing lists established by departments, often a request by a member of Parliament to be placed on a certain departmental mailing list means that, as a matter of course, certain information is provided to honourable senators and members of the House of Commons on a regular basis.

● (1430)

I wish to say that I acknowledge the fact that both Senator Muir and Senator Marshall, when they were in the other place, demonstrated their great capacity for hard work. They were effective members, and I know that as honourable senators they have the same attitude toward their regional responsibilities as other honourable senators.

Some Hon. Senators: Hear, hear.

Senator Perrault: Perhaps I can assist in this process of making known to my colleagues the necessity for providing information to honourable senators in that fashion. If there is a department where there appears to be some delinquency or deficiency in providing information, I would appreciate being informed personally, so that I can see to it that action is taken.

Senator Olson: There is a checklist every month.

SASKATCHEWAN

URANIUM CITY—CLOSING OF BEAVERLODGE MINE

Hon. Herbert O. Sparrow: Honourable senators, I gave notice to the Minister of State for the Canadian Wheat Board that I would be asking two questions today. The first is in regard to the Eldorado Nuclear mine in Uranium City. Last fall the crown corporation, Eldorado Nuclear Ltd., pulled the rug from under the feet of the residents of Uranium City by announcing that the Beaverlodge mine would close in June. Since June is rapidly approaching, would the minister inform us of what, if anything, is being done by the federal government to help the dislocated residents of Uranium City?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, the Canadian government has introduced many measures to ease the impact of the mine-closing on the miners, their families and their communities. Those families forced to relocate are eligible for a Canada Manpower Mobility Grant which covers travel expenses, relocation costs, and the like, for people seeking and finding new jobs. The Canada Employment Office in Uranium City has been open seven days per week to help accommodate the job search for the miners.

Mr. Axworthy, in January, signed a restriction preventing foreign workers from entering the country to take jobs in depressed industrial sectors.

Canada Employment and Eldorado have signed cost-sharing agreements to aid dislocated miners, and Canada Employment and the municipality of Uranium City have negotiated cost-sharing agreements to aid dislocated municipal workers.

The community itself has established a task force to look at viable alternatives for Uranium City such as tourism, fishing and a northern service centre providing hospital, education facilities and transportation to the north. They are also looking at ways to compensate homeowners and owners of businesses for their lost capital investment. This 11-member task force includes seven representatives of the community, as well as representatives from two federal departments, namely, the Department of Regional Economic Expansion and Canada Employment.

The Department of Energy, Mines and Resources initiated a special task force on mining communities at the federal-provincial mines ministers' conference in January. This task force is addressing the whole question of mining-dependent communities and is to report its findings at the next federal-provincial mines ministers' conference in September.

The operations at Uranium City are no longer economic at present prices for uranium. The mine, in fact, is now considered to be mined out. A few days ago, a six-member provincial government team reported that closing was justified because the mine was no longer profitable. Perhaps the province will now shoulder some of its own responsibilities and take a more active role in assisting those families to adjust to the loss of their homes and to look at viable economic alternatives which would revitalize this community.

Since the announcement of the closing, about 280 families have left the community; so the town of 3,000 has now been reduced to 2,100 people. I hope to take a first-hand look at the situation in early April by visiting the community. I am taking steps to have Mayor Wasylenka invited to the next meeting of the federal-provincial task force on mining communities to present a report.

CROWSNEST RATES—IMPACT OF PROPOSED CHANGE

Hon. Herbert O. Sparrow: Honourable senators, I have a second question for the Minister of State for the Canadian Wheat Board. It is one of which I have given him advance notice, and it relates to the proposed Crow rate changes in the west.

● (1435)

I want to refer to an article in the Saskatoon *Star-Phoenix* in which the Honourable Gordon MacMurchy, Minister of Agriculture for the Province of Saskatchewan, is quoted. The article begins by referring to the Honourable Mr. MacMurchy as having said that Saskatchewan will lose \$1.4 billion to \$1.9 billion a year by 1990 if the federal government's plan to change the Crowsnest Pass freight rate agreement is approved. The article goes on:

If Ottawa contributes \$612 million a year in rail compensation as promised, the cost will increase 10 times, he said. The average farmer, who now pays less than 13 cents a bushel to transport grain to port, would be paying \$1.23 a bushel or \$2.05 a hundredweight by 1990.

But if Ottawa stopped paying \$612 million a year in 1985, the farmer's cost would increase 13-fold, he said. The average farmer would pay \$1.62 a bushel or \$2.70 a hundredweight to transport grain.

Another paragraph is as follows:

If freight rates increase 13 times, an average-sized farm of 1½ sections would lose more than \$21,000 in net income each year, MacMurchy said. If the rate is 10 times greater, the average farm would lose \$15,896 a year.

These allegations seem to be at odds with any figures I have, and I am just wondering if the minister could give us some background information on those figures. I am in some doubt as to whether the Minister of Agriculture, if he is quoted correctly, is telling the truth about these facts, and I would like to know what the minister's comments are.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I can say that the figures used by the Honourable Mr. MacMurchy are figments of his imagination. I think they constitute scare tactics. They are designed to alarm and frighten the farmers of western Canada, and I expect they are being used in preparation for an election that is going to be called, based on this issue.

The easiest way for any government to operate, especially in western Canada, I guess, is to proceed on the principle that when there are many things in doubt about their own operation, the best thing to do is run against Ottawa. If you run

against something that is not going to happen, that makes it still easier.

They ran on the basis of saving medicare against a supposed attack by a Liberal federal government at one time, and on another occasion against a supposed Conservative threat. Those were both false issues.

In any event, it is interesting to note that the Government of Canada has this year pledged \$612 million to keep the Crow.

Hon. Raymond J. Perrault (Leader of the Government): How much has Saskatchewan pledged?

Senator Argue: Saskatchewan has pledged nothing. The Government of Saskatchewan has given the people of Saskatchewan 16 speeches by Mr. MacMurchy, and a whole lot of propaganda. However, that is good politics, I suppose, and it could be pretty effective.

The policy of the federal government has been announced by the Minister of Transport. As I said, that policy is to pay \$612 million this year to keep the Crow rate exactly where it is, and to pay the railroads the losses that may be involved. Going on into the next few years the total commitment by the Government of Canada is \$3.2 billion. There is some room within this \$3.2 billion commitment, as I understand it, for a further increase next year, the following year and the year after, in the federal government's contribution.

The federal government has asked Dr. Clay Gilson to go out to western Canada and hold discussions with the principal people involved in the use of the railway. I quote from the policy statement which has been made public. It says that one of the major subjects to be dealt with in the consultations is the future responsibility for paying grain transportation costs. It is made very clear that the discussions will be centred around the apportionment of those increased costs resulting from future inflation and from an increased use by the grain shipper of those facilities.

● (1440)

The contribution of the federal government has been committed over this period at this rate. I have said this before, honourable senators, and I will repeat it. It is my understanding, and I have attended all of the meetings and read all of the documents, that it is a commitment for the future as well. When the new system is in use and is put into statutory form, with regard to the cost of wheat and the return from grain, I believe that farmers can look forward to an improved Crow rate in the future. If one relates to the price of grain, I expect that in the future the Crow rate will be even better than it has been in its 80-year history. I believe the federal government will establish a policy that will be in the best interests of everyone concerned. I would say that all of these accusations made by Mr. MacMurchy are patently false.

Senator Perrault: Hear, hear.

[Later:]

Hon. Robert Muir: Honourable senators, I should like to raise a point of order with regard to the comments made by the Minister of State for the Canadian Wheat Board. He

[Senator Argue.]

made reference to provincial governments conducting election campaigns critical of the federal government, and so forth. I simply want to point out that the Honourable John Buchanan ran his election campaign in Nova Scotia on his own record. I am sure that the honourable minister is aware that Premier Buchanan recently made a very amicable arrangement with the Prime Minister of this country despite the difficulties involved with offshore rights.

I do not want to take up too much time. We have yet to hear from the Honourable Senator Donahoe, who will be making a valuable and important contribution this afternoon. I merely wanted to bring this matter to the attention of the minister.

CONSUMER AND CORPORATE AFFAIRS

TRADEMARK BILL

Hon. John M. Godfrey: Honourable senators, I should like to ask two questions of the Leader of the Government in the Senate.

One month ago today, on February 11, I asked him when we might expect a new trademark bill. At that time I pointed out that one such bill had been presented in the Senate three years ago. I think this would be an appropriate time for the Senate to study a trademark bill in committee. I ask the honourable senator whether he has any information on this matter?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, at the present time the trademark measure is not a leading matter of priority with the government.

FISHERIES AND OCEANS

REQUEST FOR STATISTICS

Hon. John M. Godfrey: Honourable senators, my second question involves a newspaper article written by Douglas Fisher which appeared in the *Toronto Sun* on January 22, 1982. In his column, Mr. Fisher stated that federal spending on fisheries amounts to \$400 million this year, and that the employees of the department are now 5,800 in number. He also stated that the total value this year for fish may hit \$1.4 billion. He went on to state:

To put that in perspective, the federal government will spend to manage, regulate and perpetuate our fisheries this year about a third of the total value produced. And we have 5,800 federal employees (plus another 2,000-odd provincial employees working in the field) as a frame and base for only three times that many fishermen.

The simple question to ask would be: Is that true? If not, what are the facts? However, I realize that such a question is against the rules of the house, so I will now demonstrate how to get around those rules.

I would like the Leader of the Government to supply answers to the following questions: How much does the federal government spend on fisheries in a year? What is the total value of the fish caught by Canadian fisheries in a year? How many federal employees are working in the fisheries field?

How many provincial employees are working in the fisheries field? How many full-time and part-time commercial fishermen are there in Canada? How many people are employed in the processing of fish?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I thank Senator Godfrey for providing some prior notice of these questions. The answers pose a substantial research task for Fisheries Department officials, who must gather this information so that it can be made available to the Senate. That process has been under way since the inquiry from Senator Godfrey was received in letter form.

With regard to this question inquiring whether or not Mr. Fisher's newspaper column contains truths, Senator Godfrey, of course, is aware that a question, oral or written, must not inquire as to the truth of statements made in a newspaper.

Senator Godfrey: Therefore, I carefully refrained from asking that question. I think that rule is really one of the silliest we have, and I have demonstrated how easy it is to get around it.

ENERGY

OIL—REDUCTION IN EXPLORATION ACTIVITY

Hon. Martha P. Bielish: Honourable senators, I have a question for the Minister of State for Economic and Regional Development. Is he able to confirm the statistics released by the Canadian Association of Oilwell Drilling Contractors, namely, that since the National Energy Program was introduced 184 rigs that had been drilling in western Canada have quit the country, and only one has since returned?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will direct that inquiry to the people who are in possession of that information, and will ascertain whether or not it is true. That will depend, of course, on how things are added up.

Senator Bielish: I have a supplementary question. While the minister is making his inquiries, would he also verify the report which states that 107 servicing rigs have also departed? If that is true, we all know what it means to the economy.

Senator Olson: I will check that as well.

CANADA-UNITED STATES RELATIONS

U.S. WEAPONS TESTING IN CANADA

Hon. Stanley Haidasz: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. Can the minister confirm reports that the Canadian government is considering a request from the United States Defence Department that U.S. military weapons be tested on Canadian soil?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Senator Haidasz: I have a supplementary question. While the minister is seeking that information, would he also ascertain what Canada's role will be in the testing of those weapons? Secondly, would he find out Canada's share of the cost of conducting such tests?

TRANSPORT

MAINLAND-NEWFOUNDLAND FERRY SERVICE—SUBSIDIZATION OF PRIVATE CORPORATIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to the question asked by Senator Muir on March 3 last concerning the subsidization of freight movements to Newfoundland.

The Minister of Transport has taken action to terminate the subsidization of freight movements to Newfoundland by Newfoundland Steamships Limited, which is the only private carrier receiving a subsidy. The effective date of this action will be April 1, 1982. CN Marine Inc. will be the only subsidized ferry service carrying freight from the mainland, via the port of North Sydney, to Newfoundland after this date.

I would also like to include the Minister of Transport's press release for the information of honourable senators. Perhaps it could be incorporated in this reply.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(The press release follows:)

A buy-out of the Newfoundland Steamships Limited subsidy that provides a direct shipping service between Montréal and the Province of Newfoundland was announced today by Transport Minister Jean-Luc Pepin.

Newfoundland Steamships Limited entered into a 13-year shipping subsidy contract with the Canadian Transport Commission in April, 1973, to provide a shipping service as an alternative to the rail truck service between North Sydney and Port aux Basques, Newfoundland.

Termination of the current subsidy agreement, which expires March 31, 1986, will include lump sum payments of \$3.4 million in 1981-82 and \$2.5 million for 1982-83.

Direct shipping between Montréal and Newfoundland will continue to be served by two unsubsidized private shippers, Newfoundland Steamships Limited and Atlantic Freight Lines Limited.

Buy-out negotiations began in 1981 and the subsidies will cease after April 1, 1982.

UNITED NATIONS

OUTER SPACE TREATY—CANADIAN INITIATIVE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to the question asked by Senator Thompson on March 9 concerning strengthening the Outer Space Treaty.

It is true that Canada worked very hard on this particular treaty, which addresses the banning of nuclear weapons from outer space. There is now a suggestion of a further banning of all weapons, such as killer satellites, from outer space.

This topic is presently being addressed by the Committee on Disarmament in Geneva. Canada is actively engaged in the work of that committee, and is an active and energetic participant.

● (1450)

THE SENATE

REFORM—MOTION RE ELECTION OF MEMBERS—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Deschatelets, P.C.:

That this House affirms that the federal character of representative and responsible government in Canada will be strengthened if the membership of the Senate is constituted by election rather than by appointment.—(*Honourable Senator Bosa*).

Hon. William J. Petten: Honourable senators, on behalf of the Honourable Senator Bosa, I yield to the Honourable Senator Donahoe.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Richard A. Donahoe: Honourable senators, my first duty and my first wish is to thank those who make it possible for me to speak this afternoon. This is a subject I am anxious to express my views on, but circumstances will prevent my being here for a period of two or three weeks.

You will note that I begin by giving glad tidings to the government, that one of the opposition, who sometimes makes trouble for them will not be present during the next three weeks.

Hon. Raymond J. Perrault (Leader of the Government): You are not going to strike?

Senator Donahoe: I do not intend to be here, and I suffer from the fear that you will proceed with consideration of the motion and that it might be disposed of before my return. Therefore, I thank Senator Petten and Senator Macdonald, and I thank Senator Bosa, who is not present, for having yielded in order that I might speak.

I want to begin my remarks, which I hope will be mercifully brief, by emphasizing that I am speaking on Senator Roblin's motion that this house would be better served if we who are its members, instead of receiving our positions here by appointment, were in fact in some way or other elected.

I want to stress the fact that I have now been in this house for nearly three years, during all of which time I have listened

[Senator Perrault.]

with intense interest to what Senator Roblin has had to say. It has been a rare occasion, indeed, on which I have found myself in disagreement with anything he has said. But in the case of this motion, which he has advanced so excellently and to which he has spoken with such force, I find that he and I have different points of view.

You will recall that Senator Roblin gave 48 hours' notice of his motion, but, having given that notice, he then, with the permission of the house, spoke to it within 24 hours. As a consequence, I did not have the pleasure of hearing him deliver his remarks in person, but I have read them and have given them consideration, so I consider myself fully familiar with them and, therefore, entitled to respond to them this afternoon.

It was with a sense of relief that I read that Senator Roblin, in proposing this change, did so as a private member only. The motion was not, he said, in any sense to be taken as party policy but was merely his own idea. I want to echo what he said, in that any remarks that I make this afternoon are to be taken as my own ideas and are not to be construed in any way as binding any other person or as reflecting, in any sense, the views of the party to which I am proud to belong.

In reading Senator Roblin's remarks I noted that he had asserted that he did not seriously expect his motion to carry, because he said that, in his opinion, there were fewer people who shared his views than opposed them. I do not know whether he was correct in that assumption or what the result of any vote taken on the motion might be, but I am cautious enough that I could not allow a vote to be taken without now expressing my views on the subject, first, as I have already said, because of the danger that the motion might be disposed of in my absence, and, secondly, because of the danger that Senator Roblin's forecast might not be correct. He may have misjudged the temper of this house and there may be many more people who agree with him than disagree with him. In such a case the motion might carry and my silence could be misconstrued as acceptance of his views, even though I, were I present, would choose to vote against the motion.

Honourable senators, I sympathize fully with the views of those people in western Canada who find desirable the idea of an elected Senate. I feel they do so because they believe that an elected Senate would accomplish for them what the appointed Senate, as we have at present, has in fact failed to accomplish. They look upon this house as an organ or medium through which their rights and the rights of their territories could be expressed—effectually expressed—and through which, they feel or could come to feel, what they believe in in the west could have an effect upon the events that take place in this great country. I seriously doubt that that is a belief they hold at present. They think they could attain what they want by having an elected Senate, but I believe that in that they err, that they are not right, and that they would not in any way improve their position merely by tampering with the structure of this house, merely by changing the manner in which the personnel of this house are chosen.

Hon. Jack Marshall: Right.

Senator Donahoe: I am not, as Senator Frith is, a scholar. I cannot do what he did so excellently in this house the other day—give you a play-by-play or blow-by-blow description of the fates of all those similar resolutions which have been moved in this chamber up to this point. Because I lack the capacity, perhaps, I propose not to go into the history of the various resolutions. Suffice it to say that in view of the fate of those resolutions as related by Senator Frith, perhaps Senator Roblin's belief with respect to the fate of this motion was justified by the history of the preceding motions.

I read with interest what Senator Roblin had to say about a series of organizations whose names as reformers he introduced, I took it, as an argument in support or in explanation of his motion. I noted with interest that the committee which dealt with this subject in this house came to the conclusion that an elected Senate was not required, but the report of that committee, the so-called Lamontagne committee, was mentioned more by way of an afterthought, as a voice which might be listened to, than as establishing a serious case to justify the allegation that the kind of reform this body should have is to be found in an elected Senate.

Perhaps I will be pardoned if I say that that does not altogether surprise me. I was a member of the Lamontagne committee. More than that, I was a member of a subcommittee of the Lamontagne committee which did much of its work during the summer. You may recall—perhaps you do not—that the work of the committee was divided and allotted to various subcommittees, each of which was asked to bring in a report on what the particular subcommittee felt should be included in the main report. That main report was to be made up by compiling a final report composed of all the minor reports.

It was summertime. It was warm. It was difficult. The shores of the bay on which I spent my summer were beautiful and were beckoning. Notwithstanding that, my sense of duty compelled me to come to this city to attend the meetings of the subcommittee. I want to congratulate Senator Neiman, who was the chairman of our subcommittee, and the others who served on it, who did as I did and put their personal wishes and personal views to one side in order to come to this city to deal with the work of the country.

You may ask what the question was that we were considering. The question that was submitted to the subcommittee of which I was a member was: May we have your views on the question of entrenchment?

You may recall that at the time the committee was meeting we were then in the process of approaching an amendment to the Constitution of Canada. I do not hesitate to remind you that I voted against that amendment, when it eventually came before us. I voted against it for a variety of reasons which I do not intend to go into here. However, one of the things with which the joint committee on the resolution had to involve itself was entrenchment of the Bill of Rights. Members of the Senate were asked to provide their views on the subject, and we laboured long, hard and diligently to come to our conclusion; namely, that it was not desirable that the entrenchment

of the Bill of Rights be adopted by the people of Canada. The subcommittee of the committee chaired by Senator Lamontagne came to the conclusion that we ought not to entrench the Bill of Rights in the Constitution, and we so reported. I will admit quite freely that, to my knowledge, the subcommittee never completed its full report, but we at least reached a full decision as a committee, and it was accepted by all those who attended the committee meetings.

● (1500)

I see a head shaking, and I see that it is the head of one of the senators involved in that committee. Perhaps the honourable senator did not accept the decision. I merely said that I had the impression that the decision had been accepted. If I am wrong, then I apologize. If the decision was not accepted by any member of the committee, I challenge that member to say that it was not accepted. There may have been, and undoubtedly were, different points of view expressed in arriving at our conclusion. In any event, we left believing that the chairman was to complete a final report and that it was to be submitted to the main committee which, in due course, would make up its mind.

I went away and returned in time to sit on the main committee, only to find that in a cavalier way it was announced that the decision arrived at by the subcommittee, of which I was a member, did not meet with the satisfaction of the committee. The honourable senator shakes his head. Perhaps the words I have used are not exact, but I am not pretending to quote exactly what was said on that occasion. I am only attempting to draw conclusions from the action that was taken by the main committee. I defy anybody to deny that the main committee took action based on the idea that they would prepare a better report for consideration by this house if they eliminated altogether the report of the subcommittee of which I was a member and, accordingly, that was so done. The report which this house considered and acted upon was without the benefit of any conclusions that were reached by the subcommittee on which I worked.

Hon. Royce Frith (Deputy Leader of the Government): May I make a short observation?

Senator Donahoe: I would welcome it.

Senator Frith: As I recall, the conclusion that Senator Donahoe has reached is correct. The subcommittee of the Lamontagne committee, on which I served along with Senator Donahoe as well as Senator Neiman, did spend a lot of time on this question and, certainly, Senator Donahoe was totally consistent in his adversity to the entrenchment of the Bill of Rights, although we had some very fruitful exchanges on the subject. I thought that the decision of the committee on Part III, which dealt with the Bill of Rights—Part I being a new approach to federalism, and Part II being reform of the Senate—was that, because the constitutional amendment dealing with a bill of rights was either before Parliament or imminently before Parliament, by the time we made our report we were overtaken. I do not remember the committee rejecting the viewpoint of Senator Donahoe. I recall the committee as

saying, in effect, "Look, we'll deal with Parts I and II, and since it looks as if we are all going to be talking about Part III because of the constitutional proposal regarding a Bill of Rights, we will leave it."

Senator Donahoe: I thank the honourable senator for his intervention. I merely say that I am speaking from results, not from what actually took place or what was said. The honourable senator may be perfectly correct in saying that the joint committee took the opposite view to ours, and that that was a known and recognized view at the time our report was being prepared, but I would retaliate by asking when it was that a viewpoint advanced by a committee of this chamber was eliminated merely because a different and contrary view was advanced in the other place or by the joint committee.

Hon. Joan Neiman: I wonder if I may intervene for a moment?

Senator Donahoe: Yes.

Senator Neiman: My recollection of these events is slightly different from that of Senator Donahoe. Unfortunately, I did not know that this subject would be raised today, or I would have drawn my file. Senator Donahoe was quite right in saying that we on the small committee started out by being personally opposed to the idea of entrenchment of the Bill of Rights, merely because of our particular backgrounds and disciplines in common law. After many meetings, which were attended very faithfully by Senator Donahoe, much testimony and the completion of research papers, my very distinct recollection is—particularly following the testimony of Mr. Gordon Fairweather, the Chief Commissioner of the Canadian Human Rights Commission and, as you know, a former Attorney General of New Brunswick—that we came to a somewhat different conclusion. You will recall that Mr. Fairweather testified that at one point he was opposed to entrenchment but after a time he came to see that it was probably right, just and proper at this point in our history. As a result of our conversations with him, it is my recollection that all of us came to the point of view that we opposed total entrenchment without the consent of the provinces. The approach we preferred was to go ahead with entrenchment, as far as the federal government was concerned, and then to persuade the provincial governments, by example as well as through negotiation, to follow our lead.

That is the basis upon which I drew up my report, and I was sure at the time that I had the concurrence of our subcommittee. As Senator Frith has just said, the decision of the full Legal and Constitutional Affairs Committee was that we would be overtaken by events because a Bill of Rights had already been presented, or was being prepared, and that it seemed superfluous to advance our views. Certainly, my recollection is that that was the type of report that we had intended to put forward in our subcommittee.

Senator Donahoe: Honourable senators, I accept what Senator Neiman has said and I find nothing wrong with it. However, I think enough has been said on the subject, and I do not propose to go into it any further. I merely want to say that, in

[Senator Frith.]

my opinion, there must be many persons listening to this speech, if I can call it that, who have no knowledge whatever of what transpired in that committee, because it was carefully arranged so that no matter what the committee argued or what conclusions it arrived at, they were never referred to in any report of the Lamontagne committee. I introduced the subject, not to discuss what took place in our subcommittee or to imply that anybody was of a different point of view or had changed their views, but merely to indicate that, because of what happened, I personally have grave doubts as to the value of the report of the Lamontagne committee, because I have exact knowledge of the portion of it to which I was or should have been a party.

● (1510)

I looked at the resolution, and I found that I had to stop and think: In what context will this resolution be used if it is adopted? We are in a position where the matter we have been arguing about—that is, an entrenched Bill of Rights—is to be adopted by a foreign parliament to become the law of this country. It is to be adopted imminently, not months or weeks from now, but possibly days. A minister of the Crown has been cooling his heels in a foreign capital waiting to bring it back.

The Queen of my country, the Queen of Canada, is being—I don't know what word is fitting—cajoled and, perhaps, has willingly accepted an invitation to bring the Constitution to Canada. I have told you that I will not be in attendance for the next three weeks. Thank God I will be away during that special day on which the Queen will be here. I may not be invited, but if I am invited I will not have the pleasure or necessity of declining the invitation because I disagree with what is being done. I will regretfully decline the invitation because of my absence; I will be visiting a foreign country.

I have thought about what the resolution means to this Senate. I would defy any senator on the opposite side of the chamber to stand and say that, when this foreign country has decided our Constitution for us by making the Canada Bill law, in our Constitution you will find a section which will provide that this body shall have the rights it has enjoyed for 115 years and shall not be reduced to the right of a suspensive veto, and that it will not be reduced to merely providing a purely delaying tactic when it has exerted the entirety of its force. That is what is going to happen.

Senator Frith: I will take up that challenge. That will be the situation with regard to constitutional amendments, but not with regard to legislation.

Senator Donahoe: I am not talking about constitutional amendments.

Senator Frith: The honourable senator said that the Constitution will provide that the Senate's traditional rights will be changed and reduced. He is correct on the question of its right regarding constitutional amendment. The provision in the constitutional resolution to which he is referring regarding suspensive veto applies only to constitutional amendment and not to legislation. We will still have our absolute veto over legislation.

Senator Donahoe: I am tempted to ask the honourable senator if he has ever heard the story about the camel and the Arab. On a cold winter's night, the camel asked permission to shelter slightly under the tent and, by morning, the camel was completely covered and the Arab was out in the cold. If the honourable senator can tell me that we are only partially pregnant, I will respond that I do not believe it. We will go the whole way, and I will prove it to you later.

Senator Frith: My goodness! What did the Arab do before he left?

Senator Donahoe: I will prove it to you later by reminding you of the attitude towards the Senate of some very important people involved in the conduct of the affairs of this country.

I accept what Senator Frith has had to say, that, as of this moment, the suspensive veto is only applicable to legislation dealing with the Constitution of Canada. However, I assert, subject to contradiction, that it will not be long before the suspensive veto applies to every piece of legislation that reaches this house. I make this argument almost entirely on that basis because that is what I believe and that is what no one can successfully stop me believing.

Like Senator Roblin, I believe that the federal state which Canada has been up until now, and such as it will remain for a short time, and as some people in certain quarters say it will continue to be—although I am not one of those people—requires an effective second chamber. I agree that the need for such arises from the fundamentally regional characteristics of our country. I believe, as does Senator Roblin, that if no Senate had ever been conceived by the Fathers of Confederation, no nation would ever have been developed. No Senate; no Confederation!

I further believe that, in the 115 years that have elapsed since Canada was formed, the Senate has justified its existence. It has operated in such a way that it has come to be a true asset to the people of Canada by the originating, the improving and the passing of the laws of this country.

If one takes the trouble to read what Senator Roblin has said, one will see that he finds that the agreement made was to have two houses, and that they were, firstly, the House of Commons, based on representation by population and, secondly, the Senate, based on territorial representation. He says that representation by population satisfied the interests of Upper Canada. I do not use the term "Upper Canada" in any disrespectful way. Upper Canadians are those who had the good fortune to be born in Nova Scotia, and I understand they use the same term for those who come from Newfoundland.

Hon. Jack Marshall: Certainly.

Senator Donahoe: Upper Canada is the name by which this part of Canada was known prior to Confederation. There were two areas, Upper and Lower Canada. Interests were satisfied by the form of Confederation which was adopted. They asked for one-man-one-vote equality, regardless of where a person came from. Senator Roblin very properly said that the maritimers and the French-speaking minority—then, as now, concentrated in Quebec—had other aims and views. They saw

Upper Canada as possibly being able to impose its will on regional minorities. They sought a counterbalance, and the forum provided to them was the Senate.

I read an article which said that territorial and regional representation was not the only reason for the formation of the Senate in 1867, and I do not even pretend that it was, but I certainly say it was a major factor. I further say that, in the part of the country from which I come, it was used as the point of all points to achieve acceptance of Confederation. It was not easy in my province. There were those, in some political parties—to which I have never offered my support—who did not believe in Confederation. The government of the day went to London and tried to get them to do away with Confederation.

Some Hon. Senators: Shame, shame.

Senator Donahoe: They ran elections in my province and were known as anti-Confederates. This is only an aside. The only point I want to make is that people who talk about history ought to know a little bit about what took place in times gone by.

In my part of the country, regional representation was the reason put forward for having a Senate. The counterbalance that made Confederation palatable was the institution of the Senate, and it was devised, largely, for that purpose.

● (1520)

Senator Roblin and I share the view that it is proper that we have a second chamber. We part company on the proposition that a second chamber would be more effective than it is now if its members were elected. We meet again when we agree that Canada needs an effective federal chamber to represent regional interests. We part company again on the question as to whether or not those interests would be better served by electing senators rather than by appointing them.

I do not propose, in these few remarks, to advance any proposition as to how this could be made a more effective chamber. I said on a previous occasion that I was of the firm conviction that we could reform the Senate in such a way that it would become more meaningful and more effective, and I still believe that, but the only purpose of the motion before us today is to recommend to us one particular method of reform—election; and I am confining my remarks to my views as to what "election" means.

Some may say that that approach is negative, but I do not believe that any form of election would produce better senators or a better Senate than the one we now have. On the other hand, I believe, particularly in light of the amended Constitution which is about to be given to our nation, that the quality of the people elected to the chamber would be less than the quality of those who now occupy the chamber by appointment.

I was not going to mention this, but I have talked to a number of senators about this, and they have talked about the possibility of an elected Senate. I addressed one question, and one question only, to them, that being: Were there to be an elected Senate, would you run for election? Without question,

I did not hear one senator say that he would be prepared to run in an election for the privilege of sitting in this chamber.

Hon. Eric Cook: I have a supplementary question. Would they get elected?

Senator Donahoe: Whether or not, as the senator has asked, they would be elected, is a moot question. I do not know what the honourable senator's record is, but I admit that I was defeated in my own province. I was defeated four times before I was ever elected, and I was elected some 16 times in various capacities, and then finally defeated.

I do not know whether I could be re-elected, but I can tell him something: I might not be able to get elected, but my two sons are quite capable of getting elected. One is the Speaker of the Legislature of Nova Scotia; the other is the Minister of Education in the Government of Nova Scotia; and I should like to think that my presence in this chamber has not caused them any sorrow or grief or difficulty.

Some Hon. Senators: Hear, hear.

Senator Donahoe: So, I am not going to talk about what we should do with this chamber. I merely want to make it clear that I think there is room for improvement, and I am prepared to consider improvement. I cannot make myself believe that election is the proper way to achieve improvement, because I cannot believe that the quality of people who would hold themselves up for election would be better than that of the present members of this house.

I cannot believe that the limited nature of the Senate, functioning on what is left—

Do not stand up and challenge me, please. If you do not think that this body is less now than it was before we passed the law which is about to be passed in Britain, then you and I are never going to agree, because that is my firm and unalterable conviction, and I so expressed myself at the time we were considering it.

Senator Frith: I agree with you.

Senator Donahoe: So, I cannot believe that the limited nature of the Senate, functioning on what is left, can conceivably attract people of experience, of broad vision, who have a love of their country such as that of those who serve in the Senate today.

I believe that under such circumstances the election of senators to this chamber would bring to it only those people—and correct me if you think I am wrong—who are more concerned with what the Senate can do for them, to paraphrase John F. Kennedy, than with what they can do for the Senate or for Canada.

I will accept any worthwhile proposal to reform the Senate and to make it more effective, but I do not believe that we should move in the direction of reform simply because we conceive that the public of Canada is seeking reform, unless we are sure of where we are going.

I have a random thought that I wish to express while it is in my mind. It is that we are going to have a new Constitution, an amended Constitution—and there was great talk about how

democratically it was amended. I want to tell you that, in the history of this Confederation, no Constitution, no amendment to any Constitution, was ever conceived in a way in which it was the child of a joint committee of the two bodies of Parliament, with or without the approval of the Prime Minister of Canada. What we need, and what we should have, is the approval of the people of Canada, and I am not going to say today that we do not have it, but I am prepared to say that it was never sought. If the consensus—which some people make so much of—of the premiers of the provinces—were analyzed, if the legislatures were consulted, and if the people of the provinces were consulted, I have my doubts that the answer would be the answer which was given by the premiers.

I merely advance that as a random thought that is worth thinking about. Do not fool yourselves into believing that what is going to happen in this country has the full and undivided support of a majority of the people of this country, because I have grave doubts that that is true.

Reform for reform's sake is not good enough. Any reform we undertake must hold out a real and true prospect of improvement. It is argued that the Senate, as it is now constituted, is, generally speaking, regarded by most people as a fifth wheel of the Constitution; that the media, by and large, overlook our debates; that we have no credibility; that we are neglected by the provincial governments while, at the same time, we decline to exercise the powers we possess—that is, to act as a direct curb on the federal executive.

On that point I want to make only one statement, that being that if you are the possessor of a big club you do not have to go around hitting people over the head with it. You only have to remind them every now and again that you have a big club which you can pick up and wield if their conduct is such that it compels you to do so. If people are reasonable, the one holding the club will be reasonable. If anybody tells me that we are an ineffective body because we have not exercised our veto, I say that there is more than one reason why this house exists, but one reason is to provide sober second thought. When we have discharged that function to its limit, unless what is being done is so outrageous that it cannot be borne, and it really has to be pretty outrageous—I thought we had reached that point when the resolution to support the Canada Bill came forward. I thought that the Senate would rise in indignation and say, "You cannot do this to us; you have not got the right. You are not the right body; you have not the true consent." But members of the Senate did not say that. I thought that and tried to say that, but only a few honourable senators agreed with me. We are going to have a new Constitution, and I sincerely hope and pray, as I stand here, that those who voted for it will not live to rue the day.

However, it seems to me that, by electing a body which had any real power, we would be flying in the face of those who believe that Parliament is big enough, and there are some who believe that. I have said that Parliament was based on representation by population. I do not remember it all, but I went to school and learned what they did with the original system, although I cannot be precise on what the original

system was. However, I can tell you that the original system allocated 65 members to Quebec, and one divided 65 into the population of Quebec and came to a unit number and decided that there should be one member for each such unit in each province. How many members there were depended on the population as ascertained in the census. I know it would work because in Nova Scotia, when we started, we had 18 members and now we have 10, and we are damned lucky. In Prince Edward Island they have four members and they have four senators. Why do they have four senators, and why do they have four members? Because the B.N.A. Act states that no province shall have fewer members than it has senators. If it were strictly representation by population, mathematically speaking practically every riding in Toronto has a bigger population than the whole Province of Prince Edward Island. But you only get one member and they get four. You may say that that is not right, but I say to you that it is right because we are a nation. We stretch from sea to sea. We are composed of all those provinces that joined together to form Canada. One of them is Prince Edward Island, and without such provinces, we would be an incomplete whole, small though they may be.

● (1530)

The population of Canada has grown. The system has changed, the unit is now different, and the distribution of seats in Canada is now different. I am told that under the system now in vogue, whatever that may be, as a result of the most recent census we are likely to increase the number of members in the House of Commons.

Senator Marshall: To over 300.

Senator Donahoe: My honourable friend says "to over 300," and I presume he is right. I do not pretend to know, but I know it is an increase. I also know that there are members of the House of Commons who say that that is an error; that we should amend the law; that we should change it so that there will be no increase; and that we have enough members now—282 or whatever the number is.

Senator Marshall: There are now 282 members.

Senator Donahoe: We do not want to get like Great Britain. We do not want to have such a large number as Great Britain that if they all show up at the same time there will not be enough seats because there are just too many of them. Incidentally, it is that kind of Parliament that is giving you your new Constitution, but I will let that go by.

To get back to what I was saying before I became side-tracked, some members of the House of Commons believe that there is a sufficient number of members now and that we should amend the law so as not to have any more. Then I come into this chamber and I find senators saying to me, "Ah, but what we should do is elect the members of the Senate!"

Senator Marshall: Shame!

Senator Donahoe: Elect them—for what?

Senator Marshall: For life!

Senator Donahoe: Elect them to have real power? Elect them to exert their will as opposed to the will of the House of Commons? No, we do not want to do that. After all, we already have an elected body.

I come from a province where we had two houses—an Executive Council and a House of Assembly—and at a certain point the same sort of situation as has happened here happened there: one party was too long in power. It had the power of appointment of the members of that house, so that when an opposite party, after 43 unbroken years, was elected it was discovered that there was not one voice—not one—in the upper house to speak in support of that elected body which the electorate of Nova Scotia had said should decide their fate and make their laws. I shall not go into it because it is a long, sad story. But when those people were recalcitrant and refused to see reason, and sometimes you can see that going on today—I am tempted to tell a story but I have been speaking for a long time—when those people would not support the government, then the province took the only course open to it and said, "We have the right of nomination. There is no limit on the number who can sit in the house. Therefore, we propose to appoint a sufficient number of councillors who will vote that we extinguish the upper house." The upper house was extinguished, and it was my party that did it. Do not think that there is anything partisan in what I am saying about this because there is not. It was my party that did it. We did away with the second house, but it is not my party that is going to do away with this second house, it is somebody else, and I will prove it to you before I am finished—and I am going to be mercifully brief for the remainder of my remarks.

If the Senate is to have neither real power nor the possibility of any, having regard to the new Constitution, and if it is to be elected only, then the function of the Senate is largely being lost. The inevitable effect of any vote taken in this house will be to demonstrate that the Senate has lost its purpose, that we are voiceless. Why bother to speak on a resolution? Suppose that by a miracle you could open the minds of those opposite you; suppose that you could persuade them that that man who sounds so foolish is talking sense and that they must support him; suppose that by a miracle that happened—it would not matter one whit or one iota because six months later the things against which you voted, the things on which you agreed with somebody else, the things on which you disagreed with those who make the laws of this country would be the laws of this country. You could say you disagreed and you could say it was wrong, or you could say any damned thing you liked about it, but when it was all over it would be the law of the country and whether you liked it or not you would be stuck with it.

Senator Marshall: Too many Liberals!

Senator Donahoe: If, on the other hand, the Senate is to have neither real power nor the possibility of any—as I suggested to you it probably will not have, if you think about the Constitution we are going to have—then, in my view, the function of the Senate, as I have already said, is largely going to be lost. The inevitable effect of any vote taken in this house, based on the Constitution of Canada, will be to demonstrate

that the Senate has lost its purpose. I think that is a good phrase and I think it bears repeating because it is something that might give some meaning to and understanding of what is taking place around you.

One should not tease people and one should not accuse people who see things differently from oneself, but the fact remains that I have grave doubts as to how much serious consideration was ever given to the possible effect of what was being done, and that a very high percentage of government members voted the way they did, not because of what they were trying to bring about, not because of what they expected to happen, but because they were voting with their party. As I said on an earlier occasion—and exception was taken to it—I thought we gave a pretty good demonstration that there is at least one of your number who was prepared to vote for whatever he was bloody well told to vote for, regardless of what it might be and regardless of what his opinion of it might be. We had the experience in this chamber of seeing an honourable senator, who is not here today—and I am sorry to speak in his absence, but we had the spectacle of his standing here and advancing all the reasons why certain actions should not be taken, and then not waiting for amendments to be made. Don't let anybody give me the story that "he fixed it up and changed his mind in the interval." When he made his second speech it was different: "The resolution has been improved; the resolution has been amended." Maybe it had been and maybe he voted for it, but it is damned true that he told us, standing on his own two feet, that he would vote for it, no matter what happened to it.

Senator Marshall: Right.

Senator Donahoe: He said, "I am going to hold my nose and vote for it."

I do not know how many honourable senators shared his views, and I do not know how many were motivated by the same thing and voted in the same way. All I know is that they voted that way, and we are about to get the amended Constitution, amended in a way unseen or unheard of for more than 115 years, the results of which, I submit, are not fully recognized, appreciated or perhaps even expected.

● (1540)

I am an old man. I do not expect to live long. "Thank God," say some people. I do not expect to live long, but I do expect to live long enough to see the Constitution come to Canada. I expect all of the more healthy and more sturdy people in this chamber to live much longer than I, and to reach the day when they will say, "What, in the name of heaven, possessed us to have that kind of Constitution? Why did we go American? Why did we establish the American type of government in this country? Why did we forsake the parliamentary form of government which had been ours for more than 115 years and which had served us well?"—and don't tell me that it has not served us well. Don't anyone on the other side stand up and say "This house is no good. Unless we reform it, we might as well not have it." I happen to think that is true in the case of those who have occupied seats in this chamber and have not done their duty. But that is another story, and don't anyone tell me

[Senator Donahoe.]

that it has ever been that bad. What has happened in this country cannot be laid directly at the feet of those in this chamber because, after all, we have exercised the power given to us in such a manner that we have not interfered with the exercise of power by those who have been elected by the people. As I said a short while ago, some can say that that is craven; others can say that the Senate has been ineffective; but no one can say that what I have just said is not the truth, because ever since I have been in the Senate we have never exercised the power of veto; nor have I heard anyone stand and say that on such-and-such an occasion we did exercise the power of veto.

So, I come back to my argument, which is the main thing which impels me to make my speech. I say that the quality of those who will be prepared to sit in this house, to exercise a vote which comes to them by virtue of seeking election—a vote which will be meaningless, a vote which can have no effect; to express opinions which cannot be heard; to make arguments which can have no cogency; to try to persuade people to agree with those arguments—the quality of those who will be prepared to seek election to exercise such a privilege, if one can call it a privilege, will, in my opinion, be far less than the quality of those whom I now have the honour of addressing, and of those who have not seen fit to be present to hear my address but who will, I trust, read my remarks on a future occasion.

I now wish to bring my speech to an end by expressing two or three thoughts; and I want to show the source of those shots—thoughts.

An Hon. Senator: "Shots"?

Senator Donahoe: They are shots as well as thoughts. It was a Freudian slip on my part.

I consider what I am about to say to be pungent and correct. I hesitate to do this, because I have been rebuked for asking questions concerning newspaper articles. However, I have never heard anyone read a rule which says that one cannot refer to articles in a speech, and I propose to refer to them. Here is the first article. It is not really the article to which I am going to refer, but only the headline. It says:

Vacancies Prove People Don't Believe in Senate

Balderdash! Why are there vacancies in the Senate? Because the man who is the Prime Minister of this country causes vacancies to exist in the Senate. We die; we retire; we move off; our seats are here; and Joe Blow, on the street, cannot come in here and occupy that vacant seat. Someone has to be tapped on the shoulder by Pierre Elliott Trudeau, and he has to say it is his wish that he come here.

I do not see Senator Stollery here. I would explain to him how he got here, if he were around, but I won't. I say that is a faulty headline to an article attempting to prove that people do not believe in the Senate. It proves nothing of the kind. It proves only that the Leader of the Government in this country has a deep and abiding contempt for the Senate and that he will be happy when the day comes when he is no longer faced with the necessity of dealing with it in any capacity.

° Here is another editorial. It is headed, "Reforming the Senate". I shall read only two paragraphs:

Granted, an elected Senate would pose some problems, particularly in terms of resolving conflicts with the Commons. Considerable thought needs to be given to that point.

Nevertheless,—

Listen to this. You have been very good and very patient, and I thank you for that; but I want you to listen to this:

—I find it heartening that when Canadians think of regional representation in Ottawa they seem to feel that it is they, as regional federal electorates, who should be represented, rather than their provincial governments.

So far as I am concerned, that is merely another argument for extending the House of Commons, making it a bigger body than it is now, making it more unwieldy, adding to and augmenting the problem that is occasioned by the law as it now stands with respect to units of population.

Here is another editorial. It is headed, "Just imagine! A people Senate", and says:

Picture the people who would be available: doctors, civil servants, housewives, businessmen, teachers, students, sales people, secretaries, fishermen, mechanics—even (gasp) editors. Valuable and common-sense citizens who wouldn't touch politics with a barge pole. And a few weirdos for spice.

That is an article that has been cut from a reputable newspaper in Canada.

An Hon. Senator: Shame!

Senator Donahoe: The writer wants the people who are sitting in this chamber not to be former premiers, former attorneys general, former members of the House of Commons, valued people in their own communities, but the kind of people he has named, with a few weirdos thrown in for good luck.

Senator Frith: No change there.

Senator Donahoe: The public is being told that that is what is wanted, that what we have is no good, so let us go to something better. I do not consider myself to be a weirdo; I am merely a little eccentric. I do not consider myself to be a weirdo, and I do not believe that any honourable senator here is a weirdo. I do not consider that a weirdo has any place in this chamber or in making the laws of this country.

Then there is an article which deals with one of the premiers who gave their consent. I refer here to Premier Hatfield, who is of the same party as myself. He has changed his position. He now believes that Canada's Senate will never work. He spoke to students on this subject and said that the Senate debates on the Constitution were uninformed. I thought that my contribution was informed. I listened with great interest and disagreed most heartily with a number of propositions that were advanced by people on the other side, but never once did it occur to me to think that those who spoke were uninformed. If anyone is uninformed, I regret to say that I have to believe it is Premier Hatfield—

Some Hon. Senators: Hear, hear.

Senator Donahoe: —because were he well informed he would not make a speech of that kind.

Senator Marshall: He is one of the weirdos!

Senator Donahoe: He said that he does not believe that the Senate debates were informed. But I do not believe he knows what he is talking about when he makes that statement.

Senator Marshall: Right.

Senator Donahoe: Finally, to conclude—"And thank God," says someone—I shall read a brief editorial. It is the only one I saw which absolutely confirmed my own views. It is headed, "There is a Real Need For The Senate". I agree. I have been arguing all afternoon that we need a real Senate. It is very brief. I shall read it, and I promise that I shall then say very little.

● (1550)

Laboulaye said, in one of his lectures, that Jefferson, who had become so completely imbued with French ideas as even to admire the unicameral system of legislation, one day visited Washington at Mount Vernon, and, in the course of the conversation that ensued, the comparative excellence of the two systems came up for consideration.

They were discussing, in a friendly way, which is better, a bicameral house or a unicameral house.

After much had been said on both sides, finally, at the tea-table, Washington turning sharply to Jefferson, said, "You, sir, have just demonstrated the superior excellence of the bicameral system, by your own hand".

"How is that?" asked Jefferson.

"You have poured your tea from your cup out into the saucer to cool. We want the bicameral system to cool things. A measure originates in one house, and in heat is passed.—

Don't tell me there is no heat in the other place, because I know better.

—The other house will serve as a wonderful cooler; and, by the time it is debated and modified by various amendments there, it is much more likely to become an equitable law! No, we can't get along without the saucer in our system".

I am not an admirer of the American system, but it has one feature that we share with it; that is that we both have a bicameral legislature, and the function of cooling is attributable alike to the Senate of Canada and to the Senate of the United States. Washington said that the Senate of the United States was a cooler: I say that the Senate of Canada is a cooler. We do cause the other house to reflect; we give it time; we give it food for thought; and we do things to hastily considered propositions that reach us from time to time that have the effect of having those propositions reconsidered.

The editorial continues:

The same holds for Canada!

Let us keep our senate! Very few changes are needed to bring it up to perfection, operandi-wise.

No need to change its name either!

We do not need a House of Representatives; we do not need a House of the Provinces: we need what we now have, namely, a Senate.

I trust that those who pay heed to the arguments that I have advanced here today, if they are worthy of that name—perhaps I should call them beliefs—will find that some of those arguments or beliefs appeal to them, and that they will take them unto themselves and say, “Amendments may be needed, changes perhaps there should be, but whatever we do, let us not fool ourselves into believing that a change to a body of elected members is going to have any worthwhile effect, either on this house or on this country.”

Hon. Robert Muir: Honourable senators, would the Honourable Senator Donahoe permit a question?

Senator Donahoe: By all means.

Senator Muir: Honourable senators, I have always enjoyed hearing Senator Donahoe make a speech, whether in this chamber or in the Legislature of Nova Scotia, or on the platform, or wherever it may be.

He quoted from a newspaper, and I was wondering what woman, or man, or possibly someone in between, had written the article. Could the honourable senator put the name of the

author on the record, and advise if that man or woman, or whoever it may be, has ever offered himself or herself for public office in an election, whether it be for dog-catcher, city alderman, town councillor, member of the House of Commons, or whatever it may be?

Senator Donahoe: I have great pleasure in answering the question. I so violently disagree with those who say that the quality of person who would come into this house would be the kind of persons that I referred to, that I made not the slightest effort to find out what kind of person made the statement. I said to myself, “I do not want to know that kind of person!”

Senator Muir: I have just one further comment on that. I appreciate the honourable senator's reply. Perhaps I should not lower the debate to such an extent in view of his enlightening remarks. You will find that many, many times, however, the greatest critics of the House of Commons, of the Senate, of elected municipal officials, are armchair generals who sit back and never at any time offer themselves for any position in their town, city, county, province or country. In reflecting on such comments, you have to consider the source from which they come, I suppose.

Senator Donahoe: I agree.

On motion of Senator Frith, for Senator Bosa, debate adjourned.

The Senate adjourned until Tuesday, March 16, at 8 p.m.

THE SENATE

Tuesday, March 16, 1982

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the Report of the Commissioner of Official Languages for the calendar year 1981, pursuant to section 34(2) of the Official Languages Act, Chapter O-2, R.S.C., 1970.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, by way of informal notice, I believe that later this evening we will have a report from the Deputy Chairman of the Standing Senate Committee on Health, Welfare and Science on Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code.

The report is not quite ready at this moment, so I warn you that I may be asking for leave to revert to Reports of Committees later this evening.

TAXATION AND BORROWING AUTHORITY

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Salter A. Hayden: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of Bill C-93, intituled: "An Act to amend the statute law relating to certain taxes and to provide other authority for the raising of funds," or any matter relating thereto, in advance of the said bill coming before the Senate.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I should like to ask the mover of the motion to explain the reasons for his asking that the committee be authorized to examine and consider the subject matter of the bill.

I have been trying to get a copy of this bill. Apparently it is a recent one.

Senator Hayden: A similar bill was before the Senate earlier, but it did not cover the same items, of course. That bill dealt with excise taxes, certain taxes in relation to pipeline gas, et cetera.

This bill requires detailed study. Therefore, I think that should be done as soon as possible so that we can intelligently consider the scope of the bill when it finally comes before the Senate.

Senator Flynn: I understand it is Bill C-93.

Hon. Royce Frith (Deputy Leader of the Government): Yes.

Senator Flynn: I have not been able to find a copy of it. If a pre-study is being requested only because the committee has nothing to do, I do not think that is a valid reason.

Hon. Raymond J. Perrault (Leader of the Government): It is perfectly valid.

Senator Flynn: I understand it has been the practice of the committee to pre-study tax bills, but I cannot understand what the urgency is in this case.

Senator Frith: Honourable senators, I can understand why Senator Flynn asks why the committee wants a pre-study, if he has not had a chance to read the bill, so I will certainly undertake to see that he gets a copy of it. I do not know why it is not included in our material because it has been introduced in the other place.

Senator Flynn: It was one of the last ones introduced.

Senator Frith: Yes, I think it was.

Hon. G. I. Smith: What is the number of the bill?

Senator Frith: It is Bill C-93. Its main title, or the first title you see on it, is "Borrowing Authority" and that would make one think that it should go to the Standing Senate Committee on National Finance. But it has some excise tax and other tax implications that make it fall, at least its principal parts, within that part of rule 45 concerning the jurisdiction of the Banking, Trade and Commerce Committee.

If Senator Flynn feels that he wants further assurance about the advisability of pre-study, I suggest that he speak to the chairman about when that pre-study should start. All we really want now is for the committee to have the authority it requests.

Senator Flynn: The question I was worried about is exactly what the deputy leader mentioned, that being the fact that we will be dealing with borrowing authority and taxes at the same

time. Not having had a chance to look at the bill, I am a little puzzled as to exactly what we are being asked to do.

Senator Hayden: Honourable senators, I should like to supplement what I said to Senator Flynn. This bill received first reading in the House of Commons on February 10. One of the major points in the bill relates to the changing of the basis for calculation of sales tax. It proposes a change in the base from the manufacturer's price level to the wholesaler's price level. This has provoked, judging by what I read in the newspapers, very considerable interest and discussion. Obviously, if you increase the spread, as you do, between the manufacturer's and wholesaler's price, you are going to increase the tax yield and whatever the consequences are that flow from that. I expect there will probably be substantial public interest.

Senator Flynn: I don't doubt that.

Motion agreed to.

HOUSING

MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO MAKE STUDY

Hon. Salter A. Hayden: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject-matter of the Bill C-89, intituled: "An Act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act", in advance of the said bill coming before the Senate, or any matter relating thereto.

● (2010)

Hon. G. I. Smith: Honourable senators, I rise on a point of order, and not to argue about the motion. As a result of the discussion on the previous motion I looked carefully at the bills that are available to me on my desk, and I find that the last numbered bill before me is Bill C-88. It seems rather strange that we should be asked to deal with Bill C-89 before it arrives on our desks.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I make the same comments I made respecting the previous motion. The point of order raised by the honourable senator is valid. We will try to have copies of these bills made available.

I hope the Chairman of the Banking, Trade and Commerce Committee will be given authority to pre-study the bill, with the proviso that such pre-study does not take place until members of the Senate have had adequate opportunity to look at the bill and to prepare themselves.

Senator Smith: I thank the Deputy Leader of the Government for his reply. I pose a further question since my own recollection of this matter is not necessarily reliable: Has this bill been introduced in the Senate and, if not, what is its status in the other place?

[Senator Flynn.]

Senator Frith: Honourable senators, I believe that Bill C-89 is in committee of the other place?

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I do not believe we should grant leave at this time. We shall have time to look into this matter tomorrow. If the committee wishes to commence a pre-study, it has already received leave to proceed with Bill C-93.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Flynn: Not at this time.

The Hon. the Speaker: Leave is not granted.

NATIONAL DEFENCE

FOREIGN AFFAIRS COMMITTEE—EXTENSION OF ORDER OF REFERENCE

Hon. George van Roggen, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Foreign Affairs, which was authorized by the Senate on May 14, 1980, to hear evidence on and to consider matters relating to national defence, or any subcommittee so authorized by the committee, be empowered to adjourn from place to place in Canada and in the United States for the purpose of such consideration.

Motion agreed to.

[Translation]

NORTHERN PIPELINE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Special Committee of the Senate on the Northern Pipeline have power to sit at three o'clock in the afternoon on Wednesday, March 31, 1982, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, with respect to this matter of a committee sitting on a Wednesday afternoon when the Senate is sitting, I want to make it quite clear that this was discussed with Senator Lafond. It is the only committee for which leave has been granted to sit on that particular afternoon, and according to the provisional agreement made at our meeting, the committee will probably be the only one authorized to sit on Wednesday afternoon, March 31.

Hon. Jacques Flynn (Leader of the Opposition): March 31?

Senator Frith: Yes.

Senator Flynn: You are certainly planning ahead!

Motion agreed to.

● (2015)

QUESTION PERIOD

[English]

ENERGY

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—GOVERNMENT POLICY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to address a question to the Minister of State for Economic and Regional Development in connection with a topic that has engaged his attention and mine over the last little while, namely, the future of the Cold Lake synthetic oil development in Alberta. I have been asking him what the government's policy is with respect to that matter, and I now invite him to consider the statement made by the Minister of Energy, Mines and Resources, in what I am told is an exclusive interview with the *Globe and Mail* of the other day, to the effect that instead of relying on the two oilsands plants, Alsands and Cold Lake, to supplement oil supplies by the end of the decade, only one, Alsands, is in the picture.

Can the minister tell me whether that is the policy of the government, and that the Cold Lake plant will not be required for the purposes it was originally thought it would fulfill?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will refer that question to the Minister of Energy, Mines and Resources, and perhaps get an expanded explanation of what is in the newspaper, without commenting on whether or not press reports are accurate.

Senator Roblin: While my honourable friend is consulting with his colleague, will he also ask him, in the event that the report is correct and that the Cold Lake project has been dropped from the priority list, why the government decided to give \$50 million to Esso Canada in order to keep that particular plant available for supplying deficiencies in our oil supply?

Senator Olson: Well, honourable senators, the reason for that was explained fully at the time, but I can bring back those explanations, which I think are as valid now as they were then. The idea was to try to keep the group of engineers and others from dispersing before an agreement was reached between the producing provinces and Canada. However, my honourable friend will recognize some rather significant changes in some of the pricing projections that were made, some even less than a year ago.

Senator Roblin: With respect to the last comment of my honourable friend, that is what I have been trying to tell him for the last month or so. I am glad that he and I now see eye to eye.

Senator Olson: I agreed then.

Senator Roblin: You did? It is too bad that you do not carry your intellectual agreement into some activity with respect to the development of those oilsands.

I want to come back to my point, however, that if it is correct that the minister has written off Cold Lake as a potential supplier of oil for national self-sufficiency, then what becomes of the \$50 million that was advanced to Esso with respect to it? Does this mean that the government has given up any hope of demanding, or even any right to demand, repayment of that sum?

Senator Olson: I think the actual sum was \$40 million rather than \$50 million, but I will check that too. I will also get a reply to the other part of my honourable friend's question, because I suppose that at this point, anyway, my honourable friend is allowing his memory to be selective, since he can remember the reasons that were given at the time. However, I think I would rather have the document in front of me so that I can read it to him precisely.

Senator Roblin: I assure my honourable friend that my memory is not quite that dull.

Senator Olson: But it is selective.

● (2020)

Senator Roblin: Selective or not, I remember the selective reasons advanced by my honourable friend to justify the gift of \$50 million to Esso at the time. I say "gift", because I believe that is what it will turn out to be. I did not accept the reasons which were given then as being valid, because they merely excuse the government's lethargy and inability to come to a decision on the matter.

I can tell my honourable friend, however, that while Esso only gets \$40 million, it will cost the Government of Canada \$50 million because it has undertaken to pay the carrying costs on that sum. It was announced that, while Esso would receive \$40 million, Petro-Canada would receive \$50 million because it was the intermediary through which the money was advanced. Therefore, the taxpayers of this country will be contributing \$50 million to this abandoned project.

Senator Olson: Honourable senators, I really don't think it bothers me very much.

Hon. Jacques Flynn (Leader of the Opposition): Nothing bothers you.

Senator Olson: I do not spend long hours in remorse because I do not agree with my honourable friend. He is not debating; he is now attempting to demonstrate how accurately he predicted a number of things. If we were going to go into that kind of score card, it would be a different matter. My honourable friend knows very well the reasons that were given at the time. I will go into this in great detail and will provide the information tomorrow, or as soon as I can get it.

Senator Roblin: I am not trying to justify any predictions, either my own or those of my honourable friend. I am trying to induce him to tell us what will happen to that \$50 million.

Hon. G. I. Smith: And tell the truth!

Senator Olson: I have told you already, and I will repeat, that the terms and conditions that were set out in the advancing of that money are there. Of course, my honourable friend

also knows that there was a date by which it would be operational and would then be recoverable, also probably within the terms of the agreement. I will, however, obtain the precise information and put it on the record so that my honourable friend will have complete recall.

Senator Roblin: I do not want the honourable gentleman to lay that flattering unction on his soul. He is not going to be able to hide behind that agreement. He is going to have to justify the policy upon which the agreement was based. I ask him to tell us who will pay that \$50 million.

Senator Olson: My honourable friend already knows who is going to pay any bills arising out of commitments made by the federal government.

Senator Roblin: Yes, the taxpayers of Canada are going to pay.

OFFICIAL LANGUAGES

MEETINGS OF SPECIAL JOINT COMMITTEE

Hon. Peter A. Stollery: Honourable senators, I would like to ask a question at this time. I might say that I am a little surprised to see that neither Senator Murray nor Senator Tremblay appears to be present in the chamber this evening.

In view of the fact that most unusual proceedings are taking place at what purport to be meetings of the Special Joint Committee on Official Languages, and in view of the fact that charges against the Crown are being made by witnesses, large groups of whom are being called, at great cost, to attend these meetings, I am rather surprised at the absence of those two honourable senators. Since it is rather unclear as to which one of them claims to be the Senate joint chairman of that committee, I suppose I must ask my question of the Leader of the Government.

Hon. Jacques Flynn (Leader of the Opposition): If you had given notice, you could try that. You will make a speech, no doubt.

Senator Stollery: There seems to be no procedure, under the rules, by which I could ask the question of the Leader of the Opposition. Perhaps there is a procedure whereby I could move a motion that the two senators be called to the Senate tomorrow to explain themselves. I would like to know what the situation is at this point, when these meetings are being held and the taxpayers' money is being spent—

Senator Flynn: Wait a minute! Order! Order! I rise on a point of order—

Senator Stollery: I am asking a question, Mr. Speaker, and I believe my question takes precedence.

Senator Flynn: I have a point of order.

Senator Stollery: There is no point of order.

Senator Flynn: You can't decide that. His Honour the Speaker will decide that, Senator Stollery. You had better resume your seat right away.

[Senator Olson.]

Hon. H. A. Olson (Minister of State for Economic Development): He has the floor.

Senator Flynn: I will not resume my seat before he does.

Hon. Raymond J. Perrault (Leader of the Government): You are not the Speaker.

Senator Flynn: I am not the Speaker, but neither are you.

● (2025)

I rise on a point of order. The honourable senator is putting arguments before his question and they are entirely irrelevant.

Hon. Royce Frith (Deputy Leader of the Government): He is presenting an introductory basis for his question and is in order.

Senator Flynn: No, no. He is saying that money is being spent. He doesn't know what he is talking about.

Hon. G. I. Smith: That is as usual.

Senator Frith: We might have a ruling on that for future questions by the Opposition.

The Hon. the Speaker: Order!

Senator Stollery: After that dubious point of order, honourable senators, I should like to be allowed at least to complete my question to the Leader of the Government.

Senator Flynn: Then ask a question. Come to the end of your question.

Senator Stollery: I wish to ask him if he has any idea of how we may find out what the percentage—

Senator Smith: When is the honourable gentleman going to start his question?

Senator Perrault: I would like to thank the honourable gentleman for his question.

Senator Flynn: You asked him to put it, of course.

Senator Perrault: Honourable senators, it is incredible the depth of cynicism to which the Leader of the Opposition has descended over the years.

Senator Smith: The depth of perception, you mean.

Senator Perrault: Surely the honourable senator is not implying that I arranged to have Senator Tremblay absent from the chamber tonight, or that I—

Senator Flynn: I rise on a question of privilege.

Senator Perrault: Sit down!

Senator Flynn: I rise on a question of privilege, and you had better sit down or I will make you sit down.

Senator Perrault: I did not arrange to have Senator Murray absent from this chamber tonight either.

The Hon. the Speaker: Order, please! Order!

Senator Flynn: The Leader of the Government has said that I arranged for Senator Tremblay to be absent.

Senator Perrault: I did not.

Senator Frith: He never said that.

Senator Flynn: You did say that.

Senator Perrault: No, I did not.

Senator Flynn: You said that.

Senator Frith: No, he did not.

Senator Perrault: No, I did not.

Some Hon. Senators: No, no.

Senator Flynn: You said that, and we will look at the official report tomorrow, Your Honour, and will see if the reporter heard him. He certainly speaks loudly enough to be heard. He said that I had arranged—

Some Hon. Senators: No, no.

Senator Frith: No, he said that you suggested that he had arranged the absence—

Senator Flynn: He said that you had arranged it yourself?

Senator Perrault: Let me explain what the situation is.

Senator Flynn: Yes, you had better explain it.

Senator Perrault: The Honourable Senator Stollery directed his question, in the first instance, to the Honourable Senator Tremblay.

Senator Smith: No, he didn't. Senator Tremblay was not here.

Senator Perrault: He said he had hoped to address his question to Senator Tremblay. He said that in Senator Tremblay's absence alternatively he had hoped to have the opportunity of questioning Senator Murray. And then the Leader of the Opposition—

Senator Flynn: I am speaking about what you said.

Senator Perrault: The Leader of the Opposition, in a petulant display contrary to the traditions of this chamber, suggested that somehow we had a prior arrangement for me to make a speech on this occasion. I merely drew to the attention of honourable senators that I had nothing to do with the absence of Senator Tremblay this evening, and I had nothing to do with the absence of Senator Murray.

Senator Flynn: I never said that.

Senator Perrault: But I will tell you that the honourable senator has asked a very appropriate question.

Senator Smith: Sure, at your suggestion.

Senator Perrault: This so-called joint committee, this "kangaroo court," which has been convened by Honourable Senators Murray and Tremblay, is not acting in the best traditions of Parliament by proceeding with its deliberations without a representative group of members from the other chamber serving on the committee. The Honourable Leader of the Opposition must know that that is unacceptable and a parliamentary disgrace.

This Conservative Party, which is lecturing Canadians from coast to coast these days—

Senator Smith: He's mad now!

Senator Perrault: —about upholding parliamentary tradition and the customs of Parliament, is trampling those traditions into the dust, so far as this so-called joint committee is concerned.

Some Hon. Senators: Oh, oh.

Senator Perrault: There is no acceptance at all by the Conservative opposition of the point that certain members of the House of Commons cannot in conscience attend these joint committee meetings. Certain members of the other place have stated that according to *Erskine May* they cannot attend those meetings while the Commons bell is ringing; that in conscience they must absent themselves from committees. That argument has no weight at all so far as Senator Tremblay, Senator Murray and the Leader of the Opposition are concerned. Their policy is to ram ahead with joint committee meetings which have no legitimacy in any meaningful sense in the realm of parliamentary tradition and justice.

Senator Flynn: Honourable senators, I think I should rise on a point of privilege, at least. I may say as a preamble that it is a very pitiful picture the Leader of the Government offers to the Senate when he makes that kind of speech and defends the government against anything that might be said about it. So servile is the Leader of the Government that, to my memory, I have not seen the equivalent anywhere in my 25 years in this place and the other place. It is shameful.

● (2030)

Secondly, with regard to the question raised by Senator Stollery, I do not know whether he is a member of that committee, but I do know that Senator Guay is a member and that, if there was a desire to have the Senate and the Liberal Party represented at that committee meeting, they merely had to attend. The committee was only hearing witnesses. There is no justification for their absence. There is no reason for Senator Stollery crying or complaining about the committee proceeding, under the circumstances, when he merely had to go to the meeting. But if he wants to be a servile senator, at the service of the Prime Minister and of the servile Leader of the Government in this place—

Senator Perrault: That is unparliamentary language.

Senator Flynn: —then that is up to him.

Senator Stollery: Honourable senators, I rise on the same question of privilege. The Leader of the Opposition in the Senate has intimated that I would lend myself to what I consider an illegal meeting to give it legitimacy. I certainly would not do such a thing.

Senator Flynn: Oh, no? Go back into your place and stay there.

Hon. Martial Asselin: Because you were instructed not to go.

Senator Smith: Honourable senators, I wish to draw to the attention of the Leader of the Government and Senator Stollery—

lery that not only are they propounding shameful propositions but they are shamefully poor actors.

Senator Perrault: Honourable senators, let me respond to the Leader of the Opposition in the Senate by suggesting that what we have here is a question of basic parliamentary courtesy, something which, tonight, the Leader of the Opposition has once again demonstrated he knows very little about. The Leader of the Opposition rose on an alleged point of privilege and then proceeded to employ quite unparliamentary language in discussing other members of this chamber. It was dreadful and abusive language.

Senator Smith: "Dreadful"—it hurt you, did it?

Senator Perrault: We are talking in terms of parliamentary tradition and custom—

Senator Smith: Go on!

Senator Perrault: —which has it that joint committees of Parliament should represent the various viewpoints in Parliament.

Senator Flynn: Never; that is not true.

Senator Perrault: And that includes members of the other chamber. We would expect the same consideration from the other chamber, were the situation reversed. We are suggesting that when members of the other chamber, in good conscience and for what they regard as good reasons, find themselves unable to attend meetings of a joint committee, then honourable senators should not move unilaterally to hold committee hearings; they should not move unilaterally to take decisions in an undemocratic fashion. We are talking here about parliamentary tradition and courtesy. We need no more lectures from the Conservative Party of this country about their desire to uphold Parliament and the traditions of Parliament, as long as the Leader of the Opposition condones that kind of committee performance by some of his followers.

Senator Flynn: What the Leader of the Government has said is entirely untrue. It is not in accordance with tradition at all, considering that the committee merely had to hear witnesses and that that was the only reason for the sitting of that committee. There is no rule that requires that all parties be represented in such a situation. The only requirement under the terms of reference is that the two houses be represented; that is all. When the Leader of the Government says what he says, he is not telling the truth.

Senator Perrault: Again, unparliamentary language.

Senator Flynn: I repeat: You are not telling the truth. Any committee chairman here with any experience at all will support my statement. It is not required that members of both sides be present if a committee is merely hearing evidence which is to be considered by the entire committee when it makes its decision. That is the reason there is a difference between the quorum required to hear witnesses and the quorum required to make a decision. The Leader of the Government should know that and should not get excited about what is going on in the other place.

[Senator Smith.]

I have been very careful to avoid discussing the goings-on in the other place, simply because it is none of our business. But that is not the reason the Leader of the Government is excited. He is excited because he feels that he must come to the rescue of the government every time we say an uncomplimentary word about it. I think he is behaving like a child.

Senator Smith: And a young child at that.

Senator Flynn: That is all I will say for now, although there is something I could add.

Senator Perrault: Honourable senators, on at least four or five points the Leader of the Opposition could have been called to order for using unparliamentary language.

Senator Flynn: Sure. You too.

Senator Perrault: First, he called the Leader of the Government a liar.

Senator Flynn: I didn't say that.

Senator Perrault: And then there are all the other statements.

Senator Flynn: I said that you were not telling the truth.

Senator Perrault: The Leader of the Opposition has said tonight that there is no requirement that both sides be represented at a committee meeting when hearing witnesses. That is a very technical and legalistic approach to the whole question.

Senator Flynn: Stick to the point about hearing witnesses.

Senator Perrault: Members of the other chamber are told by *Erskine May* that parliamentary committees should not meet while the division bell is ringing and, for that reason, under present circumstances, certain members believe that they must absent themselves from meetings of joint committees. The Leader of the Opposition knows that morally it is indefensible to proceed with meetings of a joint committee made up of members of both chambers and all parties, even though they may be hearings, as long as certain members must absent themselves for reasons of conscience and procedure.

Senator Smith: That is nonsense.

Senator Flynn: The Leader of the Government knows that when a committee is hearing witnesses, both parties or all parties need not be represented, and I would call on any committee chairman in this place, beginning with the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, to establish that very often witnesses have been heard with only one party represented. The honourable senator is trying to defend the government, and this is neither the place nor the occasion. I suggest that he mind his own business. I am quite sure that if Mr. Trudeau were here he would say, "Sir, please deliver us from my friends and I will look after my enemies."

Hon. Joseph-Philippe Guay: Honourable senators, I rise on a related question of privilege and I hope that I will receive the same courtesy that was extended to Senator Flynn.

Senator Smith: And Senator Perrault.

Senator Guay: That is, I hope that I will be given a chance to explain my point without any hollering or yelling.

Senator Smith: We are no louder than you, Joe.

Senator Guay: I attended the meeting of the Official Languages Committee on Thursday, March 11. I arrived at the meeting room, Room 371 in the West Block, at two minutes before 2 o'clock. Senator Wood and Senator Hastings were also present. It was well after 2 o'clock before the joint chairman or Senator Tremblay arrived. When the joint chairman arrived and the meeting commenced, I rose on a point of order. As it is reported in the report of the committee of that day at page 37:39, I said:

On a point of order, Mr. Chairman, I would like to say that I also felt the meeting had been postponed, because you did not take the Chair until almost seven minutes after 2 o'clock.

It is unfortunate that my presence at that meeting was not recorded in the *Minutes of the Proceedings of the Senate* for that day, because I notice tonight that Senator Murray and Senator Tremblay are recorded as having been present in this chamber. This is a typical example of the chairman calling a meeting for 2 o'clock when he cannot make it himself.

I do not agree with the comment of the Leader of the Opposition in the Senate that a committee proceeding under such circumstances is legal. I have spent almost 15 years in both this and the other place, and I can say that I never attended a meeting of a committee that went ahead when both parties were not represented. Even when the Creditistes were represented in Parliament, we would wait for their representative to appear before beginning a committee meeting.

Senator Perrault: That is not the Tory way.

Senator Guay: My point is that it is shameful for the Joint Chairman of the Official Languages Committee to call a meeting, to present himself to the Senate, thereby being recorded as present that day in the Senate chamber, and then to leave us sitting waiting for the committee to begin, without the same privilege of being able to present ourselves in this chamber first. For this reason, I do not believe that committee meetings should convene at 2 o'clock in the afternoon.

I would also inform honourable senators that the steering committee of that joint committee, which was agreed to by both joint chairmen, indicated that all the testimony by witnesses was to be heard before Easter. That proposal was approved by the committee, and it was agreed that we would not deviate from that procedure.

● (2040)

Just this last week alone, a joint chairman of that committee had taken it upon himself to call a meeting for the day after which the regular meeting takes place.

Senator Flynn: That's not true.

Senator Guay: I think that that is shameful—and that is the word I think the Leader of the Opposition used—particularly when my presence will not be noted in the *Minutes of the Proceedings of the Senate* for Thursday last.

Senator Flynn: That's up to you.

Senator Guay: It is obvious, honourable senators, that the joint chairman of that committee is playing games. As I said before, if he is advising the Conservative Party in the same manner in which he is advising the members of that committee, I can see why the Conservative Party is in a great deal of trouble.

Senator Stollery: Honourable senators, I see that Senator Tremblay has taken his seat in the chamber, so I shall address my question to him.

Was an election held for a new joint chairman at the meeting which took place this afternoon?

[Translation]

Hon. Arthur Tremblay: Honourable senators, I can testify that this afternoon, an acting chairman was elected by the committee members present and that there was a quorum for this purpose. The election took place under the direction—the word is perhaps not entirely appropriate—of the only person who was in a position to do so, namely, the clerk of the committee. In fact, he merely asked the committee members present whether they were agreeable to designating a chairman *pro tem*. They were, and they decided to do so right away. And that is why I was chairman *pro tem* of the committee which sat this afternoon. The committee meeting had been duly called by a decision of the committee itself, which had met the week before. I wish to emphasize that it was the committee's own decision. I was present last week when the committee decided to sit Tuesday this week in order to hear representatives of the Atomic Energy Control Commission. So that is why I was chairman *pro tem* of the committee, to hear the witnesses appearing before the committee and the group accompanying them. To answer the senator's question, there was a proper election, as a result of which I was chairman *pro tem* of the committee.

[English]

Senator Stollery: My supplementary question, honourable senators, would be supplementary to the questions I asked last week. I was at the door—

Senator Flynn: Were you there?

Senator Stollery: Yes, I was.

Senator Asselin: He was at the door!

Senator Stollery: Yes, I was.

It is interesting to see how the Leader of the Opposition, who sits, after all, 100 yards from the other end of the building, can pursue with a straight face the theory that somehow we ignore what is taking place at the other end of this building, particularly as it relates to a joint committee. That proposition is so ridiculous that it should not be taken seriously.

Senator Smith: By you.

Senator Flynn: You were not appointed to the Senate for that reason.

Senator Stollery: I should like to pursue my question to Senator Tremblay, which follows on last week's questioning. He says that everything took place in the normal procedure.

Senator Perrault: In the normal Tory way.

Senator Stollery: I presume—and if I am wrong I am sure the honourable senator will shake his head—that there was only one party present today when the new joint chairman was elected. So, in fact, what we have is a joint committee of Parliament that met last Tuesday after one of the joint chairmen refused to meet last Tuesday. That could happen if things took place quickly or in a hurry, and particularly since the steering committee had planned meetings for Tuesdays, but then the committee met all of a sudden on Wednesday, a day on which the committee does not meet often.

Senator Guay: It never did.

Senator Stollery: Then the committee suddenly decided to meet at the very hour the Senate was meeting on Thursday, which is certainly unusual.

The decisions which were made at these meetings were not normal decisions that are made when there are no events taking place. All of these decisions were made with only the members of one party present. That has culminated today, apparently—

Senator Flynn: Put your question.

Senator Frith: He is asking Senator Tremblay to verify what took place.

Senator Flynn: He is asking a supplementary, yet he has been talking for 10 minutes.

Senator Stollery: I want to be clear on this. Do I understand that Senator Tremblay is now a joint chairman of the committee, and that he was elected joint chairman of this committee without members of more than one party being present?

Senator Flynn: You never understood anyway.

Senator Stollery: Is Senator Tremblay now a joint chairman as a result of an election which has apparently taken place with only the members of one party being present?

Senator Perrault: Shame.

[Translation]

Senator Tremblay: Strictly and objectively speaking, I was elected chairman of the committee this afternoon by representatives of both houses of Parliament. Senator Stollery is querying the propriety of an election where one of the political parties was not represented. As far as I know, joint Senate committees are defined mainly—

Senator Stollery: Joint committees of the Senate and the House of Commons!

Senator Tremblay: In terms of representation of both houses. In another words, they are joint committees because they represent both houses of Parliament. As far as I know, there is no rule that the joint character of these committees derives from representation of the various parties. If Senator

[Senator Flynn.]

Stollery cannot agree with our traditions and institutions, I wish he would tell me what rules or constitutional practice require that the parties must always be represented. It is up to Senator Stollery, and with due respect, to the Leader of the Government, to provide an answer.

● (2050)

[English]

Hon. Nathan Nurgitz: Honourable senators, would the Leader of the Government clarify something for me? As a result of this parliamentary authority which he has cited, which I do not challenge, am I to understand that joint parliamentary committees should not meet while the bell is ringing? Is that the understanding?

Senator Perrault: It is a procedural point dealt with by *Erskine May*—I do not have the precise reference in front of me—that while the bell is ringing, committees do not meet.

Senator Smith: What bell?

Senator Perrault: The bell in the other place in this particular case. Honourable senators, I know that senators like Honourable Senator Smith know in their conscience and their parliamentary experience—

Senator Smith: I do know it, yes.

Senator Perrault: —that you should not schedule joint committee meetings when members of the other chamber are unwilling to attend for reasons which in conscience and in procedure make it impossible for them to do so. In these circumstances you should not hold meetings of a joint committee out of courtesy, out of deference and respect for parliamentary tradition and practice. Honourable Senator Smith knows that. He is just flapping his arms this evening.

Senator Smith: I don't know that.

Senator Perrault: He knows better than that. He has been around long enough to know that.

Senator Smith: I rise on a question of privilege. I don't know any such thing and neither does the honourable gentleman know any such thing, because it is not true.

Senator Perrault: You should know it. I find it very remarkable that tonight we have the Leader of the Opposition and spokesmen for the opposition advocating the merits of having a one-party committee which parades under the mask of being a multi-party joint committee supposedly representing and reflecting both chambers.

Senator Flynn: Okay! Okay!

Senator Smith: We are only challenging your nonsensical assertion of what *Erskine May* said. He does not say anything at all of the kind.

Senator Perrault: Senator Smith always descends into vituperation when his argument is weak and that, of course, is the sign of a person with a very weak position to defend.

Senator Flynn: The leader resorts to noise. That is all he does.

Senator Smith: Sometimes when I hear a lot of noisy nonsense, it is difficult to be as courteous as one should be.

Senator Perrault: Senator Smith says it does not say that, and I say it does say that. If I can have one of the pages produce a copy of *Erskine May*, I will find the reference. Honourable Senator Smith, being a former premier of Nova Scotia, should know better.

Senator Smith: I do know better, and you don't!

An Hon. Senator: Order!

Senator Perrault: Certainly his sense of fair play should be such that he would recognize the importance of having adequate representation from both chambers and from all parties on those joint committees.

Senator Smith: I have not observed very much fair play on the part of my honourable friend, and I do not know why he should expect any from me.

Senator Tremblay: Honourable senators, I rise on a question of privilege. I am not sure it is a question of privilege—

Senator Flynn: Try it.

Senator Tremblay:—but it is a real question. As a duly elected joint chairman of the joint committee meeting held this afternoon, the question being raised implicitly by Senator Stollery and by the Leader of the Government is: Should I, as joint chairman of that committee this afternoon have moved, if Liberal members of that committee were not present, a postponement of the meeting? As a question of privilege or a question of due process, may I, in that respect, follow the behaviour adopted by the Speaker of the House of Commons in a similar situation where one party is ready to vote and the other party is not? Be careful what you say about that. If I had made a ruling of that kind because there were no Liberal members of the committee present—be careful about the conclusion that you will reach—it might have had tremendous implications.

My understanding of the situation this afternoon was that I was duly elected by the members present because there was a quorum, the quorum being defined in terms of a presence of both chambers disregarding party affiliation of the members. If you introduce a dimension that a joint committee is not composed on the basis of both chambers being represented but at the same time having a representation of parties, both in the House of Commons and in the Senate—

Hon. Peter Bosa: What about conventions?

Senator Tremblay: I am raising a question of privilege, but not for the sake of reflection on our part as senators. My point is in view of the implications of the principles involved, you are changing the basic rules of the composition and the definition of quorums in all joint committees if you go beyond a representation of both chambers on those joint committees and add another rule that within the representation of both chambers there should be at the same time a representation of parties.

Senator Perrault: I should like to respond to Honourable Senator Tremblay because he has put forward a viewpoint.

Senator Flynn: No, he has put forward a question. Answer the question!

Senator Perrault: The Leader of the Opposition has disrupted proceedings enough this evening.

Senator Tremblay: I put forward principles.

Senator Perrault: You put forward a viewpoint.

Senator Smith: Senator Tremblay asked a question.

Senator Perrault: Honourable Senator Tremblay belongs to a party which reminds us, in this chamber, and in other forums about the need for principle, about the need to observe convention and tradition, and about the need to observe fair play. These are all principles and positions enunciated frequently by members of the Conservative Party.

Senator Tremblay: Not very often on your side.

Senator Perrault: What are we saying here? We are saying that joint committees should be balanced and should see the involvement of all political parties in the other place and in this chamber.

Senator Flynn: It is not in the rules.

Senator Perrault: We are saying that these committees should represent a balanced representation of parliamentarians considering the important questions taken under consideration by these joint committees, and we are saying that in this particular or unique impasse with which Parliament finds itself faced surely Senator Tremblay must know why Liberal members of the other place, yes, and others, have not been attending his committee meetings. He has read the newspapers.

Senator Smith: They don't want to go. That's all!

Senator Perrault: He has heard the television broadcasts and he has listened to the radio.

Senator Flynn: They have been instructed by you.

Senator Asselin: Were they instructed not to attend?

Senator Perrault: He has attended meetings of his own caucus. Honourable senators, here is the Leader of the Opposition who, again in his usual boorish fashion—

Senator Flynn: Dealing with you, that is the only way I can talk.

An Hon. Senator: Order!

Senator Perrault:—talks in terms of fair play and free speech, interrupting everyone who tries to make a point in this chamber. But this kind of conduct has been a feature of his checkered career in Parliament.

Senator Smith: Isn't the Leader of the Government nice and generous!

Senator Perrault: What is the point we are trying to make?

Senator Smith: Who knows?

Senator Perrault: We are trying to make this point, and I appeal over the heads of certain senators who sit on the other side.

Senator Tremblay: Yes, what is the point?

Senator Perrault: We are saying that because certain members of the other chamber are unwilling to participate in joint committee meetings as long as the House of Commons fails to record the division commenced on March 2 the joint committees should not meet. The bell is ringing.

Senator Flynn: And we know the bell is going to continue to ring.

Senator Perrault: We do not know how long it is going to continue to ring; that is admitted. We say that on—

● (2100)

Senator Tremblay: May I correct what the Leader of the Government is saying? I have never heard any bell—

Senator Perrault: Let me conclude what I have to say, and then, with great respect, I will listen to the honourable senator. Let me quote the authority cited by certain members in the other place. Any of us may agree or disagree with their interpretation, and any of us may agree or disagree with their motives, but they cite page 617 of Erskine May's *Parliamentary Practice*, Nineteenth Edition.

Senator Smith: What does he say about the Senate?

Senator Perrault: The honourable senator is becoming more and more of a nuisance when efforts are being made to explain some of these points.

Senator Smith: I am always a nuisance when I do not agree with the Leader of the Government.

Senator Perrault: There is a difference between being a gadfly and a plain mosquito, and tonight the honourable senator is being a mosquito.

Senator Smith: There is a difference between being bombastic and being sensible, and I will say which you are—

Senator Perrault: Perhaps the honourable senator will give me time to read the reference. I believe that he may be frightened that something may be brought forward which will discredit his party's position.

Senator Smith: Do you think I have not read it before?

Senator Perrault: The senator suggested earlier that he did not know any reference existed, so I am bringing it to his attention. His memory must be failing. I would ask the Leader of the Opposition to discipline his senators a little more effectively.

Senator Flynn: I could not achieve the same efficiency as you do, that's obvious.

Senator Perrault: Is the Leader of the Opposition rising on a point of privilege?

Senator Flynn: Yes, because you have asked me to discipline my members; but I am not able to do the same as you in this

[Senator Smith.]

respect. It's so obvious. You see that they all listen to you religiously.

Senator Perrault: The Leader of the Opposition has taken his place—I hope. Let me read the reference:

When a division is called in the House, the chairman of a standing committee must suspend its proceedings for such time as will, in his opinion, enable members to vote in the division and return to the Committee.

Some Hon. Senators: Hear, hear.

Senator Perrault: That is what it says.

Senator Smith: What does it say about the Senate?

Senator Perrault: Until they vote, certain Commons members believe that sittings of committees should be suspended. That is the viewpoint taken by some of our fellow parliamentarians in the other chamber. The point to be made is that whether one agrees or disagrees with the position those members have taken, it is grossly unfair and undemocratic to purport to have a meeting of a joint committee when certain members will not attend those committee meetings because of important procedural opinions. It is, for some of them, obviously a matter of conscience.

Senator Flynn: How does it apply to senators?

Senator Perrault: According to Senator Flynn, meetings of joint committees, under these circumstances, may be legal, but it is not in the tradition of parliamentary democracy to have unrepresentative joint committees proceed. To do so is against convention and tradition. If we were in a situation similar to the one they are in in the other place, I believe that many of us would resent very much a joint committee's proceeding to hear witnesses and taking decisions without the presence of a number of honourable senators. We are appealing on the basis of fair play. We are basing our view on tradition and convention, and, yes, on this reference from Erskine May. Surely, it is a matter of dealing fairly with the other chamber and attempting to expedite the work of our committees in a democratic fashion.

Senator Nurgitz: Honourable senators, I have a supplementary to the question I asked initially. After all that has been said by the Leader of the Government and by Erskine May, joint committees cannot sit while the bell rings because it is a discourtesy, it is unconventional and unparliamentary—is that what the Leader of the Government has said?

Senator Perrault: The view expressed is that they should not meet, under the circumstances. It is a matter of one's perception of what the parliamentary system should involve.

Senator Nurgitz: I thank the Leader of the Government for his answer and perhaps I might even agree with it. Can he tell me why the Joint Committee on Regulations and other Statutory Instruments, with a joint chairman of my party from the other house, sat last Thursday while the bell was ringing?

Senator Guay: Because Senator Godfrey does not know any better.

Senator Flynn: Senator Guay has fallen into the trap. That was a bear trap for Senator Guay.

Senator Nurgitz: My point is that Conservative members of the House of Commons could not attend because of the parliamentary precedent which has been recited from *Erskine May*. But that committee sat. Why is no honourable senator standing up and screaming and shouting about the compulsory aspect of that meeting?

Senator Perrault: I want to assure honourable Senators that I am consistent in my viewpoint, as erroneous as some members of the opposition may consider it to be. I believe that no joint committee should meet unless it includes fair representation from both chambers, and an opportunity for fair and balanced representation from both houses of Parliament. My remarks hold equally true with respect to all joint committees.

Senator Flynn: Of both parties?

Senator Perrault: Yes.

Senator Flynn: Are you saying that both parties should be represented in the Senate?

Senator Perrault: What was the question?

Senator Flynn: You said that no committee should sit unless both parties were represented in the Senate.

Senator Perrault: I am talking in terms—

Senator Flynn: “In terms”? Say clearly.

Senator Perrault: I am speaking in terms of joint committees involving both chambers. I am offering a viewpoint, which I believe is supported by many honourable senators, that we should proceed in a co-operative way with the Commons to ensure that joint committee work is balanced and represents the various shades of party opinion.

Senator Flynn: Liberal senators could attend those committees. I am saying that if the Liberal Party was not represented, it is because they refuse to go. If the Leader of the Government says that both parties have to be represented, it means that if in the Senate we decide not to attend a committee, you will not be able to proceed, even to hear witnesses.

Senator Guay: On a point of privilege—

Senator Flynn: You are not involved in this.

The Hon. the Speaker: Honourable senators, Senator Wood has been seeking to speak for about half an hour.

Hon. Dalia Wood: Honourable senators, as a long-standing member of the Joint Committee on Official Languages, I should like to ask Senator Tremblay a question. I would like to state that I have not seen him at any meeting of the committee. Obviously, he is a new committee member and a new joint chairman.

I should like to know if he agrees with the words of Senator Murray when, on March 2, he said:

Unfortunately, I see myself forced to adjourn the committee so that the MPs may go to the house for the vote.

I hear the bell ringing. The bell is still ringing and the MPs have not gone to vote. I would like to hear the opinion of the honourable senator on that matter.

[Translation]

Senator Tremblay: I would suggest that Senator Wood heard very well, just as I heard last week the question she asked Senator Murray. So far, Senator Wood, is my understanding of the events accurate? You addressed the same question in the same terms to the committee chairman, Senator Murray. You have just asked me, in my capacity as new chairman, to give my opinion on this question which you have just asked in the same terms. Is it not true that you asked the committee chairman the same question last week?

[English]

Senator Wood: That is the same question.

[Translation]

Senator Tremblay: In that case, Senator Wood, since your memory has been so faithful and since you have asked the question in exactly the same terms, would you by any chance remember the answer that the then committee chairman gave you?

● (2110)

[English]

Senator Wood: Senator Tremblay, I am putting the question to you.

Senator Frith: Do you agree or do you not?

[Translation]

Senator Guay: He does not know the answer.

Senator Tremblay: Senator Wood, your question is, in fact, a matter of your memory against mine, and you prefer to trust yours. That is obvious from the way you repeated your own question. So I think you should provide the answer yourself, that is, what Senator Murray answered at the time. That way, at least I will not make any mistakes.

Senator Langlois: You are not answering the question.

Senator Tremblay: The trap was too obvious.

Senator Langlois: That is no excuse!

Senator Tremblay: No, it is not an excuse. The trap was too obvious for me to misquote the reply given by Senator Murray when he was acting as chairman. Since the same question was put to him—Senator Wood has confirmed that the question was put to the chairman in the same terms—I would be laying myself open to faulty recall, something Senator Wood could not do since she had received the answer last week.

[English]

Senator Wood: I have a supplementary question. What I wanted was to have your opinion on that, Senator Tremblay.

Senator Flynn: You do not ask for an opinion.

Senator Wood: I can ask any question I like.

Senator Flynn: Senator Olson refused to give any opinion.

Senator Smith: Honourable senators, I rise once more on a question of privilege.

When the Leader of the Government and I were discussing what Erskine May said, I advanced the view that Erskine May did not say anything about the Senate, or anything that was applicable to the Senate, unless the facts were such that they made it so. The Leader of the Government very eagerly grasped Erskine May, and read what Erskine May said, which confirmed exactly what I said, namely, that it had nothing to do with the Senate.

Senator Perrault: I was not talking about the Senate.

Senator Smith: You were talking about senators going to the committee.

Senator Perrault: I was attempting to explain and describe the concerns of the members of the other place.

Senator Smith: Well, let me finish my point of order.

Of course, the honourable gentleman would like to evade the consequences of being wrong. That is a natural desire, but the only trouble is that in this case the authority which he so eagerly seized upon to support his position does not support it, and now he is trying to evade the position by saying that he never applied it to the Senate, though that was the very point of order that I raised with him. He asserted that I was wrong and that he would show me to be wrong and shouted for the book so that he could do it. He could not do it, because I was not wrong, and he was.

Senator Perrault: Honourable senators, what I endeavoured to do was explain why certain members of the other place refuse to come to the meetings of joint committees. I have quoted a parliamentary reference which they have cited to support their absence.

Senator Smith: You should have read it yourself first.

Senator Perrault: I quoted it, and I need not quote it again.

Senator Smith: Go ahead!

Senator Perrault: I did not use this reference in order to explain in any way the attitude of honourable senators.

Senator Smith: That is what you said you were doing.

Senator Tremblay: Honourable senators, a moment ago, when the Leader of the Government started to speak, asking us to come to the point—I think that was the expression he used; he said, “Let us come to the point”—I expected that he would define a joint committee for us. I expected the first part of the definition to be that a joint committee is made up of representatives from both chambers. He did not say that. He just went on to say that it should be made up of representatives of parties.

As a supplementary question, I would like to ask the Leader of the Government if the real point at issue is whether representation from parties should come first, as opposed to representation from both chambers.

Senator Perrault: No, honourable senators, that is not the point. I wonder—

[Senator Flynn.]

Senator Tremblay: So you were not on the point when you answered.

Senator Perrault: —because opposition senators have not convinced us with their arguments, and some have not accepted our arguments, whether there is any point in engaging in a long and protracted debate at this point?

Senator Flynn: You started it, and Senator Stollery.

Senator Perrault: In the view of some of us, the essence of a successful joint committee is one which has the willing support of representatives from both houses. At the moment we have a situation in the other place which the authorities suggest is unparalleled in the annals of parliamentary democracy. It is a situation in which the Commons bell has been ringing for a protracted length of time. A situation is indeed unprecedented which sees certain members of the other place, who are entitled to attend those joint committee meetings, unwilling to participate in them because they believe that as long as the bell is ringing they should not be taking part in any committee activity. We are talking about a courtesy which most of us, I suggest, believe should be extended to the other chamber, to those members in the other place who feel in conscience that they cannot participate in joint committee meetings because the vote of March 2 has not been taken and the division bell is still ringing.

If Senator Tremblay rejects that viewpoint it is his right to do so, but that is a feeling held by many of us.

Senator Tremblay: By way of supplementary—

Senator Frith: Just say the last word.

Senator Tremblay: I think I have the right to ask a supplementary.

Senator Smith: Of course he has the right.

Senator Frith: I know. I am just asking him to say the last word and let us move on to something else.

Senator Tremblay: Speaking of coming to the point, do I understand that the main preoccupation of the Leader of the Government is that a meeting of any joint committee should be productive? If that is the case, I may tell the Leader of the Government that this afternoon's meeting was very successful.

Senator Guay: Because you were named joint chairman?

Senator Flynn: Even you would have done well!

Senator Tremblay: We heard representatives from the Atomic Energy Commission, who presented a very important brief to the committee. Representatives of the commission were there, as well as certain other people. Everybody felt that they had learned quite a lot from that presentation. They learned still more from the questions they asked of those representatives. The conclusion, in terms of the evaluation of that meeting this afternoon, will take the form of a question to the Leader of the Government.

Does the Leader of the Government not feel that when all parties—and I use that word not in terms of Liberals or Conservatives, but of all the people present—think that they

have learned a lot in a situation like that, some members of the committee who were not present, willingly or otherwise, have missed learning something which might be of use to them in the future?

● (2120)

Senator Perrault: That is a rhetorical question. I really have nothing further to add.

Senator Tremblay: I understand that you have nothing to add.

FINANCE

TAXATION OF LIFE INSURANCE INDUSTRY

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. Representatives of the Department of Finance have been meeting with the representatives of life insurance companies with a view to finding a common ground towards taxation of that industry. I wonder whether the Leader of the Government has any information concerning these negotiations. If so, could he inform the Senate to that effect?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. I have no further information on that point as of this evening.

ROYAL CANADIAN MOUNTED POLICE

REPORT OF COMMISSION OF INQUIRY

Hon. Nathan Nurgitz: Honourable senators, I have a brief question for the Leader of the Government in the Senate.

Professor Mandel of the Osgoode Hall Law School recently published an article which was highly critical of the motives behind what was considered by the professor to be an unprecedented naming of two persons to do what I suppose could be termed a critique of the report of the McDonald Commission of Inquiry, which was released last August. Would the Leader of the Government indicate the basis upon which the government chose Wishart Spence and Robert Wright to offer opinions on the report of the McDonald Commission—opinions which, I understand, the government released within days of the release of the McDonald report itself? Obviously, in the mind of Professor Mandel—and certainly in my mind, as I read it—those opinions undermined the findings of the McDonald Commission.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Senator Nurgitz: Honourable senators, I have a brief supplementary question. While I am aware of the position held by Mr. Justice Wishart Spence, I wonder whether the Leader of the Government would report to us on the expertise of the other gentleman. Could he also tell us whether the government is proposing to engage another, or others, to check the findings of the Spence and Wright report, if those are not satisfactory.

Senator Perrault: Honourable senators, that further information will be sought.

ENERGY

EAST COAST—OWNERSHIP OF OFFSHORE RESOURCES

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic and Regional Development, who, as I understand it, has among his many duties a certain responsibility in respect of energy. Has the government decided whether, in its view, a certain proportion of properties being explored off the east coast of Canada—more particularly, possible supplies of gas and oil that may be discovered there—will have to be returned to the Government of Canada?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not sure that I understand the question. I wonder if the honourable senator would repeat it?

Senator Smith: I shall be happy to do so. I am not sure that I can repeat it exactly as I put it, but perhaps I will repeat it in another form that will be easier to follow. That might require a sentence of explanation.

The honourable gentleman will know that off the east coast of Canada there is a good deal of activity involving drilling and exploring in other ways for supplies of gas and oil under the sea. I am asking him whether the government has adopted a policy in respect of leases acquired by the companies doing the exploration? Are certain of those leases, or a proportion of them, to be returned to the government upon certain conditions?

Senator Olson: Honourable senators, I do understand the question now. I will check into that. As my honourable friend is aware, an agreement has been signed with the Province of Nova Scotia. There is no agreement with regard to some of the other offshore resources at this point in time. Therefore, all of the rules and regulations are not clear.

Senator Smith: I thank my honourable friend for referring to the agreement between Canada and Nova Scotia, because that was going to be the subject of my supplementary question. If there is a general policy of the Government of Canada such as that which I just mentioned, how does it fit into the terms of the agreement between Canada and Nova Scotia with regard to offshore and gas resources?

Senator Olson: I will take that part of the question as notice and will try to correlate it with the earlier question.

OIL PRICING—GOVERNMENT POLICY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer in response to a question asked by Senator Roblin on March 3 which concerns the federal government's New Oil Reference Price program. I can inform the honourable senator that the New Oil Reference Price will apply to conventional new oil,

synthetic oil, including Suncor and Syncrude production, and oil from Canada lands, as specified in the Memorandum of Agreement between the Government of Canada and the Government of Alberta of September 1, 1981. This definition would also make provision for including production for the Cold Lake project in Alberta.

The New Oil Reference Price schedule is also set out in the Canada-Alberta Agreement of September 1, 1981. That schedule provides for prices up to a ceiling of \$49.22 per barrel on July 1, 1982, rising to \$77.48 on July 1, 1986, the actual price at a given time being the lesser of the Agreement ceiling price and the international oil price, adjusted for quality differences.

An announcement by my colleague, the Minister of Energy, Mines and Resources of March 2 extended the New Oil Reference Price program to liquids extracted from wet gas pools, to crude bitumen and heavy oil from experimental projects in oil sands and conventional crude produced from qualifying drilling space units in heavy oil fields in Alberta.

INDUSTRY

MASSEY-FERGUSON LIMITED—GOVERNMENT ASSISTANCE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have another delayed answer in response to a question raised on March 4 by Senator Nurgitz which concerned financial assistance to Massey-Ferguson.

I can inform the honourable senator that I have checked with my colleagues and can confirm today that no recent overtures have been made by Massey-Ferguson seeking further financial assistance from the federal government.

CONSUMER AND CORPORATE AFFAIRS

TRADEMARK BILL

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to the question asked by Senator Godfrey on February 11 concerning the re-introduction of the trademark bill.

Honourable senators, the government is not planning the re-introduction of the trademark bill in the immediate future. I understand that the bill is still in the department undergoing some fine tuning, and that it should be re-introduced before too long.

UNITED NATIONS

INTERNATIONAL SATELLITE MONITORING AGENCY— CANADIAN INITIATIVE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer in response to the question asked by Senator Thompson on March 9, 1982, concerning the International Satellite Monitoring Agency.

A feasibility study was commissioned by the Department of External Affairs to evaluate reports and other relevant documents

available from a number of sources, including suggestions made by certain NGOs. This study will serve as the basis of an interdepartmental evaluation to arrive at the government's position at UNGA37.

The concept of international verification is one to which Canada subscribes, but the process must be practical and feasible.

Aside from financial and technical aspects, a number of very real problems in the political, legal and organizational fields are apparent. An example relates to the authority of the United Nations, which is not a sovereign body but an organization of sovereign states.

To have a reasonable prospect of success, the government contends that the two space powers, the U.S.A. and the U.S.S.R., must co-operate in the venture.

Canada is interested in examining a number of different applications of the concept to the arms control process. Since such application would be in the multilateral context, a survey would have to be made to determine if existing multilateral agreements are sufficient to warrant the development of such a verification system.

● (2130)

LABOUR ADJUSTMENT BENEFITS BILL

CONSIDERATION OF REPORT OF COMMITTEE—DEBATE ADJOURNED

Leave having been given to revert to Reports of Committees:

Hon. Florence B. Bird, Deputy Chairman of Standing Senate Committee on Health, Welfare and Science, presented the following report:

Tuesday, March 16, 1982

The Standing Senate Committee on Health, Welfare, and Science to which was referred Bill C-78, intituled: "An Act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code", has, in obedience to the order of reference of Wednesday, March 3, 1982, examined the said Bill and now reports the same without amendment.

Your Committee, however, considers that certain minor changes in the wording of the English version of the bill are needed to make the form of the bill more acceptable. Since such changes would not affect the substance of the bill, your Committee recommends that the changes be incorporated when the bill, after it becomes law, is consolidated in the next revision of the public general statutes of Canada.

The changes recommended by your Committee and the reasons for the changes are as follows:

1. *Page 2, Clause 2:* Strike out lines 12 and 13 and substitute the following:

"“labour adjustment benefits” means the benefits payable under this Act;”

As it now reads, the expression "labour adjustment benefits" is defined in the singular to mean "the benefit payable under the Act".

While the *Interpretation Act* contains a rule stating that "words in the singular include the plural", it would nevertheless be preferable, in your Committee's opinion, to see this key expression of the bill defined in the plural since, in the rest of the bill, it is almost invariably used in the plural. (See, for example, clause 1, which contains the short title of the Act; clause 9, dealing with entitlement to labour adjustments benefits; clause 13, dealing with the qualifications for benefits; and clause 16, dealing with the calculation and payment of benefits).

It should be noted, as well, that in the French version of the bill, the expression is defined in the plural (page 2, lines 21 and 22).

2. *Clause 3, Page 3:*

(a) Strike out line 22 and substitute the following:

"from the day the order is made, as is speci—"

(b) Strike out line 35 and substitute the following:

"from the day the order is made unless,"

The *Interpretation Act* has a number of provisions that set out rules for the computation of time in terms of "days". For these rules to apply, the word "day" should be used in this clause rather than the word "date".

3. *Page 6, Clause 10:* Strike out line 13 and substitute the following:

"employer, trade union or any person"

Line 13 at present reads as follows "employer, trade union or any other person".

The word "other" in this expression implies that every employer and trade union is either a person or a corporation (since the word "person" includes a corporation under the *Interpretation Act*). A partnership is neither a person nor a corporation and a trade union is not a person if it is not incorporated. The word "other", in your Committee's opinion, should be deleted.

4. *Page 6, Clause 10:* Strike out line 14 and substitute the following:

"the Board for certification that he is eligible"

Your Committee considers that it is better in English to say that "an employee . . . may apply to the Board for certification that he is eligible" rather than "an employee . . . may apply to the Board for certification as being eligible".

5. *Page 7, Clause 11:* Strike out lines 8 to 10 and substitute the following:

"11. The Board may certify that an employee named in an application under section 10 is eligible to apply to the Commission for"

This is similar to the change recommended in item 4 above.

6. *Page 7, Clause 12:* Strike out lines 26 and 27 and substitute the following:

"12.(1) An employee in respect of whom a certificate has been issued under section 10 may apply to the Com—"

Your Committee recommends this change to improve the legislative expression in the English version of this clause. Similar changes would be required in clause 13(1), at page 8, lines 38 and 39; clause 13(2), at page 9, line 29; and clause 13(3), at page 10, line 7.

Respectfully submitted,

FLORENCE B. BIRD
Deputy Chairman

She said: Honourable senators, with leave of the Senate I would like briefly to explain this report.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Bird: Thank you, honourable senators.

In accordance with its order of reference of March 3, 1982, your committee held three meetings and examined Bill C-78 in depth. The Deputy Minister of Labour appeared before the committee twice, and other members of the department attended all three meetings. The committee also questioned the representative from the Department of Justice who was responsible for the drafting of the bill.

Your committee decided that certain minor changes in the English version of the bill are needed to improve the wording and make the bill more acceptable. These changes were summarized in a paper prepared for the committee, at my request, by our Law Clerk and Parliamentary Counsel. They were discussed at the meeting of the committee held earlier today. The Department of Justice draftsman, who was present at that meeting, agreed that the changes recommended by the Law Clerk would improve the bill.

Since these changes relate only to the wording and do not affect the substance of the bill, your committee did not consider it necessary to delay this important piece of legislation by amending the bill at this time.

Your committee, instead, decided to recommend that the changes agreed to by the draftsman of the Department of Justice be incorporated in the next revision and consolidation of the public general Statutes of Canada. Such a revision is now being prepared by the Department of Justice. The changes that your committee recommends are set out in the report that I have just presented.

During the course of its examination of the bill, your committee also drew the attention of the deputy minister to certain anticipated problems in the administration of the policy and procedures contained in the bill. The deputy minis-

ter undertook to give special attention to the problem areas that were pointed out by the committee.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to move the adjournment of the consideration of this report because there are some questions raised, in my mind at any rate, about exactly what we can expect as a result of what has been proposed by the deputy chairman of the committee. Particularly, I want to find out what undertakings have been given by the government to make the changes.

Hon. Jacques Flynn (Leader of the Opposition): It is a difficult technique.

Senator Roblin: I want to find out just when the revision of the statutes, which I believe was the mechanism referred to, will take effect.

In other words, my thought is that, if we had an undertaking that the machinery is sufficient to make the changes the committee wished for within a reasonable period of time and without prejudice to anybody else, other things being equal, that would be adequate. But I am not sure that that is the case.

In any event, just having received this report I would appreciate the opportunity of reading it closely. Perhaps I could then phrase my questions a little more carefully, and we might have some answers from the committee with respect to it. Therefore, I move the adjournment of the discussion.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, is that procedurally the right way to do it? I think we should have the answers, but we are really not debating the report.

Senator Flynn: We gave the deputy chairman of the committee leave to make comments.

Senator Frith: I understand that. I do not wish in any way to suggest that we should not proceed with exactly the objectives raised by Senator Roblin. Technically, however, I do not think we should be debating this report. It would be better for His Honour the Acting Speaker to ask, "When shall this bill be read the third time?" and for us to say, "At the next sitting," and then have these questions debated on third reading. Otherwise, in effect, we are debating a report from the committee, and that is not in order.

Senator Flynn: When a bill is reported without amendment, of course, there is no debate. That is agreed. In this case, however, the deputy chairman, or should I say the deputy chairperson, has mentioned some comments in the report and has commented on those comments. We gave her leave to do that. Therefore, I suggest that comments from this side, or from anywhere else in the chamber, are warranted and should be accepted. There is no suggestion that the report not be accepted. We simply make comments, as did Senator Bird.

[Senator Bird.]

Senator Frith: I have no quarrel with the idea that because comments were made that gives rise to further comments, but the rules do provide that the report presented to the Senate be received without debate. I believe we can achieve the objective suggested by the Deputy Leader of the Opposition and by the Leader of the Opposition, with which I do not quarrel, simply by raising these questions on third reading. At that point we will have before us the second reading debate, the report itself, and the explanation of it for which leave was given, and there would then be nothing to restrict our discussion of the very matters we are talking about now, and we would not run against rule 78(2), which provides that a report presented to the Senate shall be received without debate. It is just a matter of doing it in a way that seems more orderly.

Senator Roblin: My honourable friend may be quite right, but he should have made his comments before Senator Bird spoke, because if we give leave to the senator presenting the report to enter into what is in substance a debate it then becomes difficult to decide where the limitation ought to be. Surely, if a report is submitted to the Senate without debate, that means "without debate." Debate is any comment. If we allow comment, then, in effect, we have allowed debate.

I do not think it is important enough to detain the Senate for very long, but it seems to me that on this occasion it would be perhaps consistent to agree that the matter be discussed a little further in the present form rather than to adhere to the procedure recommended by my honourable friend. The time for him to have raised his objection was before Senator Bird was granted leave.

Senator Frith: That may be so. Perhaps any comment can be considered debate.

Senator Roblin: Not "considered;" it is debate.

Senator Frith: The problem I am raising—regardless of whether I ought to have raised it earlier—is that if we do proceed in this way we will be setting a precedent. Perhaps that is what we want to do. If a chairman ever wants to give any explanation, then that chairman, in effect, would be in breach of rule 78(2). He ought not to comment because, as Senator Roblin says, any comment is debate.

Senator Flynn: Leave was granted, however.

Senator Frith: I agree. Perhaps we should not ask for such leave. Perhaps a chairman should say that the committee reports the bill without amendment, but he would like to make comments on third reading. Perhaps that would be the best way of proceeding.

Certainly, I do not think it is the end of the world, but it just seemed to me that this was a better way of doing it. Perhaps I ought to have raised that point earlier, but I suggest that that is another way of doing it. I am not trying to thwart any discussion at this time.

Hon. G. I. Smith: Honourable senators, I understand the view of the deputy leader and I do not particularly quarrel with it. However, as a chairman who has once or twice asked for the same leave as was granted to Senator Bird, I expected

that, if the leave was granted and if I made any remarks, any honourable senator who wanted to amplify those remarks or criticize them would then have the right to do so, because it seemed to me that it would be unfair to let me explain my point without other honourable senators having the right of reply.

I simply raise this matter, not to argue but so that it will be on the record and so that we will not have accepted the view of the deputy leader without its being noted that there are other views.

Senator Frith: Honourable senators, I am certainly grateful to Senator Smith for the opportunity to make it clear on the record that I was not suggesting that there not be full opportunity to do exactly what is being suggested. I was simply saying that it seemed to me that procedurally the best way of doing that would be to do it on third reading. However, I do not believe it is of such great moment, and if we can clarify it by saying, in effect, that leave was granted to suspend rule 78(2) and to have debate when the committee reported in this case, then the problem is solved and we need not say any more. We all agree that, the explanation having been given, the opposition, or any senator, for that matter, should have an opportunity to discuss and explore the explanation.

● (2140)

The Hon. the Acting Speaker: Let us be clear about this. As I understand it, before I call third reading tomorrow senators will be invited to comment on Senator Bird's explanation.

Senator Roblin: Honourable senators, may I express my understanding of the position in order to regularize it? It seems to me that leave has been granted, in effect, to begin debate on the subject. That is the effect of having given leave to Senator Bird to make her statement, which, personally, I

appreciated hearing because I think it raised some very interesting points. However, in effect, we have granted leave to dispense with the rule of no debate. Having done that, it seems to follow, as far as I can make out, that if an honourable senator wants to adjourn the debate to another time the Senate might agree to such a course being adopted. That was my position when I endeavoured to move the adjournment of this debate. Of course, the Senate could refuse to allow its adjournment, although that is not likely, being the body it is; but if it did, I would have to accept it. Otherwise, I think you should accept my motion that this permitted debate be adjourned by me, and allow me to make a few comments, as well as anyone else who wishes to participate, on the next occasion.

Senator Frith: Honourable senators, I made the suggestion and it has been declined. The motion has now been made and we will accept the motion.

On motion of Senator Roblin, debate adjourned.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—
ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science entitled: "Child at Risk", tabled in the Senate on 16th October, 1980.—(*Honourable Senator Bonnell*).

Hon. William J. Petten: Honourable senators, Senator Bonnell has asked that this order stand until Wednesday, March 31.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, March 17, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

PARLIAMENT

HOUSE OF COMMONS—CESSATION OF RINGING OF DIVISION
BELL

On Presentation of Petitions:

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not have any documents to table, but I understand all is quiet on the western front. I am sure we all welcome that.

Hon. Jacques Flynn (Leader of the Opposition): If you want the front to be quiet on this side, I will show you that it can be very quiet.

ST. PATRICK'S DAY

TRIBUTES TO ST. PATRICK AND THE IRISH PEOPLE

Hon. C. William Doody: Honourable senators, may I for just a moment impose on your generosity and take advantage of today's being March 17, which is an important date in my part of the world. I wish to share the good feeling and good fellowship that people of Irish descent have towards each and every one of you on this day.

Hon. Senators: Hear, hear.

Senator Doody: There are some of us who have the double advantage of having Gallic and Celtic blood mixed together in our veins, like Senator Flynn, and sometimes they get more exercised than even the most adamant of us Irish. Nevertheless, to all of you who share the Irish blood that I have, and to all the rest of you who wish you did, I offer "the top o' the mornin'."

Hon. Andrew Thompson: Honourable senators, like Senator Doody, I sense a rare feeling of Christian tenderness, warmth and charity among all of us in this chamber. Of course, it is because we are celebrating the day of the Apostle of Ireland—St. Patrick's Day.

Senator Doody: You don't look Irish!

Senator Thompson: On such an occasion as this, it could happen that someone in this chamber might interject and ask why on earth I am talking about St. Patrick; but I suggest that such a person resist that temptation. I notice that my good friend, Senator Riley, is not in the chamber. He knows the perils I have faced in New Brunswick when I have talked of the origins of St. Patrick. If I did expand on his origins here, I would be glad if Senator Bosa was not present, because he could surely be claiming other virtues for his ancestry.

I wish to say, however, that my credentials are good, despite what some honourable senators may think or what the Immigration Department may have thought, because my mother was born in Dublin.

Hon. Senators: Hear, hear.

Senator Thompson: I am inclined to exaggerate a wee bit and say that she "wheeled her wheelbarrow through streets broad and narrow," but I do not think I can go that far. My father was born in the north, in the misty green valleys. I have an idea that I was born on the border, although my birth certificate does not say so—but I think I will stick to that. I was actually born somewhere near Ballyutogue.

I visited my native land several years ago and felt as much at home in Dublin as I did in the north. I only wish that the people of Ireland could feel as much at home as I did in every corner of their native land.

On this day the thoughts and hearts of Irish men and women all over the world are attuned to the haunting music of Ireland, as gentle and as pure as the lovely lush green carpets that sweep down from the mountains. From the lilt of their speech to their songs which express joy and sorrow—it is all part of my homeland. We are hoping that honourable senators will share that spirit, and any other spirits they may feel inclined to share, today.

Dr. Johnson once said that the Irish are a fair people—they never speak well of each other. I would dispute that. I shall therefore not dwell on the fanatics who defame and shame the true patriotism of Ireland by their obscene distortions about medieval religious hatred, and their grotesque violence and brutality in their attempt to espouse the cause of peace and tranquility in Ireland. I shall not talk of them. I could talk of their positive accomplishments in so many areas, but I will just focus, in view of this being the eve of patriation, on the Fathers of Confederation: seven out of the 35 from the "Auld Sod".

● (1410)

I would like to leave with you the message of St. Patrick, a message of compassion and charity, which I hope will spread to Ireland, as well as all across this land of ours. It was a message of peace and mercy, delivered by St. Patrick in the Dark Ages. I hope that in my homeland, both north and south, both orange and green, that path to peace and charity will be found.

Though ye can't be "near"
And ye must be "far",
May the luck o' St. Pat
Be where ye are.

QUESTION PERIOD

[English]

ENERGY

OIL IMPORT COMPENSATION PROGRAM—COMPLAINTS OF CANADIAN PRODUCERS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I cannot let this item go by without asking a question of my honourable friend, the Minister of State for Economic Development, who is so gracious in his replies to the questions I ask in my search for knowledge.

I wonder if the minister could explain to me why the oil import compensation program is subsidizing certain foreign heavy crude oil imports into Canada, at the rate of some \$9 to \$12 per barrel, to the detriment of producers of that commodity within the country, who are complaining that because of that subsidy they have been forced to shut down some of their supply points for this type of crude oil.

Hon. H. A. Olson (Minister of State for Economic Development): Well, honourable senators, there is far more to it than that, although I will try to answer that part of the question briefly now and get more specific detail later as to the amounts of the import compensation, as well as the time frame in which they apply.

We recognize that there are some improvements that ought to be made in the regime set out in this program. The oil import compensation payments for a certain quality and grade of oil are set for x number of days, and if there are price fluctuations along the way you obviously get distortions. We know that there have been price fluctuations, almost all downwards.

There is, however, a little more to it than that, as I say, and that is that we are in the process of getting through the arrangements that obviously had to be made when one of the major oil producing provinces decided to restrict the flow of oil into the consuming area of Canada in the amount of something like 180,000 barrels a day at the peak, although I am advised that there were some days when the restriction was even higher than that. Of course, the refiners had to make alternate arrangements to have crude or fuel oil supplied to them. Though some of the refiners had contracts, some of their supplies were in the form of spot oil. There were, however, contracts, for that period of time, that seemed reasonable under the circumstances. Those contracts are not nearly exhausted yet.

Senator Roblin: Honourable senators, I would ask the minister if he would look a little further into the matter for me on this particular point, namely, that Canada has had a surplus of heavy oil. We have, in fact, been exporting heavy oil all through this period to the United States, so I do not really understand, on the face of it, why we would be importing

heavy oil at a subsidy of \$9 to \$12 a barrel, as compared to the cost available to Canadian producers for a similar commodity. I recognize that there are several complications here that the minister might deal with when he answers, such as the question of transportation, for example, with oil coming to eastern Canada from the production sites in the west, and so forth. He may be able to deal with that point.

• (1415)

I would also ask the minister whether the heavy oil situation with respect to imports is related to contracts with foreign suppliers, such as Mexico, or whether we have had to take so much heavy crude in order to get other supplies? I appreciate that it is a complicated matter. I am sure that the minister could deal with those various points in order to clarify it for me.

Senator Olson: Honourable senators, I will try to do just that. My honourable friend will have to take into account that many of these arrangements were made when there was a very different set of circumstances surrounding the availability of crude oil supplies, whether they took the form of light oil or larger quantities of heavier oil. Another complicating factor is that some oil refiners are not able to accommodate a wide variety of grades of crude oil unless they make some modification to the refining process, which involves added costs.

I will try to provide a more detailed answer. I would simply ask the indulgence of my friend, because I know that he is a very fair-minded person. The arrangements that were made may not appear to be the most sensible, in the light of the circumstances today when oil is, first of all, at a lower price and there is an availability of almost all grades and qualities. I would ask him to keep in mind that that was not the case when some of the contracts were made.

Hon. Guy Charbonneau: Honourable senators, I have a supplementary question for the minister. Would he not think that, when these negotiations were taking place, the possibility of the change in the situation that he has just described should have been foreseen?

Senator Olson: Honourable senators, I have always believed that the Liberals' foresight is as good as the Conservatives' hindsight.

Hon. Jacques Flynn (Leader of the Opposition): That is why you make mistakes.

Senator Olson: We do not usually score exactly 20-20 both ways.

PARLIAMENT BUILDINGS

CENTRE BLOCK—INSTALLATION OF STEEL DOORS IN CORRIDORS

Hon. Henry D. Hicks: Honourable senators, my question is directed to the Leader of the Government in the Senate and has to do with the unsightly, unattractive metal and glass partitions that are being installed in the beautiful marbled corridors of this building.

There are two parts to my question. First, can the Leader of the Government tell me upon whose authority these unsightly additions to our corridors are being installed?

Secondly, what is the purpose of their installation?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. The reason for the installation of the partitions may have something to do with security, the maintenance of heat values, or fire protection. I do not, however, have all of the explanation this afternoon.

Senator Hicks: Honourable senators, I would only observe that the building has been here for more than 60 years. It seems a shame that we are getting around to defiling the corridors now, when we have managed quite well with the beautiful, unobstructed marble corridors since the building was erected some 65 years ago.

TRANSPORT

CP AIR—DISCOUNT FARES

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. It has to do with the fact that the Canadian Transport Commission has ordered CP Air not to implement no-frills discount fares on all of its domestic flights. The matter was to be studied further and a decision was to be reached by March 19.

I wonder whether the Leader of the Government could ascertain, through the Canadian Transport Commission, whether the decision has been made? Could he also find out why consumers are being denied the right to discount fares? I want to know why, when the major airlines are having to lay off their employees at a time of such high unemployment, they are being denied the opportunity to give to the consumers cheaper air fares? The Canadian Transport Commission, which has nothing better to do, is denying them that right. I want to know the reason for that.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I shall be pleased to take the question as notice.

● (1420)

ENERGY

NEWFOUNDLAND—OFFSHORE OIL RESOURCES—FEDERAL GOVERNMENT DOCUMENT

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government in the Senate with respect to a statement made by the Premier of the Province of Newfoundland concerning the offshore oil discussions. Apparently, when he called the election, the Premier of Newfoundland tabled a document in which selected quotations from a federal document were included in the Newfoundland material but were not made public. Could that federal document be made public for the sake of public knowledge in the province?

[Senator Hicks.]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will take the question as notice. I was of the personal view that that document had already been made public. However, I will check into the situation.

THE ECONOMY

UNEMPLOYMENT—GOVERNMENT POLICY

Hon. Robert Muir: Honourable senators, I should like to pose a question to the minister of state in charge of regional economic development. Within recent days it has been reported by Statistics Canada that 1,116,000 people are out of work in Canada. I am not speaking of statistics basically, but of people, human beings.

How many more hundreds of thousands of people will have to lose their jobs before the government does something—I mean really does something? What hope, may I ask the honourable gentleman, is the government offering all of these people that work might soon be available?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the government is doing a number of things now. One of them is that we are attempting to make a major contribution to the reduction of inflation in this country, along with our trading partners in the western world. Following that, interest rates and the cost of investments can come down. We believe that when that happens there will be an encouragement to make substantially increased investments in the expansion of the economy in this country. That, of course, will involve for a great many people the jobs that are so badly needed in this country now.

Senator Muir: I should like to pose a supplementary question. I listened intently to the minister's response, but what he is suggesting will really do hardly anything for the million or a million-and-a-half—and those figures are no exaggeration—who are out of work at the moment.

I might say, to enlighten the minister for my next question, that since September the labour force has shrunk by 155,000 people. To them you can add the 95,000 people officially classed as "discouraged workers," people who have apparently just given up and no longer look for work. I believe they don't look for work any more because they are convinced that because of the policies of this government they will not find it.

I do not cast any reflection on the men and women who work in the Canada Manpower centres, because they are doing their utmost for the unemployed in this country. I am sure that if either the minister or I were behind Canada Manpower counters in areas of the Atlantic region and Quebec—and, indeed, as I mentioned the other day, in what used to be "fat Ontario,"—we would have nothing to give them either.

We have heard announcements about training. The minister in charge of the economy made some statements the other day in that respect. That is important, yes, but it will not help anyone for months or maybe even years.

What the minister has answered today in response to my first question is also important, but it bears on the future. May

I ask the minister now what the government will do now to put Canadians back to work now? I am not asking about the long-term future. I am concerned about what can be done now for those who are really suffering and even starving in some cases—and I can give him evidence of that. When I was in Nova Scotia over the past weekend, just in the small area where I live, I received 32 approaches from people looking for employment—men and women. There were telephone calls, personal meetings and letters. I should like to know what is going to be done now.

● (1425)

Senator Olson: Honourable senators, I could give a rather detailed explanation to Senator Muir were this the hour of debate, and I had 30 or 40 minutes to expand on what I said briefly a few minutes ago. I am sure that my honourable friend would like Canadians to be involved in worthwhile, productive jobs which give them an income, but to have worthwhile, productive jobs, there must be a market for whatever it is that is being produced and competitive prices. As my honourable friend knows, both the international market and the domestic market have sunk rather substantially recently because of high interest rates, the cost of investment, the cost of inventory and of purchasing goods and materials that is driven up by inflation.

We believe that we must attack some of the fundamental causes of this problem, simply because we do not believe that we can go from one level of inflation to a higher level of inflation constantly without suffering the consequences of the various cost factors that come up time and again in that scenario. One of the things we are trying to do to solve the problem is reduce the federal deficit. We are also asking Canadians everywhere to join with members of Parliament, indeed, with the government, to help correct some of these fundamental flaws or difficulties in the system.

Of course, there is the alternative of simply making work whether or not it is useful, ongoing work that is viable, competitive and contributes to the economy and to the socio-economic structure. I could bring in a rather long list of some of the things that the government is trying to do on an emergency basis and as temporary substitutes to the corrections over the long term.

Senator Muir: Honourable senators, those are nice words, but they are very cold words for those who cannot purchase their groceries or meet their mortgage payments. The honourable senator in his response spoke about make-work projects as a bad alternative. I wonder why it has taken him so long to reach that conclusion when members of my party and I—getting down to the ordinary Joe in the other place—have often said the very same thing many times. It is not good enough to take people off unemployment insurance, give them a few weeks of work counting seagulls or something, and then put them back on unemployment insurance, though it makes the unemployment figures look good for a time. I hope there will be something more concrete forthcoming very shortly and that the honourable senator will realize that it is not an easy job.

Canada is facing something that the United States also faces, but I suggest that we not follow “Reaganomics” to such an extent that people must suffer. There are productive jobs that are good for the country. I hope the minister will look into that area.

Senator Olson: Honourable senators, I do not think that I could have made that speech better myself. I have heard Senator Muir make it for at least the past 15 or 20 years while he and I were in the House of Commons. He used to bring out that speech once a week.

Senator Muir: Honourable senators, I rise on a point of order. I resent the response of the honourable gentleman and I do not believe that it is worthy of him. What he is suggesting is that this is a game we are playing, and that we haul out a speech which we throw at each other once in a while. I do not have such a speech. I am merely speaking from what I know to be the case in Nova Scotia, where I come from, and all across the country.

To those who read *Debates of the Senate* and, for that matter, *House of Commons Debates*—and I am sure there are not very many—it comes out sounding like this: “Muir will have a little say and then Olson will have a little say and then they will go on their merry way forgetting entirely about the unemployed.” That is not right. I do not believe that the honourable senator believes that and, certainly, I do not believe it. I believe that the government of the day, no matter what party is in power, should be busy with this matter. Although we were not in power very often, I know that while in the other place I spoke against and voted against any government when I did not think it was doing the right thing. I speak in the same way today, and I do not have a stock speech for any subject.

● (1430)

Senator Olson: Honourable senators, I do not understand why my honourable friend should take umbrage at what I said when I agreed with him that it was a good presentation.

I would remind him that, when both he and I sat in opposition in the other place for many years, we made the same speech a dozen times. I failed to say, but perhaps I should now say for his sake, that we made it equally seriously every time.

CANADA DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—ROLE OF MINISTER OF STATE

Hon. C. William Doody: Honourable senators, my question is for Senator Austin. Some time ago questions were asked about the Canada Development Corporation and the honourable senator's role on the board of directors as the representative of the taxpayers who hold 48.5 per cent of the shares. Senator Austin was concerned about the propriety of answering those questions. Has he now consulted with the various oracles involved, and can he now report to us on the propriety of answering such questions?

Hon. Jack Austin (Minister of State): Honourable senators, I have considered the matter and am satisfied that it would not be proper for me to comment, on a day-to-day basis, on the business of the Canada Development Corporation. I believe that would be an assertion of an authority which is properly that of the board of directors.

Senator Doody: The senator is saying that it would not be proper for him to report to the Senate on the activities of the corporation, although he represents the Canadian taxpayers who hold 48.5 per cent of the shares. Is there something improper about the activities of the CDC that would cause the honourable senator to be so reluctant to describe its activities to us?

Senator Austin: Senator Doody well knows that the Canada Development Corporation is not a crown corporation and is not an agent of Her Majesty. It is a corporation in the private sector, and my role is that of shareholder. My role is not, in any way, that of a director who decides on the day-to-day activities of the corporation. The principle I have stated would apply if Her Majesty owned shares in the Hudson's Bay Company, Dome Petroleum, Noranda Mines, or any other private Canadian company.

If questions directed to me are relevant to the role of the Government of Canada as shareholder, I will be pleased to respond, but I cannot comment on the day-to-day conduct of the business of the Canada Development Corporation.

Senator Doody: If the honourable senator would refer to *Hansard*, he would see that he was not asked to comment on the day-to-day activities of the corporation; he was asked to comment on one specific purchase by the CDC of Savin Inc. The question dealt with the purchase of a rather large American organization which, in my opinion, was not going to help the Canadian economy or the Canadian shareholders. The honourable senator represents 48.5 per cent of the shareholders and we, as Canadian taxpayers, are those shareholders.

If the activities of the Hudson's Bay Company and Dome Petroleum were as weird-looking as the activities of the CDC in regard to the Savin purchase, and if the honourable senator were representing 48.5 per cent of the shareholders of those companies, I think he would be called upon to account to, and discuss it with, the shareholders.

As a Canadian taxpayer and as a member of the Senate, I ask the honourable senator to describe exactly what the objectives were in regard to the acquisition of Savin by the CDC.

Senator Austin: Honourable senators, I think the issue between us is clear, and I thank the honourable senator for his question, inasmuch as it makes it clear.

I will not comment upon the wisdom of the board of directors of the Canada Development Corporation in making any purchase it might make. I will answer questions as to whether the purchase of Savin is within the objectives and powers of the board of directors of that corporation. I can certainly tell honourable senators that it does fall within the authority and powers of the board of directors of the CDC to acquire Savin Inc.

[Senator Doody.]

It must be made very clear indeed that if I were to respond to questions about the specific assets of the Canada Development Corporation, I would be commenting on the day-to-day conduct of the business of that corporation. I do not believe that members of this chamber would like to see me assert any kind of authority over the day-to-day business of the Canada Development Corporation.

• (1435)

Senator Doody: Honourable senators, if I may impose on your good will for just another moment, I should like to ask a supplementary question. Whether or not the members of this chamber would like to have the honourable senator report on the activities of the CDC is not the matter that I am concerned with. What I am concerned with is the consistency of the objectives of the CDC—and the minister has just said that he would be quite willing to report to this chamber on that—in their purchase of Savin, which is a United States copier firm, wholly operating within the United States of America, which adds nothing to the Canadian economy, to the Canadian employment scene, or to the objectives of the Canadian government, as I understand it.

I know that the Minister of Industry, Trade and Commerce, as he was then called, described some of the objectives of the CDC, and they do not seem to be consistent with the purchase of Savin. Can the minister report on the consistency of the objectives as described by Mr. Gray?

Senator Austin: In my responsibility as a shareholder of the Canada Development Corporation, what I am prepared to do is advise this chamber with respect to an activity of that corporation, that activity being within the objectives and the powers of the board of directors. The purchase of Savin is within the objectives and powers of the board of directors.

Whether that was a wise business purchase is a matter for the board of directors to determine. I suppose that if I, as a shareholder, believe that the board of directors is not making good business decisions, I could recommend to the government that we sell our shares and not go along with the risks which the board of directors finds acceptable.

I am not prepared, as I have stated, to sit in public judgment on the discretion of the board of directors to run the business of the Canada Development Corporation.

I might simply add that the board of directors has itself explained to its shareholders the purchase of Savin. That was done in a press release issued by the chairman of the board of directors. That purchase was explained as a business judgment and, as the honourable senator knows and as I am sure other honourable senators know, the Canada Development Corporation is a private-sector corporation with the principal purpose of making a profit within the context of its shareholdings being restricted to Canadian investors. I am sure that the board of directors believed that it was being consistent in developing the profit potential of the Canada Development Corporation when it made that purchase.

If my colleague, the Minister of Industry, Trade and Commerce, has a view of any Canadian corporate activity conforming or not conforming with some postulate of public policy, then he will express that in the context of a business development environment, but that, as Senator Doody knows, is not my role in representing the shareholders of the Canada Development Corporation.

Senator Doody: I think the honourable senator has raised several new areas for discussion and has entered into several new areas worthy of more exposure. One of those areas is the business judgment exercised by the board of directors.

Whether this corporation is a crown corporation, by definition, or whether it is a crown corporation in terms of the crown participation of 48.5 per cent is really academic. The actual fact of the matter is that 48.5 per cent of the corporation is owned by Canadian taxpayers. I think that is the gist of the matter.

Bearing that in mind, is there not some responsibility for a major shareholder of that corporation to ensure that the business objectives of that corporation are carried out? The business decisions taken by the board of directors surely must be consistent with the Canadianization objectives of the Government of Canada, or else they are on a divergent path which will create havoc. If the Government of Canada can spend billions of dollars on a Canadianization effort on the one side, and then allow the Canada Development Corporation, without murmur or discord from its board of directors, to go down another path and help the American investment community, then there seems to be a great deal of divergence being allowed. The board of directors may very well report to their shareholders in a press release, but I am asking the representative of 48.5 per cent of the shareholders to tell us if, indeed, the objectives of the CDC are consistent with the objectives of the Government of Canada in terms of the Canadianization policy.

● (1440)

Senator Austin: Is the honourable senator presenting his personal views in the question that he poses to me?

Senator Doody: I always do.

Senator Austin: Then the honourable senator is in disagreement again with Senator Smith—and I suppose that is not remarkable—with respect to the nature of the government's role as an investor in a private sector corporation. Senator Smith, in his line of questioning, urged me not to intervene in any way or to comment on the conduct of the business of the Canada Development Corporation by the board of directors. But I say that it is not my business, as representative of those shareholdings, to comment on the day-to-day business conducted by the board of directors. It is my business to ensure that the board of directors conducts its business in accordance with its authority under the Canada Development Corporation Act.

Senator Doody: I do not think I am getting through at all. I am not really asking Senator Austin whether or not he should intervene in decisions made by the board of directors. Obviously,

ly, a 48.5 per cent shareholder not only has the right but also the duty to intervene in decisions made by the board of directors. Otherwise, why is he on the board?

Apart from that, I am asking him to explain to us, or to me in particular—because, as the senator has pointed out, these are my personal views, and that is why I was appointed or asked to come here—I am asking him to explain to me the consistency between the expressed policies of the Government of Canada in terms of Canadianization—the purchase of Petro-Canada, the pouring of billions of dollars of Canadian money overseas, the devaluation of the Canadian dollar as a result, the impact on the economy, the interest rates and all of the things which flow from it—and the policy governing CDC's purchase of this American company. I am simply asking the senator for his opinion as a director, or as a senator, or as a member of cabinet.

Senator Austin: I will try to answer it in this way: Under the Canada Development Corporation Act, that corporation is not made an instrument of government policy on a continuing basis. It is made an instrument of a specific policy, and that policy is declared in the statute, namely, to put the corporation in the private sector, to give it a profit motive, to be at the direction of the board of directors, and to restrict its share ownership to Canadian investors.

To repeat what I have said, the Canada Development Corporation is not an instrument of current government policy or government guidance. Its business judgments are made by its board of directors in terms of where they see opportunities within the Canadian business environment. As Senator Doody will be aware, investments have been made outside Canada where, in the opinion of the board of directors, they enhance Canadian business opportunities of the Canada Development Corporation.

Senator Doody: Is the honourable senator then telling us that a 48.5 per cent shareholding of the people of Canada is not being directed at all by Canadian government policy and, if that is so, why do we have a cabinet minister on the board of directors?

Senator Austin: The statute requires a minister of the Crown to hold shares in the Canada Development Corporation. Therefore, we have a minister holding those shares—who happens to be me. As far as the policy of the corporation is concerned, it is embodied in the statute itself. If Senator Doody wishes to quarrel with the statute, that is his privilege.

Senator Doody: Honourable senators, there are many statutes of this great country of ours that I should like to quarrel with, and that certainly is not the most important of them. What I am saying is that we now have a minister of the Crown, who represents the taxpayers of Canada on the board of directors, who is telling us that his only purpose in being there is as a token gesture because somebody has to hold the shares. Is that correct?

Senator Austin: I am glad that Senator Doody has given me this opportunity to respond. I do not consider my holding of the shares to be a token holding. I have said, in answer to

questions from yourself, Senator Nurgitz, Senator Smith and Senator Roblin, that I have an important legal responsibility, but I do not have a responsibility to intervene in the day-to-day conduct of the business of the Canada Development Corporation.

Senator Doody: Honourable senators, I should like to pursue this matter further because it is a fascinating topic, but since it is March 17 I cannot find it in my heart to go any further.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I will act as Senator Doody's proxy because I should like to go into it a little further.

The minister has completely puzzled me by his series of answers with respect to his responsibilities. The other day he became a privy councillor; he was appointed to the cabinet. The justification, among other things, for that interesting appointment was the fact that he was to have special responsibilities for the Canada Development Corporation. I believe that is the expression that was used.

I think what we are trying to find out from the minister is what those special responsibilities are. He tells us that the Canada Development Corporation is not an instrument of government policy. That comes as a bit of a surprise to me because this corporation was called into being, if my memory serves me correctly, as a result of suggestions made by the Honourable Walter Gordon that we should proceed to Canadianization of certain aspects of our economy. That is why the Canada Development Corporation was brought into being—as a measure of government policy. Since when has it been turned loose to become a private corporation with no responsibilities of that kind? If it is not an instrument of government policy, I should like to know exactly what the special responsibilities of the minister are with respect to this corporation. Is he a director? Perhaps I could get a response to that question before continuing.

Senator Austin: No, I am not a director.

Senator Roblin: If he is not a director but he has special responsibilities, I presume they involve attending shareholders' meetings. Are there other responsibilities? Does he attend other meetings? What other shareholders have the right to do anything else but attend shareholders' meetings in connection with companies?

If he can, I should like my honourable friend to explain to me just what his function is, because that, I think, is the root of the problem that is distressing Senator Doody, and I must say it has confused me over the past little while, and I should like my honourable friend to enlighten me.

Senator Austin: The Canada Development Corporation is a reflection of policy contained in an act of Parliament—the Canada Development Corporation Act—and the policy of Parliament is expressed in that act, and it includes, in summary, that this corporation will not be an agent of Her Majesty; that this corporation will operate in the private sector; that this corporation will operate for the benefit of its investors; and that private Canadian citizens shall be investors in this corporation—indeed, I have told this chamber that

[Senator Austin.]

there are some 50,000 Canadians who are investors in the Canada Development Corporation—

Hon. Martial Asselin: So what are you doing there?

Senator Austin:—and who hold approximately half of the shares—that a minister of the Crown will hold the government's interest in the shares; that a minister of the Crown will be represented on the board of directors by the Deputy Minister of Finance, or alternate, and by the Deputy Minister of Industry, Trade and Commerce, or alternate, who are *ex officio* directors—they do not vote but are entitled to be present at directors' meetings—and so the statute goes.

The result is that the statute has created the Canada Development Corporation as a private corporation operating in the private sector of Canada. It is not a corporation which entitles a minister of the Crown to direct its affairs in any way, shape or form. It is true that the shareholder representing the government's investment has an unqualified right to vote the government's shares at an annual meeting. At all times the government has exercised its right as a shareholder to vote at an annual meeting in support of the management information circular. That is not legally required nor is it necessary that it always be done. The government is entitled to vote using its best judgment with respect to the conduct of the affairs of the Canada Development Corporation.

I am sure that Senator Roblin, Senator Doody and other honourable senators can quickly look up the statute and make themselves more specifically familiar with it, should they choose to do so.

● (1450)

Senator Asselin: What are you doing there?

Senator Roblin: The minister, in replying on another occasion to questions on this subject, went far beyond the statement he has given us today. If I understand his statement today correctly, he is telling me that he is acting as a person who holds shares, attends shareholders' meetings, and votes thereat. That is all right; I understand that. But he has been given a special role by the Prime Minister, a special responsibility for this corporation, and I am trying to find out what that special responsibility is. The minister told us the other day that he has met not only with the directors but also with the management of this company, but he refuses to report to us with respect to the decisions management has made. I want him to rationalize his position, if he can, and tell us exactly what his special responsibilities are, and what authority he has to do the things he is doing. If he says that this is a private corporation, that it is not a crown corporation, that it is not an instrument of government policy, what makes him think that he, as a shareholder, no matter how big a shareholder, has the right to have special access to the directors and the staff of this company? There must be something more to it than what he is telling us, and I am asking him to tell us what that something is.

Some Hon. Senators: Hear, hear.

Senator Austin: Honourable senators, I have the same authority, as a shareholder of Canada Development Corporation, as the Minister of Finance held prior to me, no more and no less, and there are no words in the order in council that enhance the authority which the minister of the Crown, as a shareholder, has under the statute.

Concerning my access as shareholder to the board of directors and the management of CDC, I have it only in the same way as any shareholder or other person has access to that corporation. Yes, I have held discussions with the chairman of the board and with the president and chief executive officer, at their request and mine, in order to familiarize myself with the business affairs of the company. I have received no objection from anyone to that usual form of procedure, and I doubt that Senator Roblin is telling me that I should bar myself from discussions with the board of directors or with the president and chief executive officer.

Senator Roblin: Honourable senators, the impression that my honourable friend leaves with me is that he is trying to persuade me that he had nothing to do with the policy of the company; yet, if he has been talking to the directors, I would ask him point blank whether he has discussed matters of policy with them, because no other shareholder would have the influence that he has. He is trying to tell us that he has no new powers, but what right has he to intervene in matters of policy, if he has done so? And I am asking whether he has.

Senator Austin: I have not in any way interfered with the business conduct of Canada Development Corporation.

Senator Roblin: Has the minister advised on matters of policy?

Senator Austin: I have not advised on any specific business matters.

Senator Roblin: Has the minister been consulted on matters of policy by the board of directors?

Senator Austin: I have not had any discussions of any kind on matters of business policy with the board of directors or the president and chief executive officer, aside from information that would enable me to properly support my knowledge of the values and debt structure of Canada Development Corporation.

Senator Roblin: If that is right, then so much for "special responsibilities for the Canada Development Corporation." It is nothing but a sham.

Senator Austin: I thank the honourable senator, but his judgment will not be guiding me in any way.

Senator Roblin: If it did, it would benefit my honourable friend considerably.

Senator Austin: That is a matter of opinion.

EMPLOYMENT AND IMMIGRATION

MANPOWER TRAINING AND JOB CREATION—GOVERNMENT POLICY

Hon. Stanley Haidasz: Honourable senators, I wish to direct a question to the Minister of State for Economic Development.

On March 11 the Leader of the Government announced in this chamber the federal government's manpower training and job creation expenditures for the next five years. In particular, he stated that continuing shortages of some 9,000 skilled workers were predicted each year for the next five years. Can the minister tell us what policy he has prepared to meet the shortage of 9,000 skilled workers in 1982?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there is no policy in effect at present that would adequately meet all of the specific technical skills required for 1982.

Senator Haidasz: I have a supplementary question. Did the minister consider bringing in immigrants possessing the required skills from various countries to fill this shortage? I refer particularly to refugees from Poland who are now in Eastern Europe, particularly in Vienna. Other countries, such as Australia and South Africa are now in Vienna selecting skilled labour for their own industries.

Senator Olson: Honourable senators, the Minister of Employment and Immigration is responding to that; but, as my honourable friend knows, there are a number of other considerations which have to be taken into account when considering immigration, one of them being that Canada, in responding to the needs of those refugees, is probably doing far more on a per capita basis and as a nation than any other country in the world.

LEGISLATION

SUGGESTED INTRODUCTION OF GOVERNMENT BILLS IN SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Donahoe on March 3, 1982, concerning the number of bills introduced in the Senate since the Christmas recess.

Since the Christmas recess there has been one Senate bill introduced in this chamber, namely, Bill S-24, the Canada-Germany Tax Agreement Bill, 1982. In addition, there have been three bills received from the other place and dealt with in the Senate. They are: Bill C-45, to amend the Pest Control Products Act; Bill C-11, the Electricity and Gas Inspection Bill, which technically received first reading on December 18, the last day the Senate sat before Christmas; and Bill C-78, the Labour Adjustment Benefits Bill.

Hon. Jacques Flynn (Leader of the Opposition): That has nothing to do with the question.

Senator Frith: Does the Leader of the Opposition wish me to give additional information?

Senator Flynn: You are only filling in time. The short answer is "one".

Senator Frith: Do I have the floor?

Honourable senators, the short answer is one—but I am not giving the short answer.

An Hon. Senator: Bravo!

Senator Frith: Also, it must be noted that the Standing Senate Committee on Banking, Trade and Commerce is conducting a pre-study of Bill C-90, the Customs Tariff Bill.

Senator Flynn: That has nothing to do with the question.

Senator Frith: Honourable senators, we hope to receive more legislation in the near future. However, as I mentioned before, most of the bills that the government has ready for introduction in Parliament are money bills which must be first introduced in the other place.

CANADA-UNITED STATES RELATIONS

U.S. WEAPONS TESTING IN CANADA

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Haidasz on March 11, 1982, concerning possible U.S. weapons testing in Canada.

Discussions are presently under way to reach agreement with the United States on weapons testing in Canada. Our role will be to provide the facilities to enable such testing to take place. However, since an agreement has not yet been concluded, it is difficult to say what the final package will consist of.

There will be no cost to Canada as a condition of the agreement. The project is considered to be fully cost-recoverable with no out-of-pocket expenses to be incurred.

EDUCATION

COMMITTEE TO STUDY GOVERNMENT POLICY ON POST-SECONDARY EDUCATION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Tremblay on February 10, 1982, concerning the Secretary of State Working Group on Federal Support for Post-Secondary Education.

During 1981, the government concluded that it would be desirable to review the mechanisms and objectives of its support for post-secondary education in Canada. Of particular concern were questions of accountability to Parliament for the funds provided to provinces and the extent to which this support was serving national objectives in the field of post-secondary education. Such objectives were enunciated by the Secretary of State in his remarks to the Parliamentary Committee on Federal-Provincial Fiscal Arrangements in June 1981.

In order to assist in the process of review, an internal working group of officials was formed within the Education Support Programs Branch of the Department of Secretary of State. This group, which commenced work in September 1981, is led by Peter Hicks from the Temporary Assignment Pool of the Treasury Board Secretariat and includes both regular staff of the Secretary of State and others brought in for their expertise from Statistics Canada. Of the seven officers working full-time as members of the group, two are francophone and several others are officially bilingual.

[Senator Frith.]

The task of the working group is to develop data on issues related to federal support for post-secondary education and to identify policy and programs options for consideration by the federal government. Present plans are for the group to be disbanded in the fairly near future, once its basic work has been completed, and for continuing requirements in this area to be met as a regular part of the responsibilities of the Education Support Programs Branch.

● (1500)

The formation of this working group is regarded as a normal response to a need on the part of the government for a relatively short, intensive study of a particular area of policy. Contrary to the impression created by the article in *Le Devoir* of February 10, 1982, it does not represent "un appareil d'intervention dans le domaine de l'enseignement supérieur".

With respect to the transmission to provinces of the offer made by the Prime Minister at the first ministers' conference in early February, I have a statement of concessionary position which was sent by the Secretary of State to provincial education ministers. A copy of this text had previously been sent by telex by the Under Secretary of State to the provincial deputy education ministers. It is somewhat lengthy, and for the information of honourable senators I would ask that it be printed as an appendix to *Debates of the Senate* of this day.

Hon. Senators: Agreed.

(For text of statement see appendix, p. 3851.)

LABOUR ADJUSTMENT BENEFITS BILL

CONSIDERATION OF REPORT OF COMMITTEE—DEBATE CONCLUDED

The Senate resumed from yesterday the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science on Bill C-78, intituled: "An Act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code".

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I appreciate the opportunity that was given to me to look this matter over during the adjournment. I hasten to say that I consider that the committee has done a very careful job in cleaning up the language of the statute. We sometimes fall far short of the mark, I think, with regard to the language of statutes these days, and it is good that the committee took this interest in the matter.

I was curious to see the proposal that, instead of making amendments to the statute now, we have them included in the next revision of the Statutes of Canada. The argument is that since the proposed changes do not affect the substance of the bill, but simply deal with matters of draftsmanship, this would be an acceptable course to follow. That may well be the case, but perhaps the Honourable Senator Bird could tell the Senate, if she will, what the date is for the next revision of the Statutes of Canada. My off-hand guess is that such revisions

are rather rare events. I do not think they are done annually, for example, although they may be.

Hon. Florence B. Bird: Honourable senators, the Statute Revision Commission is sitting at the present time. It is made up of three members of the Department of Justice. They are going through the statutes. Of course, I do not know when the amendments we are proposing will be dealt with, but it would seem to me obvious that a recommendation by a Senate committee would not be ignored.

Hon. Royce Frith (Deputy Leader of the Government): May I speak to that, honourable senators?

I think we have to know whether we are talking about the regular statutory revisions, which normally take place only every ten years, or whether we are referring to those statutes that, as we know, we receive every once in a while, containing what are referred to as non-controversial amendments. These are interim clean-up projects and, as I understand it, the present bill falls into this latter category. Presumably, we may expect to see these amendments embodied in one of these omnibus bills—if you will pardon the expression—as soon as the committee that deals with such matters sees them.

Hon. Henry D. Hicks: Honourable senators, the last revision of the Statutes of Canada was more than ten years ago, so a new consolidation and revision is already past due.

Senator Bird: Honourable senators, I understand that the Statute Revision Commission was set up in 1974. It is currently sitting and working on statutes. Instead of recommending the one that Senator Hicks mentioned, we did not do so because this other one is now sitting.

Senator Roblin: Honourable senators, I will not labour the point, but I would be interested in knowing for sure which particular revision we are dealing with, because my clear recollection is that the general revision is a very some-time thing—every heaven-knows-how-many years. It is true that other amendments come through, as my honourable friend the Deputy Leader of the Government has said, that bring in changes of a non-controversial nature, which I think probably come along first. All I am saying is that I hope we will be able to arrange for this matter to be attended to in the near future. Apart from this, I have no objection to what I see in front of me.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, on this point I am not entirely in agreement with the conciliatory attitude of my good friend Senator Roblin.

Because this matter is non-controversial, I do not see why we cannot send the amendments to the other place. They could deal with it in no time. My honourable friend mentioned that the annual bill dealing with non-controversial matters arises from the initiative of the Department of Justice with, of course, the co-operation of the other departments involved; but here we have the initiative of a committee of the Senate—indeed, of the Senate itself. It seems to me, therefore, that to send these recommendations to the department to be included in that annual bill is certainly not in keeping with our responsibilities in the job we have to do. We should not hesitate,

especially when the matter is non-controversial, to send a bill back to the House of Commons and tell them that we think that certain amendments should be made. When I say “non-controversial”, I hasten to add that even if this were controversial we should not hesitate to do our job properly. I certainly resent the idea that because we do not dare ask the House of Commons to accept amendments from the Senate, we should go by the back door, namely, through this annual bill, or through the revision of statutes which takes place only every ten years.

Senator Bird: Honourable senators, I think the committee was unanimously in agreement—

Senator Flynn: I am not accusing you.

Senator Bird:—that the bill could not be held up any longer. It has been in the hopper for nine months, and in the meantime these poor people who have been fired are not getting the money they should be getting. We felt very strongly that, in all conscience, in view of what has been happening in the other place of late, since not very much legislation has been passed there, it would be wrong, inconsiderate and almost cruel to deprive these people of this money any longer. This is one of the reasons we drew up the report in that way. We feel we have done our duty by drawing this matter to the attention of the Statute Revision Commission, and I hope the Honourable the Leader of the Opposition will understand that we were trying to do what the Senate should be doing, which is to see that legislation is carried out.

Senator Flynn: Honourable senators, I am not being critical of the chairperson of the committee at all. I can understand how these things happen. It seems to me, however, that if these points are non-controversial we should be able to get the co-operation of the other place and have the bill passed in a few days. Perhaps last week, because of the ringing of the division bell in the other place, there was a possibility that the legislation would be delayed; but normally I think we should be, let us say, optimistic enough to think that the House of Commons will agree to adopt quickly amendments of this kind. If we do not do that, the House of Commons will always consider everything that comes from the Senate as being in opposition to its superiority, or something like that, and I do not like that attitude.

Hon. John M. Godfrey: Honourable senators, may I ask a question of Senator Bird? The custom in the Standing Senate Committee on Banking, Trade and Commerce, at least, is that when these kinds of things come up, and we do not want to have the legislation delayed, we obtain an undertaking from the minister concerned that these non-controversial amendments will be included in other legislation as soon as possible. Was any such undertaking obtained by the committee in this case?

Senator Bird: No.

Senator Frith: The report stands adopted, because the bill was reported without amendment, so we can now ask for third reading.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Neiman, bill placed on the Orders of the Day for third reading at the next sitting.

● (1510)

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—DEBATE CONTINUED

The Senate resumed from Wednesday, March 10, debate on the consideration of the report of the Standing Senate Committee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces," tabled in the Senate on February 10, 1982.

Hon. Henry D. Hicks: Honourable senators, although I was an artillery officer—a gunner—for some five years during World War II, I do not normally regard myself as a person who is particularly oriented militaristically. Nevertheless, I have to say that I believe I derived more satisfaction from my participation in the work of the Subcommittee on National Defence than, perhaps, from any other single activity in which I have engaged since I came to the Senate. I think that the work done by the committee is extremely interesting. I think that the conclusions of the committee are important, and I hope that they will have some influence on the policies of the Government of Canada.

Before I make a few comments about the work of the subcommittee, I cannot help but refer to the late Senator A. H. McDonald, who, during all of the years we served together in this chamber, tried so hard to establish a committee which would concern itself with matters of national defence. I am certain that Senator McDonald would have been pleased, indeed, if he could have seen the formation of the subcommittee and could have had a look at the first report of that subcommittee.

I also want to congratulate and pay tribute to Senator Paul Lafond, who, with a great deal of skill, directed the work of this committee as its chairman. He worked in close co-operation with the officers and staff of the committee, who served it well.

Hon. Duff Roblin (Deputy Leader of the Opposition): Hear, hear!

Senator Hicks: A number of recommendations were made by the committee. They occupy only three or four pages at the beginning of the report, and I hope that every honourable senator will read those recommendations and will acquaint himself or herself with them. By far the most important of them is recommendation No. 1, which recommends that a new white paper on national defence policy should be prepared. The last such white paper was prepared in 1971 and is, to say the least, substantially out of date in the light of our present circumstances.

Virtually all of the recommendations which are set out in this report underline the necessity for a new white paper. Our

report, in itself, may not be able to justify all of the recommendations we made, because it is a relatively short report. We believe, however, that a new white paper, carefully prepared, as it should be, will verify and underline the validity of each and every one of the recommendations that were made by this committee. I am aware that white papers sometimes result in an inflexible attitude, or in the adoption of fairly inflexible policies, on the part of government. Nevertheless, we feel that a new white paper is long overdue.

I should like to call attention to one or two things contained in the report. Canada's involvement in NATO is graphically illustrated—and I use the term both literally and figuratively—on page 17 of the report. As a Canadian, I do not feel very pleased to see the black mark which indicates Canada's position as the lowest contributor, in relation to our gross national product, to the NATO Alliance. Our contribution is the least of any member of NATO, save only for the little country of Luxembourg. Canada contributes only 1.7 per cent of its gross national product towards defence efforts. I think we should look to our position and should try to improve it. I am glad that there is some evidence that the government is now attempting to do just that. The figures on that table range up to a high of 5.5 per cent of gross national product, which represents the contribution made by the United States. When we remember that our Russian friends—and I hope they are our friends—are spending between 14 and 15 per cent of their gross national product on national defence, we can see how out of balance the NATO alliance is. As well, we can see how unfortunately out of balance is Canada's contribution within NATO.

While talking about our involvement in NATO, I should also like to call attention to the Canadian air-sea transportable force which is committed for use in northern Norway. This force, which is usually referred to as CAST, is to be transported to northern Norway to assist our Norwegian friends in the event of an invasion of that country by the Warsaw Pact powers. It seems to me—and I am not speaking for the committee now—that this is totally unrealistic and that the best thing we could possibly hope for would be that the Canadian force would not arrive until the action was over. Surely there is a better way to deploy our forces in support of NATO than to engage in this rather fanciful operation known as CAST. I hope that, in any white paper which is produced by the government, the role of Canada in connection with the CAST force will be examined very carefully. It might be much more useful, for example, to augment the troops that we have at Lahr or elsewhere in West Germany. This force would thus be more readily available as a reinforcement to the NATO alliance in Europe. To my way of thinking, such a plan is more reliable than the fanciful possibility of air-sea transport to Norway, which would mean that we probably would not get there until the fighting was over.

In recommendations Nos. 4, 5 and 7 the committee has advocated a substantial increase in the level of our troops in Europe and in Mobile Command. I do not need to go over those recommendations in great detail. We think that the

levels recommended by the subcommittee are not unrealistic, and that it is of vital importance that these levels be attained within the next several years. As a matter of fact, the report of the committee has recommended that the increases in troop levels of Mobile Command should take place in two categorical jumps: an increase of 2,500 men by 1985 and an increase of 4,000 men by 1987. Quite obviously, the committee would be well pleased if these increases took place on a more gradual basis but, for the sake of our calculations and cost estimates, we developed them in the two steps to which I have referred.

In my opinion, the report of the committee did not focus enough attention upon the militia and the supplementary reserve. The reason why we did not devote more attention to those two categories is because the House of Commons committee has just published a report called "Action for Reserves," which deals with this matter much more thoroughly. I would like to think that our report should be read in conjunction with the recommendations which we knew were being made by the committee in the other place on this subject.

I shall read recommendation No. 14, which has to do with the cadets, because I think it contains a point of view which is especially important and which, perhaps, is not often thought of or understood by Canadians.

The Sub-committee recommends that the cadet movement, in view of its great contribution to Canadian youth, should be given fuller recognition and all possible material and moral support by the government and the people of Canada.

It is this phrase that I commend to your attention:

Everyone should bear in mind the great services the movement performs in forming good citizens, developing qualities of leadership and discipline, and encouraging positive attitudes towards enrollment in the armed forces.

In other words, honourable senators, we believe that the cadet movement has many facets which are of interest to a country like Canada in the development of its citizens and in the development of good attitudes towards citizenship.

You will also note, if you read the report carefully, that we could not recommend at the present time that there be increases in manpower in Maritime Command, which is dealt with in recommendation No. 9, or in Air Command, which is dealt with in recommendation No. 12. The reason for this is that we felt that the equipment situation is so deplorable that further manpower could not be gainfully employed until something is done to improve the equipment resources of both of these important commands. Fortunately, there are now some prospects of these equipment deficiencies being met. This is long overdue, however, and the resulting time lag which we now face is painfully long.

I do not think that I need speak much longer, honourable senators. The Subcommittee on National Defence is now examining Maritime Command and will give attention to the equipment aspects to which I have just referred.

I should like to end on this note, that, notwithstanding the deplorable shortages in manpower and equipment in our armed forces, I, as one member of the committee—and I think my colleagues would agree with me—was agreeably surprised at the evidence of good morale and determination which we found on the part of the officers who came before us. It may be that these attitudes of morale and determination are not as high among the non-commissioned officers and other ranks as they are among those of the higher echelon, but we were agreeably impressed with the calibre and quality of the men of the armed services who came before the committee, and with the high state of morale and determination which they showed.

• (1520)

Honourable senators, I think this report says something about our armed services which badly needed saying, and I hope, as I said at the beginning of my remarks, that our recommendations will not go unheeded by the Government of Canada.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, although I do not intend to speak, I want to hold the debate open for anyone who may wish to, and I so advise the chairman of the subcommittee. In that event, I will be glad to yield. I think we should wait for at least a week and, if no one wishes to speak, then Senator Lafond may wish to close the debate.

Hon. Paul C. Lafond: Honourable senators, it is my understanding that Senator Thompson intends to participate in this debate, although he is not present in the chamber at the moment.

On motion of Senator Frith, for Senator Thompson, debate adjourned.

HOUSING

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Royce Frith (Deputy Leader of the Government), for Honourable Salter A. Hayden, pursuant to notice of March 16, moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject-matter of the Bill C-89, intitled: "An Act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act", in advance of the said bill coming before the Senate, or any matter relating thereto.

He said: Honourable senators will recall that notice of this motion was given yesterday, that leave was asked to proceed with it yesterday but that Senator Smith and others wanted an opportunity to have a look at the bill because, for some reason, it was not in our desks, although, after prompting an inquiry to the Distribution Office, I understand that the bill was circulated some time ago in the usual way—that is, it was placed in senators' mail boxes and then distributed to their offices or

picked up by their secretaries. Of course, this is no answer to the problem when it was raised, but I think it may be an answer to the problem now. Therefore, I ask for adoption of the motion authorizing Senator Hayden's committee to proceed with the pre-study of this bill. The actual vote on the motion is simply to give him authority to do so. I know that Senator Hayden would be pleased to hear from honourable senators as to the timing of that consideration and as to furnishing adequate opportunity for honourable senators to examine the bill in advance of that consideration, if they wish.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to offer a brief comment, not to oppose the motion but to observe that the bill itself has received second reading in the House of Commons and is now in committee. My concern, and I have expressed it privately to the chairman of the committee, is that we somehow give adequate notice that the Senate is holding hearings on this bill, because the financial institutions, the building trades, the co-operatives which are covered in it and consumers, in general, might be interested in offering some comments to us on it. I merely wanted to formalize that suggestion so that it would not be overlooked.

I wonder if I could have the indulgence of the Senate to make a brief remark about Bill C-93, which I had supposed was in the same category of being held over, but it is not. Bill C-93 is a finance bill, which means that it cannot be introduced in this house; it has to be introduced in the House of Commons. I also observe that it has only received first reading there, so we do not have the benefit of the reasoning behind the introduction of this bill, on the part of its sponsors, in respect to government policy. It seems to me that we should reflect on just how far we should go in the pre-study. It may be advisable to consider whether or not financial bills in particular and, indeed, any bill should at least receive second reading in the House of Commons, so that we know that it has been approved in principle by that body, before we proceed. Perish the thought that it might not be, if it is a government bill; nevertheless, it is always a technical possibility.

This should be the case particularly when it is a bill that requires explanation on the part of the government as to its merits and why it should be accepted. I offer that observation, and I shall probably repeat it in the committee when it studies this matter. Certainly, in my opinion, we cannot initiate in this house finance bills, for which the House of Commons has a particular responsibility we do not share, and we ought to consider whether we should proceed with pre-studies before second reading, at the earliest. We may get ourselves into trouble by using this pre-study procedure so freely as to deal

with bills that have only had first reading in the House of Commons. So I offer those cautionary words.

Senator Frith: Honourable senators, I take the point raised by Senator Roblin, and I am sure that it will be taken into consideration by the chairman of the committee. I understand precisely why he wished to put it on the record here in addition to having spoken to the chairman.

I add a comment. I believe Senator Hayden has often insisted that his pre-study is merely of the subject matter and not a detailed examination of a bill. But Senator Roblin, as a member of the committee, knows that examination of a subject matter does in fact get quite detailed, and I imagine that is the basis for his caveat concerning any dangers there might be in excessive use of this device of pre-study, a device which has in the past, when used judiciously, been an extremely effective legislative tool.

Senator Roblin: May I just offer one correction to my honourable friend? I did not speak to the chairman of the committee respecting Bill C-93. Those thoughts were not in my mind at the time, and I spoke only with respect to Bill C-89. I do not oppose this procedure. I think it has much merit, and I agree with my honourable friend that when we get a pre-study going in committee we go into every nut and bolt.

Hon. John M. Godfrey: Honourable senators, I would like to say a word on the subject. As the joint chairman of a committee, I sent a letter out a few weeks ago suggesting that the committee chairmen have a meeting dealing with the whole subject of pre-study in an attempt to arrive at some kind of general policy, because there does not seem to be any clear policy and everybody goes off on a tangent. I suggest that the practical method of handling this matter is to have a meeting of committee chairmen to agree on a general policy or guidelines, which could include the very sensible suggestion made by Senator Roblin.

Senator Frith: Honourable senators will remember that this is perhaps the second or third occasion when reference has been made to an ad hoc group called the Committee of Committee Chairmen. I thought we did some very valuable work at our inaugural meeting, though we did not want to formalize the committee much more than to call meetings when they were felt necessary. However, I believe that all the committee chairmen agreed with the point raised by Senator Godfrey and implied in the point raised by Senator Roblin—namely, that the pre-study procedure merits some study by that committee and that it should explore ways of making it even more effective.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 3846)

STATEMENT OF CONCESSIONARY POSITION ON EPF/FISCAL
ARRANGEMENTS FOR FIRST MINISTERS CONFERENCE

In return for full provincial endorsement of the federal offer with respect to other aspects of fiscal arrangements the federal government offers to continue the current EPF transfer mechanism including both base year and escalator arrangements for post-secondary education programs through fiscal year 1983-84 subject to the following stipulations.

1. Provincial governments undertake to increase overall funding for post-secondary education in each of the next two fiscal years at a rate at least equal to the rate of increase of EPF cash and tax transfers*;
2. Provincial governments undertake to discuss with the Secretary of State mechanisms by which the achievement of the major national objectives with respect to the overall support of post-secondary education may be assured with a view to defining these objectives in federal legislation governing EPF post-secondary transfers and implementing such legislation by the end of fiscal 1983-84; the federal objectives include:
 - a) Mobility—no discrimination of preference for students or faculty on the basis of province of origin;
 - b) Accessibility—the assurance of reasonable access to post-secondary education and adult training programs for all qualified Canadians;
 - c) Accountability—the provision of adequate information on the post-secondary education programs, to enable Parliament to assess the efficacy of its funding programs and for national and international planning;
 - d) Cooperative Planning—agreement to joint federal and provincial planning for the implementation of means to achieve national objectives in post-secondary education and training;

* EPF escalator
1982-83—11.7%
1983-84—11.9%

e) Language—agreement to provide full opportunity for the people of Canada to increase their knowledge of Canada's official languages through formal learning and for members of minority official language groups to receive post-secondary education in their own language.

The federal government is aware that among the actions necessary to achieve mobility and accessibility objectives for Post-Secondary Education, it may be necessary to improve loan and assistance programs available to needy students.

3. Federal-provincial discussions among ministers responsible for training programs will continue with a view to arriving at new training agreements by August 1982.
4. With respect to health insurance and extended health care programs the federal government will continue to provide transfers to provincial governments under EPF arrangements through fiscal 1982-83 and at comparable levels thereafter. In order to more clearly define the national conditions and standards by which those transfers are made and the mechanisms by which those standards may be achieved, the federal Minister of Health and Welfare will undertake to begin discussion in the immediate future with her provincial colleagues leading to the development of new federal health legislation for implementation by April 1, 1983 with basic funding under that legislation to be subject to the guarantee outlined above.
5. Federal and provincial program ministers in the sectors referred to above will include in their forthcoming discussions consideration of mechanisms to assist in improving accountability to legislatures and particularly the federal Parliament for the expenditures involved and for assuring that Canadians are aware of the sources of funding for the programs involved.

THE SENATE

Thursday, March 18, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[Translation]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Tuesday next, March 23, 1982, at 8 o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, since we are so busy here in the Senate that we have to come back next Tuesday, may I ask the Deputy Leader of the Government whether we can expect some relief in the near future, because a number of people here seem to be exhausted by the pace.

Senator Frith: Honourable senators, the Leader of the Opposition is, of course, referring to a problem we are having with legislation, namely that we probably cannot expect to receive a large number of bills from the other place. Although there certainly are a number of bills over there, they are not, however, ready to come to the Senate. On the other hand, there is still our usual question period and there are committee meetings. In fact, I noticed that five meetings are scheduled for Tuesday, two for Wednesday and six or seven for Thursday.

I also believe that we can expect a number of interventions on inquiries, etc., and I feel that although we are not sure of getting a large number of bills, there are other aspects of our work which, in my opinion, are ample justification for sitting next week.

[English]

Hon. Raymond J. Perrault (Leader of the Government): Is that too much for you?

[Translation]

Senator Flynn: I am sure that the list we have just been given by the Deputy Leader of the Government to justify our return next week will probably look very impressive in *Hansard*, but to anyone who knows what is going on, it is not very convincing.

[English]

Hon. Jack Marshall: Honourable senators, a couple of weeks ago the deputy leader was all gung ho about ignoring the Lamontagne report—

Senator Frith: Ignoring?

Senator Marshall: —or putting it aside. He stressed the importance of senators spending more time discussing Senate reform themselves.

Keeping in mind what has taken place in the other place, and the importance that has been projected over the past two days with respect to reform of the House of Commons, would the deputy leader not agree that, instead of using the Senate as a scapegoat, parliamentary reform should start in the other place and not here in the Senate, where all we need is a little independence and enough guts to stop certain legislation, for the good of the people of Canada.

Senator Frith: Honourable senators, I agree with some things that have been said and disagree with others. I certainly agree that we should not talk of Senate reform with a view to having it replace the need for reform in the other place.

I do not wish to comment on whether the other place needs reform or not—I have my views on that. It is not up to me to tell members of that house how I think it should be reformed. Certainly, if parliamentary reform is needed, then the question should be approached on the basis of reform of Parliament and not one house of Parliament.

I do not feel at all that we are talking about ignoring the Lamontagne report. I hope that the two items on the Order Paper dealing with Senate reform will be addressed next week by the senators in whose names they stand.

As Senator Marshall and other honourable senators know, I strongly support both Parts I and II of the Lamontagne report. I hope that we will continue, in our customary reflective and thoughtful way, considering the question of Senate reform. To the extent it is any of my business, I hope that the members of the other place succeed in bringing about some reform there too.

Senator Marshall: In the event that a resolution or motion is put forward in the other place with respect to parliamentary reform, by whatever party, and that resolution or motion makes reference to the Senate, will the deputy leader watch it with a view to insisting, if there are references in it to the Senate, that the Senate have representation on whatever committee is formed to study the matter?

Senator Frith: Yes.

Motion agreed to.

PRIVILEGE

STATEMENT BY SENATOR ROBLIN

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before Question Period is called I hope that I

can bootleg in something that is perhaps a question of privilege. After reading yesterday's *Hansard*, and particularly my exchange with the Honourable Senator Austin, who I regret is not present to hear what I have to say this afternoon, I have come to the conclusion that perhaps I was unnecessarily offensive regarding his activities when I referred, as reported at page 3845, to his appointment as being a "sham".

On reflection, I have decided that that is a term I should have not have used and need not have used, so I should like to withdraw it and express to the honourable minister my regret at using such an ill-advised expression that might have caused him pain or discomfort.

QUESTION PERIOD

[English]

CANADA-UNITED STATES RELATIONS

U.S. WEAPONS TESTING IN CANADA

Hon. Martha P. Bielish: Honourable senators, I have a question for the Leader of the Government in the Senate.

In a reply given yesterday by the Honourable Senator Frith, the Deputy Leader of the Government, to a question raised by Senator Haidasz on March 11, the deputy leader confirmed that talks are under way to facilitate U.S. testing of weapons on Canadian soil.

The Secretary of State for External Affairs also admitted yesterday that the Canadian government has already given its approval in principle to the weapons.

My first question to the Leader of the Government is: Can he confirm that the tests which the Americans have requested, and which the Canadian government has approved in principle, are to take place in northeastern Alberta?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

As the reply of yesterday indicated, discussions are under way on the point raised by the honourable senator.

Senator Bielish: I have a supplementary question. Would the Leader of the Government inquire as to whether, if they are going to be tested in Alberta, the Alberta government, the native associations, the wildlife people and others were consulted before approval in principle was given?

Senator Perrault: The question will be taken as notice as well.

• (1410)

Senator Bielish: As a further supplementary, would the leader determine if any studies were conducted on the poten-

tial impact of such testing on humans, livestock and wildlife before approval in principle was given and, if such studies were undertaken, would the leader table them in the Senate?

As a final supplementary, if no such studies have been done, will the leader assure us that they will be initiated and completed, and that full consultation with those likely to be affected will take place before any final approval of tests is given.

Senator Perrault: As complete a reply as the department's research department is able to assemble will be brought to the Senate.

ENERGY

ALSANDS PROJECT—WITHDRAWAL OF PARTNERS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a supplementary question raised on March 2 by Senator Murray concerning a revised energy demand forecast.

I can inform the honourable senator that supply, demand and pricing forecasts are under continuous review by officials within the Department of Energy, Mines and Resources. In due course, new departmental forecasts will be made available.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask a supplementary question with respect to that answer? Would my honourable friend include in that the department's analysis of where the Cold Lake development and the Alsands development come in with respect to our energy self-sufficiency program?

Senator Olson: I can do that, but that is really not a supplementary question although it might be related. That, of course, deals with the supply side, not the demand side, and my honourable friend will recognize that at once. In any event, I will refer that to the minister as well.

Honourable senators, I should like to respond to another supplementary question under this heading raised on March 2 by Senator Balfour which concerns drilling rig activity in western Canada.

Earlier this year, the Canadian Association of Oilwell Drilling Contractors had forecast that 5,500 wells would be drilled in Canada during 1982. Subsequently, the association revised its estimate upward to 6,000 wells drilled, while the Canadian Petroleum Association is now forecasting the drilling of 6,200 wells for this calendar year. In view of a recent decline in drilling activity in the United States and a return of some drilling rigs to Canada, the CPA estimate could be considered as a minimum. In fact, some industry sources are forecasting a total in excess of 7,200 wells for 1982, which would be 5 per cent above the 1981 total.

The Department of Energy, Mines and Resources has not made a forecast of the average level of drilling activity for 1982.

With regard to drilling activity, it can be noted that in March there were 470 drilling rigs in Canada, of which 390 were active. The customary decline in drilling in late March

through mid-May, due to the spring breakup, will, of course, lower the drilling activity during that period. However, a resumption of higher level of drilling is expected in the third quarter of 1982.

OIL—REDUCTION IN EXPLORATION ACTIVITY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on March 11 by Senator Bielish which concerned drilling rig activity.

In a report submitted to the Department of Energy, Mines and Resources and distributed to its member companies, the Canadian Association of Oilwell Drilling Contractors reported that since the announcement of the NEP on January 14, 1982, 226 drilling rigs and 107 service rigs have left this country. It is important to note, however, that of the 226 drilling rigs, 39 are classified as "flowthrough" rigs, meaning that they had never operated in Canada and were not part of the Canadian fleet. Twenty-four of the 107 service rigs can be classified as "flowthrough" rigs as well.

There has been a tendency over the last 18 months or so to attribute any problem within the drilling sector to the National Energy Program. This ignores the fact that since approximately 1960, the petroleum industry has operated in cycles lasting about five years, that have culminated in peak periods of production and oil field activity. The last peak period ended in 1980, coinciding with the release of the NEP report.

• (1415)

Historically there has been substantial movement of drilling rigs between Canada and the United States. There is evidence of a moderation in the flow of rigs to the United States and an increase in the return of some of those drilling rigs to Canada.

CANADA-UNITED STATES RELATIONS

U.S. WEAPONS TESTING IN CANADA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a few moments ago Senator Bielish requested information on the use of Canadian ranges for the testing of U.S. defence systems, and I said that I would make an effort to obtain as much information as I could as soon as possible. I now have some preliminary information.

Some Hon. Senators: Hear, hear.

Senator Perrault: We hope that this short time lapse establishes a new standard of excellence in the early production of information.

Canada and the United States are currently studying the possibility of concluding a framework agreement to regulate any testing by the United States of defence equipment using Canadian test sites and airspace. In the past, such projects, for example cold weather testing, have been dealt with on an *ad hoc* basis.

Details of such an agreement, which are still being worked out between the two countries, would be made public on conclusion of negotiations following agreement by both sides.

[Senator Olson.]

Bilateral discussions to date have included the possibility of unarmed Cruise missile testing in Canadian airspace over the kind of terrain we have in the north. It does not specify at this point the exact areas, honourable senators. Cruise missiles are small pilotless aircraft propelled by a jet engine and can be used to carry either conventional or nuclear weapons. Of course, no warheads would be involved in any test flight in Canada.

Canada has never advocated the placing of unilateral restraints on the testing or development of U.S. defence systems, because such unilateral restraints could upset the balance of deterrence on which western security depends. The proposed testing of unarmed Cruise missiles in Canada will not interfere in any way with Canadian support for efforts to negotiate balanced and verifiable arms control agreements.

FOREIGN AFFAIRS

EL SALVADOR—ELECTION—CONDITIONS GOVERNING OBSERVERS—STATEMENT BY GOVERNMENT LEADER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have information on the subject of El Salvador, a subject on which several honourable senators have asked questions in recent weeks. Some of those questions related to the conditions governing election observers in El Salvador which the Government of Canada found unacceptable.

The Government of El Salvador did not lay out any structured format under which election observers would function. There were, for example, no specific terms of reference as to what the observers were expected to do, no specific arrangements for co-operation with other international observers, no concrete mechanisms put in place through which observers could report their findings, and no clear indication as to what observers should do in the event that they did find irregularities. In short, the observers would, apparently, be left strictly to their own devices in El Salvador, which would, I suggest, pose some problems. That kind of arrangement was found to be inconsistent with our previous experience in observing electoral processes, for example, in Zimbabwe.

EMPLOYMENT AND IMMIGRATION

MANPOWER TRAINING AND JOB CREATION EXPENDITURES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, questions were asked by Senator Leblanc and Senator Muir with respect to the \$208 million to be spent on manpower training and job creation programs. The question was asked as to whether the enabling legislation would provide for specific amounts for each province or whether it would be distributed according to some other system; how would the \$208 million be divided; and what might be available for Quebec and the Atlantic region?

The answer is that the enabling legislation will not provide for specific amounts for each province. The \$208 million includes \$188 million to be used for training and to support

expansion or modernization of training facilities. The funds are for a two-year period and, in the case of training, are in addition to those already proposed.

● (1420)

The training funds will not be distributed on a quota basis, but will take into account labour market needs, industry's ability to participate, and current training activities. The amounts available for Quebec and the Atlantic region have not yet been approved.

The criteria for the distribution of the occupational growth and adjustment funds are in the process of development. The amounts available for use in individual provinces will not be determined until the criteria are approved and negotiations with the provinces and the private sector completed.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT—PROPOSED REVISION—
CANADA-MANITOBA CONSULTATIONS—STATEMENT BY
GOVERNMENT LEADER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have further information on the subject of the Garrison dam which will be of interest especially to Senator Guay, Senator Roblin and a number of other senators.

According to press reports of March 17, a North Dakota official has expressed surprise and anger that the federal and Manitoba governments have not informed the Canadian public of the proposed United States revised Garrison project.

As indicated in recent press reports, the United States is considering possible revisions to the Garrison plan.

United States authorities have given federal and Manitoba officials a general briefing on these proposed revisions. The briefing was based on a Department of the Interior preliminary study which has no formal standing in the United States. Time is needed to assess the implications of this new development, and more concrete information, such as engineering design, will be required before Canada can determine its acceptability. The proposed revisions are expected to figure in our ongoing consultations with the United States on the Garrison issue.

Since these proposals represent an internal United States development, and are at a very preliminary stage with no formal endorsement in the United States, it is not for the federal or Manitoba governments to take the initiative in publicizing them or to comment in advance of their being made public in the United States.

As announced on March 2, federal and Manitoba ministers have agreed that our governments will collaborate even more closely than in the past to protect Canadian interests relating to Garrison.

To this end, a number of steps are going to be taken. The dialogue and consultation between federal and Manitoba ministers on this issue will be continued and a joint ministerial committee will be established to meet as required to determine strategy for the continuing joint effort on Garrison. Committee

membership will include, from the federal government, the Honourable Mark MacGuigan, co-chairman, the Honourable John Roberts and the Honourable Lloyd Axworthy; and, from Manitoba, the Honourable Alvin Mackling, co-chairman, and the Honourable Jay Cowan.

Officials from Ottawa and Winnipeg will also continue to collaborate very closely. One important element will be the loan of a Manitoba official to the Canadian embassy in Washington. This official will work under the direction of the Canadian ambassador, who will continue to lead the Canadian governmental effort on Garrison in the United States.

Finally, the Manitoba government has decided to retain a Washington legal firm to provide advice, information and analysis on the Garrison question, also in close consultation with the embassy.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I say that I think the measures announced seem to be positive in respect of joint action on the part of the provincial and federal governments; but I offer the warning, if I may, that while it is apparently quite agreeable to the American administration to deal with the Garrison project in a manner that would be compatible with Canadian interests, the real problem seems to be with the Senate and House of Representatives. I would urge our representatives, whoever they are, to keep in mind the fact that having made a deal with the administration simply is not good enough. They are going to have to convince the senators and representatives from North Dakota, or their allies, of the desirability of moderating their ambitions on Garrison.

● (1425)

Senator Perrault: I thank the honourable senator for his observations. I think that all Canadians share the concern of Senators Roblin, Yuzyk, Bielish and others. It may be that, upon the establishment of this committee, an opportunity will arise for a special briefing in Ottawa so that the members of the Senate can better understand what is involved.

Senator Roblin: The briefing will be held in Washington.

Senator Perrault: I am speaking, in the first instance, of an information session for honourable senators so that they will be brought up to date, as much as is possible. I will make that suggestion to the minister.

FISHERIES AND OCEANS

ANNUAL SEAL HUNT—RESOLUTION OF EUROPEAN
PARLIAMENT—STATEMENT BY GOVERNMENT LEADER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have, finally, a report on the seal hunt, which may be of interest to honourable senators from Newfoundland.

Hon. Jack Marshall: Too late!

Senator Perrault: No doubt, but perhaps I should make the report anyway.

Since hearing of the draft resolution last fall, the Department of External Affairs, in close co-operation with the Department of Fisheries and Oceans, mounted a campaign to provide objective and balanced information on the seal hunt. Special efforts were made to provide these facts to members of the European Parliament, journalists, and officials of the commission in Brussels.

Scientific experts, public relations specialists and other officials met with parliamentarians, the press and our own information people in the European countries to provide factual information on the seal hunt. These efforts led to a postponement of the European Parliament's consideration of the resolution when its backers realized that many of their arguments were unfounded. Individual letters went to every member of the Parliament to set out the facts of the seal hunt and to underline its importance to Canada.

Despite these efforts and despite two all-party parliamentary missions and the presence of Mr. Rompkey in the days preceding the vote, the European Parliament responded to the pressure of European public opinion and adopted the resolution on March 11.

Our mission to the European community in Brussels made a formal démarche to the commission several months ago to present the government's position to the authorities in Brussels. We are now impressing on the Commission that the vote of the European Parliament, which was based on emotion and incorrect information rather than scientific fact, does not change that position. Any unilateral decision that interferes with this important Canadian activity would raise the prospect of an appropriate response to protect Canadian interests.

CANADA-UNITED STATES RELATIONS

U.S. WEAPONS TESTING IN CANADA

Hon. Robert Muir: Honourable senators, if I may, I should like to direct to the Leader of the Government in the Senate a question which has to do with the questions posed by Senator Bielish and the partial response that she received. May I ask whether the tentative agreement between Canada and the United States with regard to testing the Cruise missile will involve Canadian forces? Will our forces be permitted, by the Canadian government and that of the United States, to take part in this operation?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as I am sure the honourable senator understands, this is a sensitive issue and one upon which I do not want to speculate at this time. The question will, however, be taken as notice.

LABOUR ADJUSTMENT BENEFITS BILL

THIRD READING

Hon. Joan Neiman moved the third reading of Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code.

[Senator Perrault.]

She said: Honourable senators, the Deputy Chairman of the Standing Senate Committee on Health, Welfare and Science has reported this bill without amendment, but with a recommendation concerning certain changes which she felt should be made to the English version to make it conform to the French version, which our legal counsel felt was more appropriate.

I listened to the comments by both the Leader and the Deputy Leader of the Opposition yesterday. As a result, I spoke to Mr. Caccia, the minister responsible for this bill, and explained to him what had been recommended with respect to it. I told him that, because of the minor nature of the changes, I felt that it would not be necessary to have from him an undertaking in the normal sense. The minister wrote me a letter confirming our telephone conversation and saying that he would undertake to have the proposed changes included in the next miscellaneous statute law amendment bill.

● (1430)

As honourable senators know, this type of act is put together about once a year to gather together the anomalies and non-contentious mistakes found in the statutes, and to correct them. The minister is more than willing to ensure that when the next bill of this kind is put together he will include the changes recommended by our standing committee.

This bill was considered very thoroughly in the other place by the Standing Committee on Labour, Manpower and Immigration, which held a total of 9 meetings. Substantive amendments to the bill were proposed at the report stage, many of which were adopted and included in the bill now before us.

The Standing Senate Committee on Health, Welfare and Science held three meetings on the bill. Although I am not a member of that committee, I attended all the meetings and am satisfied with the scrutiny the bill received from the committee. I am very happy now to recommend that this bill be passed on third reading.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would like to clarify something that arose when the bill was reported. You will remember that rule 78(2) reads:

A report presented to the Senate shall be received without debate.

You will also remember that rule 78(4) reads:

When a committee reports a bill without amendment, such report shall stand adopted without any motion, and the senator in charge of the bill shall move that it be read a third time on a future day.

And rule 80 provides:

On every report of amendments to a bill made from a committee, the senator presenting the report shall explain to the Senate the basis for and the effect of each amendment.

To prevent what took place in this case being considered a precedent, it should be made clear that we mistakenly treated the committee's report as one with amendments when, in fact, the committee was reporting the bill without amendment.

When a bill is reported without amendment, as is the case with Bill C-78, and comments are to be made by the chairman of the committee, such comments should be made at the third reading stage, rather than the report stage.

Granted, the comments made by the deputy chairman of the committee were relevant, and it was important that the matter be discussed.

Hon. Jean-Paul Deschatelets: She had leave.

Senator Frith: Yes, Senator Bird did ask for leave to give an explanation, and leave was given. We then proceeded to discuss it. In any event, our rules provide that when a bill is reported without amendment, it stands adopted without debate. All discussion should take place at the third reading stage. This is the procedure we should have followed, and I want to note on the record that we were not establishing a precedent by doing what we did in this case.

Hon. Jack Marshall: Honourable senators, I was at the final meeting of the committee, and as I recall—Senator Bird can correct me if I am wrong—the Law Clerk gave advice to the effect that we were completely in order to follow the procedure we did. Is the deputy leader now saying the Law Clerk was wrong? If so, I am wondering why we followed the procedure we did. There seems to be something wrong with the system.

Senator Frith: The only explanation that comes to mind is that the Law Clerk was giving advice that it was in order for the committee to report a bill without amendment and also to give an explanation, as in this case, of some minor changes that were being recommended. Personally, I do not feel that in such a case it is advisable to have that type of explanation actually put in the report. I think it would have been much better to report the bill without amendment, and then at third reading have the committee chairman say that the committee also considered such and such, and then report the other matters. But, in my view, it is not out of order to add the kind of things that were added, although I think it is not the preferred procedure. Certainly, leave was necessary before the explanation could be given.

Hon. John M. Godfrey: Honourable senators, I think there was great advantage in following the procedure we followed yesterday because, in doing so, we were able to obtain from the minister an undertaking which we would not otherwise have obtained. As you know, I asked the question which resulted in the undertaking. So I do not think we should be too inflexible with regard to this procedure.

Senator Marshall: I would expect the minister to give such an undertaking, to pass the buck by saying, "Okay, pass the bill as it is, and we will change it next year." That minister might not be in power next year and the changes will not be made. The honourable senator knows that.

Senator Godfrey: Being a member of the Standing Senate Committee on Banking, Trade and Commerce, I can say that we have received such undertakings from other ministers and that they have been carried out within a reasonable time. I

believe that such undertakings do have real value, and that this procedure is not as well known in the Senate as it might be.

Senator Frith: I agree that in this case there is that advantage, but I do not think that is any reason for us not to proceed in the normal way.

Senator Marshall: If we had had the guts, we would have amended the bill as required.

Senator Frith: I do not want the procedure we followed yesterday to be considered a precedent.

Motion agreed to and bill read third time and passed.

• (1440)

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (E) REFERRED TO NATIONAL FINANCE COMMITTEE

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (E) laid before Parliament for the fiscal year ending March 31, 1982.

Motion agreed to.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting on Wednesday, March 24, 1982, and that rule 76(4) be suspended in relation thereto.

Honourable senators, if leave is granted, I will explain why I ask the Senate to support this motion.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, as you know, because of the events in the other place, we have received supplementary estimates (E) later than usual. The Standing Senate Committee on National Finance is currently dealing with the main estimates. The chairman, Senator Everett, and the committee have arranged to hold two committee meetings each week until at least Easter to consider these estimates.

For these reasons, I have asked for leave for that committee to sit while the Senate is sitting on Wednesday afternoon next.

You will remember our decision that we should have no more than one committee sit while the Senate is sitting on Wednesday afternoons. No other committee is scheduled to sit at that time next week. Therefore, I ask that leave be granted that this committee may so sit.

Motion agreed to.

The Senate adjourned until Tuesday, March 23, 1982, at 8 p.m.

THE SENATE

Tuesday, March 23, 1982

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

VETERANS AFFAIRS

DISTRIBUTION OF ANNUAL REPORT TO SENATORS

On Presentation of Petitions.

Hon. Jack Marshall: I wonder if the leader is going to table a copy of the annual report of the Department of Veterans Affairs, which has already been delivered to our offices. It seems there is never any consistency. We either get the report before it is tabled, or we get it two days after it is tabled.

Hon. H. A. Olson (Minister of State for Economic Development): Look in your mail more often.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I hope the honourable senator checked his mailbox.

Senator Marshall: I did, but you did not table the report tonight.

Senator Perrault: Admittedly, it is not on the list of documents to be tabled this evening.

● (2010)

QUESTION PERIOD

[English]

FORESTRY

ASSISTANCE TO INDUSTRY

Hon. Jack Marshall: Honourable senators, my question is for the Minister of State for Economic Development. In view of the concerns expressed recently by representatives of the forest industry, would the minister advise how he treats those concerns which are due, primarily, to the added capacity which is coming on stream in the United States? This will deny the sale and export of pulp and paper from Canada.

What action is the minister and his government taking to combat the fact that the reforestation period in the United States is three or four times faster than it is in Canada, and labour costs and taxes are lower?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the forest industry and its various sections, including pulp and paper, is one of the largest and most important sectors of our whole economy.

Without agreeing with all the assertions made by the honourable senator, I would be glad to consider his question to see if I can give some factual response. I think my honourable friend was asking me to express an opinion on certain assertions that he attributed to someone else. Perhaps I can do that, but I prefer to deal with facts.

Senator Marshall: Canadian pulp and paper officials said yesterday in Montreal that provincial governments across Canada must double their contributions to forest management and reforestation. Would the minister advise what leadership his government is giving towards inducing provincial governments to support this industry, which is the only one we have left in Canada?

I am particularly concerned with the pulp and paper industry in Newfoundland. If the forest industry in that province is lost, it will cause major problems. Is the minister taking any initiative, in consultation with provincial governments, in an attempt to provide more support to that industry?

Senator Olson: Honourable senators, the Minister of State for Science and Technology, who is also responsible for the forest industry at the national level, has had a number of discussions with industry officials and with representatives of provincial governments respecting reforestation so that this will not be a depleting resource in the future. The minister has received positive responses in that regard.

I do not have the exact figures with me this evening, but since this government came into office it and the provincial governments have made a significant advance in the amount of resources allocated to the forestry sector.

Senator Marshall: Keeping in mind that sales in the pulp and paper industry and in the forest industry amount to \$22.5 billion, with exports of \$13 billion, that the forest industry provides, directly or indirectly, one job in ten—which amounts to millions of jobs—and the present difficult economic situation, will the minister take steps to ensure that we do not lose this industry which is vital to Canada?

Senator Olson: Honourable senators, I should like to repeat, perhaps in different words that will be even more capable of carrying communication, that the government in the past, now, and in the future, fully recognizes the size and importance of this industry. I have undertaken to bring some figures to this chamber to indicate that there has been a significant upswing in the federal government's financial contribution to this sector although, of course, the resources are owned by the provinces. Reforestation and the management of that resource is not only primarily but almost entirely a provincial responsibility. We have done some research which is useful to the industry on an interprovincial basis.

In addition to giving Senator Marshall that assurance, I should like him to know that I will try to bring some figures to this chamber which will indicate a very significant percentage increase, even up to this period. The minister responsible may be able to provide me with more figures that would indicate an accelerating trend in this direction.

● (2015)

Hon. Charles McElman: Honourable senators, I have a supplementary question for the Minister of State for Economic Development.

In view of the tremendous importance of the forest industry to New Brunswick, a province that is 84 per cent forested and has 10 pulp and paper mills, and in view of the tremendous effort being made by that province and the industry in both conservation and redevelopment of the forests, would the minister determine from his colleague, the Minister of the Environment, when the Government of Canada will make its financial commitment to the Forest Research Centre, a centre of excellence, proposed for the city of Fredericton, to provide advanced research in forestry for the whole of the Atlantic area?

Senator Olson: Honourable senators, I shall also refer that question for a reply.

FOREIGN AFFAIRS

GUATEMALA—REQUEST FOR INFORMATION ON CURRENT SITUATION

Hon. Heath Macquarrie: Honourable senators, I should like to ask a question of the Leader of the Government or the Deputy Leader of the Government with respect to the coup d'état in Guatemala. While a great deal of time has not gone by since that event, could we be made privy to such information as the government may have received, and, in particular, as to what, if any, social disturbance or violence may have followed that coup d'état in Guatemala? I should also like to ask how many Canadians were in Guatemala at the time of the coup d'état.

If the honourable senator does not have that information at hand, which is quite possibly the case, he might undertake to advise us tomorrow on this important event that has taken place in such a volatile area.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, shortly before this evening's sitting, I was advised that there appeared to be no detailed information as yet with respect to the purported coup d'état in Guatemala. As full a report as possible will be brought to the Senate tomorrow afternoon.

INDUSTRY

IMPORTATION OF JAPANESE AUTOMOBILES

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic and

[Senator Olson.]

Regional Development. My question has to do with the importation of Japanese cars into Canada.

Can the minister give the Senate the figure representing the total number of cars imported into Canada from Japan in this fiscal year—that is, the fiscal year which will end in a few days' time?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not think I can give that figure from memory, although I have seen it within the last few days. I shall try to bring that answer to the Senate on Thursday.

Senator Smith: I thank my honourable friend for his reply.

I wonder if, at the same time, he could bring figures to indicate the total percentage of the Canadian market represented by those cars imported from Japan formed in this fiscal year.

Senator Olson: Yes.

Senator Smith: I have a further supplementary question. Could the minister also provide us with the percentage of the Canadian market represented by imported Japanese cars in the fiscal year ending in 1979?

Senator Olson: Yes, I think I can give that undertaking, too. Looking up more statistics may take a little longer, but I think that I will have that information for the honourable senator on Thursday.

Senator Smith: If the minister's inquiry reveals there has been a substantial increase in the percentage of the Canadian market taken up by such imports from 1979 to the present, would the minister indicate how many extra Canadian jobs would have been created had that increase not taken place, and had the same number of cars been manufactured in Canada?

● (2020)

Senator Olson: I could do that, although Senator Smith understands very clearly the path he is trying to lead me down—and I am probably going to go down it—but I think that I may also make some comments on what the alternatives are.

Senator Smith: I am sure the honourable gentleman will, as is his usual custom, make whatever comments occur to him as useful to diffuse the answer he has to give to the question.

Hon. Raymond J. Perrault (Leader of the Government): Let's not get political.

Senator Smith: Whenever the Leader of the Government determines that he will not get political, I will gladly follow in his footsteps. However, I think I shall probably live quite a while before I have to make that great conversion.

[Later:]

Hon. Peter Bosa: Honourable senators, I have a supplementary question for the Minister of State for Economic Development. When providing the answer to Senator Smith's question would the minister also indicate the extent of trade between

Canada and Japan, and whether we have a deficit or a positive balance of trade with that country.

Senator Olson: Honourable senators, I will take that question as notice and provide that information as well.

UNITED NATIONS

OUTER SPACE TREATY—CANADIAN INITIATIVE

Hon. Andrew Thompson: Honourable senators, I should like to direct a question to the Leader of the Government, but first I want to thank him for his reply given on March 16 to a question I had asked concerning international verification through the International Satellite Monitoring Agency.

I should like to draw to his attention the fact that I asked two questions on March 9, the second one concerning the initiative the government was taking to make the outer space treaty more effective. I hope that I will also get a further answer to that.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, an earnest endeavour will be put forward in order to secure that reply as soon as possible.

Hon. Jacques Flynn (Leader of the Opposition): That is something new.

NEWFOUNDLAND

LOSS OF DRILL RIG *OCEAN RANGER*—ALLEGED WARNING AGAINST WINTER OFFSHORE DRILLING

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government which has to do with the tragedy of the *Ocean Ranger*. Evidently, more than two years ago the Department of Fisheries and Oceans gave a warning about, and called for a halt to, winter oil drilling off Newfoundland's east coast for fear of storm-induced accidents. This warning was disregarded by the Department of Energy, Mines and Resources. Could the Leader of the Government table in the Senate, or provide us with, a statement from the Department of Energy, Mines and Resources confirming or denying their ignoring of the warning of the Department of Fisheries and Oceans so that we can determine who was right and who was wrong, and if those lives could have been saved?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will inquire into the statement made by Senator Marshall. If the honourable senator has some form of documentation which might assist in a search for further information, I would be very pleased to receive it from him. I want to ask Senator Marshall whether part of this information comes from a member of the Conservative Party in the other place, because there were some press reports of some correspondence involving two Conservative members of Parliament. Is this the correspondence he is referring to?

Senator Marshall: No, it arises from an article in today's newspaper stating that the Department of Fisheries and Oceans gave a warning and that it was disregarded by the

Department of Energy, Mines and Resources, and I am wondering why it was disregarded.

Senator Perrault: The question will be taken as notice.

ECONOMIC DEVELOPMENT

MEGA-PROJECTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have two delayed answers. I should like to respond to a question asked by Senator Phillips on February 24, at which time he asked if I would provide a list of the mega-projects planned for Atlantic Canada, and if I would also provide the number of man-years for each project.

Eight projects are listed, namely, the TQ&M Pipeline, investment estimated at \$2 billion over the next five years with approximately 1,600 person-years of construction for both New Brunswick and Nova Scotia, and 50 permanent jobs created in both provinces; the Offshore Labrador Development, investment estimated at approximately \$1 billion; the Point Lepreau Generating Station No. 1 for New Brunswick, investment estimated at \$1.3 billion with an estimated 10,500 person-years of construction and 231 permanent jobs created; the CF-18 offset program, investment value estimated at \$2.9 billion, with 60,000 to 70,000 jobs by 1995—that is for the whole country. There are some examples of the contracts that have already been awarded, with one going to Halifax, 60 jobs and \$1.7 million of investment.

• (2025)

Next come the offshore Sable Island gas development, investment estimated at about \$2 billion; the Hibernia oil development, investment estimated at \$4 billion; the Lower Churchill Project Phase I, at Muskrat Falls, Newfoundland, investment estimated at \$1.54 billion, with approximately 6,500 construction person-years and 140 permanent jobs created; and the Lower Churchill Project Phase II, at Gull Island, Newfoundland, estimated investment of \$1.85 billion, with approximately 9,800 person-years of construction and 75 permanent jobs created.

Honourable senators, that information needs to be read in conjunction with a delayed answer to a question by Senator Muir, who asked: How much has the federal government invested in economic development in the Atlantic provinces and how many jobs have been created? It depends on how far back one goes. I have in my hand a rather long list of three pages, which I could read, if necessary.

Hon. Jacques Flynn (Leader of the Opposition): Read it three times.

Senator Olson: There is a recapitulation at the end of the jobs created in 1980-81 and 1981-82 and the funds allocated. The total for the Atlantic region in 1980-81 was 28,842 jobs, and, in 1981-82, 27,002 jobs. The funds allocated for 1980-81 totalled \$60.8 million, and, in 1981-82, \$71 million.

If honourable senators wish me to read the list, I shall be happy to do so. However, I would ask that the full text of these two answers be printed as an appendix to today's proceedings.

Perhaps, after all the information has been digested, Senator Muir might wish some fleshing out of further details.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(For text of answers see appendix, p. 3865.)

MEGA-PROJECTS—TQ&M PIPELINE

Hon. Lowell Murray: Honourable senators, with regard to the answer just given listing the mega-projects in the Atlantic provinces, I thought I heard the minister mention the TQ&M pipeline. I simply wish to have confirmed that by including that project in the list there is no doubt whatever as to the extension of that pipeline into the maritime provinces.

Hon. H. A. Olson (Minister of State for Economic Development): My honourable friend can read that into it if he wishes, but that is not what I said, and that is not what the question was based on. The question was: Would the minister provide a list of the mega-projects planned for Atlantic Canada and would he provide the number of man-years for each project? We obtained the mega-projects from the Blair-Carr report on the major projects in Canada, which my honourable friend is aware of. I did not intend anything more than bringing to this chamber information in response to a question that was asked. The government's stated policy with respect to the TQ&M pipeline has not changed.

Senator Murray: Then there is no doubt whatever as to the extension of the TQ&M pipeline into the maritime provinces?

Senator Olson: Honourable senators, I do not have anything to add to what I have already said.

● (2030)

Hon. G. I. Smith: I wonder if the honourable senator could add something having to do with the same problem.

Is there at present an estimated time of commencement of construction of TQ&M pipeline in the province of New Brunswick and also in the province of Nova Scotia? Is there similarly an estimated time of completion in the province of New Brunswick and the province of Nova Scotia?

Senator Olson: I am not sure if the project's sponsor has filed those estimates with the National Energy Board in connection with seeking a permit to proceed with construction or not, but I could make some inquiries and find out.

Senator Smith: And is there, in relation to the Sable Island gas find, an estimated time when it is expected it will be determined whether or not the gas there amounts to a commercial quantity, and whether it can be exploited commercially.

Senator Olson: That is an even more difficult question to answer, because I expect no one can predict when a find is going to be made. That, of course, is what exploration is all about. I would express the hope that even the wells that are in operation now, and the ones that are planned, will turn into commercial discoveries of gas, producing the benefits that I know all Canadians, and particularly Canadians in Nova

Scotia, would like to have result from that exploration. Perhaps I could also add that this hope is shared by the private sector companies, who are putting their funds forward in that connection. My friend, however, surely does not want me to try to predict when a find in sufficient commercial quantities is going to be made to warrant the kind of gathering system that would bring that gas ashore.

Senator Smith: The honourable gentleman should not be so sure of what I do not want.

Senator Olson: I want to be sure as to what you asked me, though.

Senator Smith: In view of the continually changing dates of such estimates—that is, when the find will reach the point of being commercially exploitable—I would have thought the honourable gentleman and his staff would have been keeping very close tabs on that, and would be able to say what the latest news is.

Senator Olson: My honourable friend knows as well as I do—in fact, he ought to know better than I do—

Senator Smith: I probably do!

Senator Olson: You probably do. You should, however, listen to the last part of the comment before you make that kind of assertion.

The reason I said that is that he will know, perhaps, that the Province of Nova Scotia has recently entered into some joint venture arrangements for the acceleration of the exploration that is going to take place in that area. That is a decision that they have made with a desired end result, I am sure, but I am still not in the business, and in the part of the country I come from we know better than to try to predict when anybody is going to make a major find.

Senator Smith: Since the honourable gentleman has been kind enough to direct attention to the fact that Nova Scotia is reported to have entered into a joint venture arrangement with some private or other kind of company with regard to drilling for gas, perhaps he will be ready to tell the house why it is that the drilling to be done under that joint venture has been delayed until October, rather than taking place in May or June of this year.

Senator Olson: I do not care to comment on that, because I do not know the reason.

Senator Smith: Perhaps the honourable gentleman will be kind enough to find out.

Senator Olson: I could, but it reduces itself to what happens in a number of cases. I expect the honourable senator can do that homework himself better than I would be able to do it for him.

Senator Smith: Except, of course, that while it is this honourable senator's desire and hope to learn all he can, it is the minister's responsibility to know all he can, and I am asking him to discharge that responsibility by trying to discover what the reason is.

● (2035)

Senator Olson: I will carefully read the phrasing of the question when it appears in *Hansard* tomorrow to see whether we have a responsibility to answer it in that way. It may require an inquiry directed to the Government of Nova Scotia.

Senator Smith: It may also require an inquiry directed to the Government of Canada, which is what I am doing.

UNITED NATIONS

OUTER SPACE TREATY—INTERNATIONAL SATELLITE MONITORING AGENCY—CANADIAN INITIATIVE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on a point of clarification, earlier this evening Honourable Senator Thompson asked whether further information was available regarding the International Satellite Monitoring Agency and the Outer Space Treaty. Both questions have received preliminary replies.

I asked the honourable senator whether he was seeking additional information on these points. I should like to draw to his attention that the first reply regarding the Outer Space Treaty is to be found on page 3811 of *Debates of the Senate* of March 11. The answer to the question regarding the International Satellite Monitoring Agency, Canadian Initiative, is provided on page 3834 of the *Debates of the Senate* of March 16.

If further information is required, it certainly will be secured.

THE ECONOMY

INTENTIONS OF GOVERNMENT RE 1980 POVERTY LINE UPDATE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question which was asked by Honourable Senator Marshall on November 18, 1981, concerning the poverty line update with regard to the Department of Veterans Affairs.

On November 18, Senator Marshall asked what action was being taken to bring income support and pension payments to the poverty level. I should like to provide the following information insofar as veterans' benefits are concerned.

While it is recognized that improvements can be made to benefits provided to our veterans and their dependents, war veterans allowances and civilian war allowances compare favourably with Statistics Canada indicators of the income requirements of the average family. Married recipients currently receive income in excess of the Statistics Canada mid-range low income cutoffs, and single recipients should also reach that level with the full implementation of Bill C-40.

With the full implementation of Bill C-40, the government will have met its first objective insofar as the rates of allowances are concerned. The second objective, which is seen as addressing the most pressing need, is to enhance the health and personal care programs of the Department of Veterans Affairs to meet the special needs of the aging veteran. It is to

this problem that the government will be devoting the highest priority.

FISHERIES AND OCEANS

REQUEST FOR STATISTICS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question that was raised by Honourable Senator Godfrey on March 11 relating to the subject of fisheries.

It should be emphasized that the Department of Fisheries and Oceans mandate extends considerably beyond the fishing industry. For example, the Ocean Science and Surveys sector, which covers a wide range of oceanographic and other ocean-related research activity, as well as the Canadian Hydrographic Service, which involves navigation charts, tide tables and so on, accounts for a sizable slice of the budget—approximately \$70 million—and 1,300 employees in 1981-82.

The \$400 million Department of Fisheries and Oceans budget also includes the Small Craft Harbours program, which costs over \$34 million and benefits many vessel owners other than fishermen; the Salmonid Enhancement Program in British Columbia, which cost \$24 million in 1981-82, where present and future benefits will accrue to recreational fishermen and to the tourist industry as well as to commercial fishermen; and a vast range of research and development related to fish habitat and aquaculture of wide general benefit, such as the Department of Fisheries and Oceans stepped-up studies into acid rain. On the other side of the ledger, the Department of Fisheries and Oceans realizes approximately \$20 million in revenue from the sale of licences, from fines and so forth.

The current number of fishermen in Canada is around 80,000 and there are some 54,000 employed in fish processing plants. It should not be forgotten that in dozens of east coast communities, fishing is the only industry. If fishing were to fail in these isolated communities, a terrific strain would be put on the nation's unemployment and welfare budgets. It has been estimated that fishing provides the sole economic base for 250,000 people in the Atlantic provinces.

● (2040)

Putting statistics aside, it must always be remembered that the Department of Fisheries and Oceans has a mandated responsibility under the Fisheries Act to manage the nation's fisheries. That responsibility goes back to the days when Canada's first laws were drawn up by the Fathers of Confederation. If everyone played by the rules—and that includes Canadian as well as foreign fishermen—the department could doubtless operate with a lot fewer staff and considerably less money. But, having to face facts as they are, the department is obliged to deploy and maintain a fisheries surveillance and protection fleet several hundred vessels strong to ensure that the rules are kept. In fact about one-fifth of the department's total staff is employed aboard ships, and, incidentally, these vessels also play an important auxiliary role as part of the federal government's search and rescue program.

The Department of Fisheries and Oceans also has a responsibility to ensure that all fishery products that reach the consumer, both domestic and imported, are good and wholesome. That calls for a work force of around 400 to enforce health and safety standards throughout the industry. We are all familiar with the outcry that occurs if someone gets sick or dies from eating a can of contaminated food. It raises the perennial question: What is the value of a human life? The fact is the department cannot relax its inspection standards or let down its guard, however much it costs. And with more and more health hazards finding their way into the environment—mercury, PCBs, dioxin and the like—the scientists and lab technicians backing up the fisheries inspectors are hard pressed to keep ahead of the game. Incidentally, the ratio of fisheries inspectors to value of production is comparable to other food sectors, such as meat inspection.

With coastlines that front on to three oceans—Atlantic, Arctic and Pacific—Canada cannot avoid a heavy involvement in international fisheries and ocean-related affairs. To be credible and make our voice heard in these international forums, Canadians must be in a position to put forward arguments based on solid, scientific facts. This is particularly true in the case of our dealings with the Northwest Atlantic Fisheries Organization, known as NAFO, the U.N. Law of the Sea negotiations and a host of other treaty negotiations. Research is not a cheap commodity, according to the minister. And in the case of fisheries it is particularly expensive due to the fact that the object of the research mostly is out of sight in the ocean depths, involving the use of costly research platforms and equally costly equipment.

These days much of the research by the Department of Fisheries and Oceans is conducted in the Arctic in connection with oil and gas exploration and renewable resource use, particularly by native people, and northern research usually costs about three times as much as research done in more hospitable climates. It is significant that more than \$140 million of the department's current budget is devoted to research.

Finally, honourable senators, the last point to be made is that the value of fisheries production in 1981 in this nation is estimated at \$1.9 billion. It should be added that the export value of Canada's fisheries products in 1981 is estimated at an all-time record high of \$1.5 billion, keeping Canada in the No. 1 spot among the world's fish exporting countries.

Honourable senators, I apologize for the length of the reply, but there have been a number of criticisms about the amount of money invested in the program to assist the fisheries and allied matters. I see the Leader of the Opposition shaking his head. Obviously he is not interested in the subject, but I know that Senator Marshall, Senator Muir and other honourable senators who realize the importance of the fisheries will not adopt the attitude of the Leader of the Opposition.

Hon. Jacques Flynn (Leader of the Opposition): On a point of privilege, honourable senators, to explain my laugh, I must

say that it was only because the Leader of the Government said that it was owing to the criticisms that he had to give such a long reply, and I can understand that very well; but it amuses me, too.

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

CONSIDERATION OF REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science entitled: "They Served—We Care", tabled in the Senate on 20th October, 1981.—(*Honourable Senator Thompson*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as you will notice, this order stands in Senator Thompson's name. He informed me earlier today that he had discussed it with the chairman of the committee, and the matter about which he was expecting to speak had been settled between him and the chairman. Senator Thompson now wishes to have this order stand in the name of the committee chairman, Senator Bonnell.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

OFFICIAL LANGUAGES

MOTION FOR ADOPTION OF SECOND REPORT OF SPECIAL JOINT COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Guay, P.C., seconded by the Honourable Senator Côtteau, for the adoption of the Second Report of the Special Joint Committee on Official Languages.—(*Honourable Senator Roblin, P.C.*).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, this order stands in my name. I adjourned it on behalf of my colleague Senator Murray because I thought it was a subject near and dear to his heart.

Hon. Lowell Murray: Honourable senators, I ask that the order stand in my name.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 3862)

ECONOMIC DEVELOPMENT

MEGA-PROJECTS—ATLANTIC CANADA—TEXT OF DELAYED ANSWERS BY
SENATOR OLSON TO ORAL QUESTIONS

QUESTION: Would Minister provide a list of the mega-projects planned for Atlantic Canada and would he provide the number of man-years for each project?

ANSWER: Honourable senators I would like to respond to a question raised on February 24 by Senator Phillips which concerned mega-projects planned for Atlantic Canada.

I will provide the honourable senator with a list of the mega-projects and where possible the list of jobs created by mega-projects in Atlantic Canada. I must point out, however, that in addition to the list I am providing today there are other mega-projects that have been proposed but not finalized that will create numerous benefits for our east coast.

The honourable senator can obtain further details on these projects by referring to a document entitled "Major Capital Projects Inventory," produced by the Office of Industrial and Regional Benefits. I would be pleased to provide him with a copy. This report outlines an inventory of hundreds of major projects that are currently on stream or expected to start before 1990. Many of these mega-projects are planned for the Atlantic provinces.

In addition to the mega-projects, which are projects with an estimated value of more than \$100 million each, I would also refer the honourable senator to a delayed answer I have given to his colleague Senator Muir. The information included in this response lists hundreds of millions of dollars which this government has invested in Atlantic Canada.

The list of mega-projects requested by the honourable senator is as follows:

- TQ & M Pipeline, (Nova Scotia, New Brunswick, Quebec) investment estimated at \$2 billion over the next five years with approximately 1,600 person-years of construction for *both* New Brunswick and Nova Scotia and 50 permanent jobs created in *both* provinces.
- Offshore Labrador Development, investment estimated at \$1 billion.
- Point Lepreau Generating Station #1 (New Brunswick) investment estimated at \$1.3 billion with an estimated 10,500 person-years of construction and 231 permanent jobs created.
- CF-18 offset program, investment value estimated at \$2.9 billion with 60 to 70 thousand jobs by 1995, an example of a contract already awarded was one to IMP Halifax, 60 jobs, \$1.7 million investment.

—Offshore Sable Island Gas Development, investment estimated at \$2 billion.

—Hibernia Oil Development, investment estimated at \$4 billion.

—Lower Churchill Project Phase I, at Muskrat Falls Newfoundland, investment estimated at \$1.54 billion with approximately 6,500 construction person-years and 140 permanent jobs created.

—Lower Churchill Project Phase II, at Gull Island, Newfoundland, estimated investment at \$1.85 billion with approximately 9,800 person-years of construction and 75 permanent jobs created.

QUESTION: How much has the federal government invested in economic development in the Atlantic provinces and how many jobs have been created?

ANSWER: Honourable senators I would like to respond to a question raised on February 25, 1982 by Senator Muir which concerned economic development investment and job creation in Atlantic Canada.

I would like to provide the honourable senator with an example of some of the federal government's initiatives in Atlantic Canada. The list includes over 20 programs which have been created by the federal government for the benefit of Atlantic Canada. This should in no way be considered a complete list of all the public investment that is taking place in Eastern Canada. It merely provides a sampling of the kinds of initiatives that have been introduced in the Atlantic provinces by the federal government.

I would also include for the honourable senator's information a breakdown of the federal government's job expenditures and number of jobs created.

- Saint John, N.B. drydock—150 construction jobs, 280 permanent, 100 indirect, \$12.8 million.
- MITEL, Bouctouche, N.B.—approximately 1,000 new jobs, \$15 million.
- Zinc reduction plant, Belledune, N.B.—400 construction jobs, 400 permanent jobs, 400 indirect jobs, \$21.75 million.
- Panamax Floating drydock for Halifax—\$9.1 million.

- Michelin Tires Canada Ltd. in Waterville and Bridgewater, Nova Scotia—\$42 million; 1,850 jobs created.
- Sydney Steel Corporation (SYSCO), Cape Breton—\$96.2 million.
- Shipbuilding Industry Assistance Program—up to \$75 million available annually from 1980-81 through 1982-83.
- Coastal Labrador Development, \$34 million in addition to \$13.5 investment in Labrador's inshore fishing.
- Magdalen Island Development, \$13.7 million.
- Southeast New Brunswick Development, \$10 million.
- Prince Edward Island Development, \$92.2 million.
- Strait of Canso Development, \$30 million.
- Pulp and paper modernization—\$30 million to Newfoundland, \$17 million to Nova Scotia, \$34 million to New Brunswick.
- Newfoundland Forestry Agreement, \$52 million.
- New Brunswick Forestry Agreement, \$30 million.
- Fisheries expenditures special increase of \$42 million.
- Ocean Industries, \$24 million.
- Point Aconi, Cape Breton—Prince Mine—estimated 440 direct jobs and estimated 660 indirect jobs, \$54 million.
- Donkin-Morien Mine, Cape Breton, an estimated 150 jobs and could create 1200 new jobs, \$55 million.
- Saint John, New Brunswick, potash terminal—\$22.4 million.

- Newfoundland transportation—\$67 million to the Newfoundland Railway—close to \$180 million in Newfoundland on a wide range of transportation measures.
- Industrial Labour Adjustment Programme, funds to assist the community of McAdam, New Brunswick and its workers in the logging, veneer and plywood industry.
- Industrial Labour Adjustment Programme, funds to assist the community of Sydney, Nova Scotia and its workers in the primary metal industry.

| Province | Jobs created ¹ | | Funds allocated ¹ | |
|-----------------|---------------------------|------------------------|------------------------------|------------|
| | 1980-1981 | 1981-1982 ² | 1980-1981 | 1981-1982 |
| Newfoundland | 10,792 | 11,324 | 22,300,000 | 27,200,000 |
| Nova Scotia | 7,510 | 6,419 | 14,500,000 | 18,200,000 |
| P.E.I. | 1,955 | 1,833 | 4,900,000 | 5,900,000 |
| New Brunswick | 8,585 | 7,426 | 19,100,000 | 19,700,000 |
| Atlantic Totals | 28,842 | 27,002 | 60,800,000 | 71,000,000 |

¹Source EDB* 10 year data base.

²Jobs created up to February 16, 1982.

*Employment Development Branch, Employment and Immigration Commission.

THE SENATE

Wednesday, March 24, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

JOHN CABOT

SEBASTIAN CABOT

UNVEILING OF COMMEMORATIVE PLAQUE IN VENICE, ITALY

Hon. Peter Bosa: Honourable senators, I rise on a question of privilege, to draw the attention of honourable senators to the fact that on March 25, 1982, on the initiative of the Macdonald Stewart Foundation, an important event will take place in the city of Venice, Italy.

The Canadian Ambassador to Italy, Mr. J. E. G. Hardy, and the Newfoundland Deputy Minister of Culture, Recreation and Youth, Mr. S. F. Manuel, representing the Government of Newfoundland, will be presenting to the Naval Museum of Venice—

An Hon. Senator: Speak slowly. Some honourable senators wish to hear the interpretation.

Senator Bosa: I apologize.

—will be presenting to the Naval Museum of Venice a Coronelli Map dating to 1695 describing the discovery of Newfoundland by John Cabot.

In addition, a plaque, in English and French, will be unveiled. At the top centre there is written "CANADA", and, in Roman numerals, the date 1497.

On the left side, in English, it says:

John Cabot
Venetian and His
Son Sebastian
Discovered
Newfoundland
in the service of
Henry VII
of England

And on the right:

Jean Cabot
Vénétien et son
Fils Sébastien
Découvrirent
Terre-Neuve
au service
d'Henri VII Roi
d'Angleterre

In the centre below is:

Erected 1982 by the Province of Newfoundland.

Honourable senators will understand, I am sure, why I rejoice at this initiative, and will also understand why I cannot let the occasion pass without what I hope is not too academic a commentary on the manner in which the navigator's name has been spelled, particularly when this commemorative plaque will be affixed beside one erected by the City of Venice in which the navigator and his son are referred to as Giovanni Caboto and Sebastiano Caboto. I stress the fact that these two plaques are displayed mainly for the information and viewing of the Italian public.

Honourable senators, I stated on a previous occasion in this chamber that both the Hakluyt Society, in their work *The Cabot voyages and Bristol discovery under Henry VII*, second series No. CXX 1961, and Professor Samuel Eliot Morison, in his recent work *The European discovery of America—The Northern Voyages A.D. 500-1600*, (New York, Oxford University Press, 1971), support, with documentation, the assertion that the navigator wanted to be known by his name, Giovanni Caboto.

I am not saying that the anglicizing and francization of Caboto's name is totally inappropriate. There are several explanations of how this came about, but it is not my intention to analyze them at this time. I congratulate the Macdonald Stewart Foundation on its endeavours to focus attention on the history of Canada.

My reason for speaking on this subject from time to time is to underline the feeling of pride that will be generated in Canadians of Italian origin by the knowledge that they, too, have roots in this land that go back to the very beginning of the history of Canada. That is why I chose York Caboto as my designation in the Senate, and that is why I persist in making reference to the importance of this historical fact.

Hon. John M. Macdonald: Honourable senators, not for a moment do I want to degrade in any way what has been said by Honourable Senator Bosa. I merely wish to say to the Senate that in my opinion, and the opinion of a good many people in the island of Cape Breton, this plaque simply perpetuates a historical error. Most historians now agree that John Cabot made his first landing in North America at a place called Cape North in the island of Cape Breton.

● (1410)

Senator Bosa: Honourable senators, if I may address the Leader of the Government in the Senate, I think that this is a question which should be resolved between the two provinces.

Hon. Raymond J. Perrault (Leader of the Government): We will leave that to the provinces.

CANADA-UNITED STATES RELATIONS

VOLUME III OF REPORT OF FOREIGN AFFAIRS COMMITTEE
TABLED

Hon. George van Roggen: Honourable senators, I have the honour to table a report of the Standing Senate Committee on Foreign Affairs entitled "Canada-United States Relations—Volume III—Canada's Trade Relations with the United States."

Honourable senators, may I have leave to say a few words relative to this report at this time?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator van Roggen: Honourable senators, after the delightful interjection by Senator Bosa at the opening of our proceedings, I can only say that I hesitate to go into such a dull and mundane subject as economics. However, it is the lifeblood of a nation and is something that your committee has been wrestling with for some time relative to our relationship with the United States.

Honourable senators, although there were many recommendations contained in volume II of the committee's report on Canada-United States relations, I would draw to your attention the final recommendation, which stated:

The Committee urges governments in Canada, as well as the business and labour communities, to assess without prejudice Canada's present economic prospects, the alternative solutions and their consequences. The Committee recommends that they consider seriously the option of bilateral free trade with the United States.

Taking our own good advice, we then obtained a further order of reference from the Senate in May of 1980, since which time approximately 60 witnesses have appeared before the committee in Canada and, on a study visit to Washington which took place last year, some 20 or 25 Americans knowledgeable in that area also appeared before the committee.

If I may, I will take a moment to review the overall problem as we see it. Every Canadian knows that Canada lives by its trade. Approximately 26 per cent of our gross domestic product is exported every year, and a like amount is imported. Surely ours is one of the largest percentages of the gross national product of any country involved in trade.

Honourable senators will excuse me if, in these general remarks, I use ballpark figures, but it is difficult to avoid doing so since they change from month to month and from year to year. The 26 per cent of our gross national product amounts, in today's terms, to approximately \$160 billion worth of trade, in both exports and imports on a world-wide basis. It is significant to note that almost 70 per cent of that amount, or \$110 billion, per year is achieved through trade with the United States. In this trade, insofar as goods are concerned, we have a surplus of \$5 or \$6 billion. That surplus, however, is basically due to our huge exports in the resource field. In

invisibles—that is, dividends, transportation, travel and all of the non-hardware goods that we exchange with our trading partners—we end up with a deficit of approximately \$7 billion a year on a world-wide basis. This is a net ongoing chronic deficit which is very large when one considers the size of our nation in terms of its population.

The worst news that we must face is that, in end products, our deficit each year is in excess of \$20 billion. I believe the figure for this year, although it is not yet confirmed, will be \$23 billion. That is the imbalance of payments in our trade in end products.

● (1415)

It should be evident to any Canadian that our resources and resource industries are simply not able to pay both of these deficits—that is, pay for our large deficit in invisibles and also pay for the huge deficit in end products. Neither would it be desirable for us to operate an economy in which we looked only to our resource industries to pay for these huge deficits.

So what should we do? The committee recommends that we strengthen the manufacturing sector at least to the extent of balancing our current accounts deficit. That, from the figures I have just given you, would mean reducing our deficit in manufactured goods and end products by about one-half. If we could do that, with the surplus we have in our resource industries, we would approximately eliminate the balance of payments deficit in our current account so that we would be in a balanced position.

How would we do that? That becomes the problem we must address. The first question I put to you is: What is the real world we live in, in economic terms? Of our total trade we do approximately 11 per cent with the European Community, a conglomeration of approximately 350 million people; about 8 per cent with Japan, 100 million people; and about 70 per cent with the United States, 230 million people. Those areas account for close to 90 per cent of our total trade. So that the rest of the world, leaving Europe, the United States and Japan aside, accounts for slightly over 10 per cent of our trade, and that is if you include our wheat sales, enormous as they are, to China and to Russia. So the problem we have is in the western industrialized world—if I may include Japan when I use the word "western."

The next problem we must face, which presents itself as an ongoing statistic, is the fact that in our trade with Europe approximately 10 per cent of our exports are in manufactured goods; the rest are in resources. When we come to Japan, approximately 3 per cent of our exports are in manufactured goods and the rest are in resources. I come from the west so I am not knocking the resource industries. They are keeping the country going at the moment. But to the United States—you know, that "big, nasty, trading partner" we have immediately below us—68 per cent of our exports are in manufactured goods. So where should we intelligently look for the solution to our problem other than the place where we do 70 per cent of our business, and which takes infinitely more of our exports in manufactured form than our other trading partners, namely, the United States market?

[Senator Bosa.]

I should like to digress for just a moment because the auto pact has been in the news a little bit the last day or two, and it is common for people, when talking about free trade, to say, "Oh, yes, but look at the auto pact; it is not working." The share that Canada had of North American employment in automobiles and parts at the time of the signing of the auto pact was 8 per cent. We now have 11 per cent of the employment, slightly more than our share of the total for the United States and Canada, which has historically been about one-tenth. I would suggest to honourable senators that it is totally unfair to put the blame for the malaise, which exists in the whole industry on both sides of the border because of its non-competitive mode with imports from Japan and Europe, on the fact that the auto pact exists. The auto pact must be looked at in terms of what share Canada has of that North American market in automobiles, however inefficient it may be.

To give you an example, if you take our total trade in end products from our manufacturing sector, it is approximately \$30 billion, of which \$14 billion is our deficit. So we have a deficit in end products in all manufactured goods other than automobiles and automobile parts of almost one-half—47 per cent to be precise. With regard to automobiles and automobile parts, we have a deficit of \$1.8 billion this year out of a total trade of \$25 billion, or one-twelfth or 7 per cent. I ask you to compare 7 per cent in the free trade mode industry against 47 per cent in the rest of our manufacturing industry, before you are too quick to condemn the auto pact and the advantages it has brought to Canada. That is a digression and a matter with which we do not deal at length in the report.

● (1420)

Under the GATT, of which Canada has been a staunch supporter over the years, there have been several negotiating sessions, one of which concluded recently. By 1987, according to figures relative to our trade with the United States, 80 per cent of Canada's exports to the United States will be free of duty, and 15 per cent will attract duty of less than 5 per cent. With our dollar at 80 cents U.S., a 5 per cent tariff is hardly significant enough to call a tariff. These two figures, the 80 per cent and the 15 per cent, total 95 per cent of our exports to the United States. By 1987, 65 per cent of America's products coming into Canada will be duty free and 26 per cent will be under 5 per cent, for a total of 91 per cent. So only 5 per cent of Canada's imports and 9 per cent of its exports will attract any tariff at all.

Therefore, by 1987, under the normal definition of a free trade area in legal and historic terms, we will be in a de facto free trade mode insofar as the United States is concerned. However, without an agreement, this situation will do nothing for us insofar as non-tariff barriers are concerned. We must remember that as tariffs go down, non-tariff barriers have the unfortunate effect of raising their ugly head higher and higher as the ingenuity of man is brought to bear, particularly in a time of recession such as right now, on protectionist measures that can be invented which are not of a tariff mode and which, therefore, escape the penalties of GATT.

So, in the assessment of the committee, by 1987 Canada will find itself in the worst of both possible worlds. We will be without the protection of historic tariffs and without free access to a large market such as our trading partners have in Europe, Japan and the United States. Thus, we shall suffer the costs of free trade without any of the advantages.

If I may just take a moment—and I shall try not to be too long, because I know you want to get on with Question Period—I would like to read a paragraph from page 18 of the report. It says:

The remedies are generally accepted and not particularly controversial: economies of scale are essential; the Canadian manufacturing sector must rationalize; it must specialize in particular product lines instead of a broad diversity of products; it must modernize its production processes and achieve economies of scale and higher productivity rates through long, efficient production runs; it must seek out the areas where Canada has natural advantages.

Where opinions differ is on how to accomplish these changes.

In answer to that question we posed, the committee goes on in the report to recommend that a bilateral free trade agreement with the United States be negotiated so as to gain access for Canadian manufactured goods to the United States and to get control of the non-tariff barriers existing between the two countries, plus what remaining tariffs there will be in 1987. So it is really not the problem it was years ago when people threw up their hands in horror about free trade; nor is it a question of tariffs collapsing and exposing our industry to a non-tariff protective mode, for that is already happening. We must strive to achieve a favourable position in North America. With a total population of over 350 million, every nation in Europe holds such a position.

● (1425)

The report goes on to deal with free trade. Unfortunately, even after many years of debate, this subject causes a lot of people a lot of trouble and, unfortunately, there are people in government, in the press and in the business community who do not readily understand it.

I will not deal at length with this section of the report other than to say that it goes into great detail in distinguishing between a free trade agreement, a common market and a customs union. Put succinctly, at page 27, the report states what free trade is not; that is, it is not a North American common market. People who speak on this subject often use the terms "common market," "customs union," and "free trade" interchangeably, often in one breath and sometimes in one sentence. They are quite different animals. It is not a North American common market; it is not a Canada-United States common market; it is not a proposal for a pooling of energy resources; it is not a proposal for political integration; and it is not a proposal for "continentalism," if that word is used in the pejorative sense rather than in the context of mutual co-operation. When reading the report, I hope you will

address yourselves to what free trade is rather than what it is not. I might add that in Volume II we made it clear that such proposals would not involve agriculture.

The other major problem the committee addressed is dealt with in Part VI of the report, which is entitled "The Political Implications: Myth and Fact." We were very concerned with the emotional reaction that this subject often engenders. The report states:

The Committee is convinced that, economically, bilateral free trade is viable, that it would be of real benefit to all regions of Canada and that these advantages are widely recognized. What appears to deter many Canadians from the idea is a deep-seated fear of an erosion of Canadian sovereignty or eventual political integration. This ancient fallacy has dominated Canadian political life since the country was founded.

The government's 1972 'Third Option' paper represented a typical expression of the "inevitability of political union" point of view. It asserted that "free trade areas . . . tend towards a full customs and economic union" and that probably in a Canada-U.S. free trade area Canada would be obliged to seek political union. The claim was baldly stated and on this simple proposition the argument for closer economic ties was rejected. There was no analysis or examination of past experience in other parts of the world. A major Ontario government paper, *Interprovincial Economic Co-operation. Towards the Development of a Canadian Common Market* went even further:

—the pursuit of free trade with the United States at the expense of an erosion of our ties to the rest of Canada would inevitably lead to the disintegration of our nation.

The committee heard much evidence on this matter. One of the witnesses appearing before us, Professor Peyton Lyon, who has made a world-wide study of this subject, stated that both "history and logic refute the claim that free trade areas inevitably unleash economic forces that drive the participating nations, against their will, on to tighter forms of economic and political union." Documenting his case, Professor Lyon concluded that "far from being typical, there is no single, solitary case of this ever having happened.

The Honourable Robert Stanfield put it very well when he appeared before the committee and stated:

Some people who are strong economic nationalists will dismiss it immediately on, perhaps, emotional grounds; others who are traditional free traders will accept it on their faith and principles; but my belief is that most Canadians are not sufficiently informed on the subject today to have any firm opinion or to be at all certain as to what the indications are. I think there is a lot of educating and a lot of thinking to be done—

The objective of our report is to engender public debate on this subject.

[Senator van Roggen.]

The report goes on to state:

● (1430)

The strongest industrial areas in Canada, both in resource-based and manufacturing sectors, are those with no tariff protection; it is only the weaker manufacturing areas which are protected and if these industries are restructured and strengthened through free access to the U.S. market it could only strengthen the Canadian social and political fabric as well as its economy. Would anyone suggest that Ireland—

We are here speaking of Eire.

—had lost any of its political or cultural independence after it joined the United Kingdom in a bilateral free trade arrangement?

I might say that that was some 15 years ago.

It certainly became economically stronger.

I can go on at length about Finland and its three million people having a free trade agreement with the whole of the European Economic Community and its reasons for doing so, and I could go on at length about Sweden having a free trade agreement with the European Economic Community and not being a member of NATO, maintaining political independence and being a neutral state.

It is an economic matter we are dealing with, not a political question.

Honourable senators, I have taken longer than I should have, but I just wanted to say enough to whet your appetite so that you would indeed study the report.

A notice has already gone to members of the committee—and, of course, all honourable senators are welcome—that there will be a press conference in room 256-S at 4 p.m. relative to the report.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator van Roggen: Honourable senators, I move, seconded by Honourable Senator Asselin, that this report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

QUESTION PERIOD

[English]

FOREIGN AFFAIRS

GUATEMALA—REPORT ON COUP D'ÉTAT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to a question raised by Senator Macquarrie yesterday regarding the coup d'état in Guatemala.

Reports from the Canadian Embassy in Guatemala City indicate that a coup d'état by members of the armed forces appears to have been successful.

This information was received just a few moments ago.

Key military and government installations, as well as radio and television facilities, are under control of the armed forces faithful to the coup leaders.

Initial indications are that the coup was bloodless and that it was carried out by a group of young officers who apparently have a wide base of support in military ranks. Their professed aim, in carrying out the coup was to put Guatemala "on the road back to democracy."

The coup leaders have charged that the elections held on March 7 were fraudulent, and they have promised to hold new elections. Meanwhile, they have appointed a three-man junta composed of senior military officers, one of whom was the Christian Democrat Vice-Presidential candidate in the 1974 elections.

The general situation in Guatemala appears to be calm.

With respect to injury to Canadians in the coup d'état, Canadian lives do not appear to be in danger. The situation is being monitored.

As far as policy is concerned, Canada's usual policy is to recognize a government which is effectively in charge and in control of a country, and which undertakes to fulfil its bilateral and multilateral treaty obligations and commitments. We are currently monitoring developments in Guatemala and will decide on our position in the light of these considerations.

While it is too soon to assess what specific political direction the new government will follow, the Secretary of State for External Affairs has said that he can only express the hope that they will take meaningful action to improve the human rights situation. Canada has repeatedly taken bilateral and multilateral action designed to encourage the Guatemalans to do just that.

EL SALVADOR—RECOGNITION OF GUERRILLA MOVEMENT BY GOVERNMENT OF VENEZUELA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a media report today indicates that the Venezuelan government recognizes the guerilla movement in El Salvador. Some questions have been asked about Canada's position relative to that.

During recent discussions held in New York between the Secretary of State for External Affairs, the Honourable Mark MacGuigan, and the Foreign Minister for Venezuela, it was quite clear that Venezuela supports, as Canada does, the government of President Duarte.

The Secretary of State for External Affairs has said that he can only assume that the press report in question is based on a misunderstanding or inaccurate information, but is "having the matter checked", to quote his words.

● (1435)

BANGLADESH—REPORT ON COUP D'ÉTAT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there was another coup d'état yesterday, this one in Bangladesh.

The military authorities, led by Lieutenant General Ershad, the army chief of staff, have taken control of the Government of Bangladesh.

The Bangladesh National Party Government, led by President Sattar, which won the national election held in November, has been dismissed by the military leaders.

Lieutenant General Ershad has said that the military have taken control because of the ineffectiveness and corruption of the previous government. There does not appear to be any particular ideological factor behind the military takeover.

Over recent months the military authorities have exerted an increasing influence within the governmental apparatus. The coup d'état was not unanticipated. An overt move to take power by military leaders has been regarded as a possibility for some time.

So far, there have been no reports of violence related to the military takeover. As far as we are aware, the small Canadian community in Bangladesh has not been adversely affected. However, persons planning to visit Bangladesh in the near future may wish to consider delaying their departure until the situation is clarified.

Canada has maintained good relations with successive military and civilian governments of Bangladesh. Since Bangladesh gained independence in 1971, Canada has maintained a very substantial aid program. Bangladesh is one of the world's poorest countries and continues to require substantial food aid and other forms of assistance.

Honourable senators, these are the only two coup d'états so far, but the day is not over.

Hon. Heath Macquarrie: Honourable senators, I thank the government leader for his answer, which is a veritable plethora of information. I know that we all rejoice that the coup d'état in Guatemala was accomplished without bloodshed. I am sure we hope that the promise of today will be borne out in future months and years—if it lasts that long—but I think we have noticed that the early days of promise of unconstitutional, as in constitutional, changes of government are not always followed by days of fulfillment.

CANADA POST CORPORATION

REPORTED ANNUAL RATE INCREASES

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. I believe last week the Vice-President of Canada Post Corporation said the corporation would probably impose yearly rate increases through to 1986, with the next increase coming as early as January or February of 1983. Has either the Post Office or the government done a study of the amount of business lost as a

result of these rate increases and, if so, could the Leader of the Government table a report?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Senator Nurgitz: I have a supplementary question. While he is seeking that information, could the Leader of the Government inform us whether it is the philosophy of the government that it is proper for a monopoly like Canada Post Corporation to increase its rates annually at the same time as it appears to be flexing its muscles and threatening legal action against those who are seeking alternative delivery methods?

Senator Perrault: Honourable senators, I will take that question as notice. I do not have that information at hand, and I would not wish to comment until I have read the purported statement.

VETERANS AFFAIRS

DISTRIBUTION OF ANNUAL REPORT TO SENATORS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I notice that Senator Marshall is not in his place this afternoon, but there was a suggestion that he had not received a copy of the annual report of the Department of Veterans Affairs. In fact, that report was tabled on March 11, and when Senator Marshall is back in his place—he may be out of the chamber temporarily—I will raise that matter with him.

AGRICULTURE

REGULATION OF RED MEAT INDUSTRY

Hon. G. I. Smith: Honourable senators, I have a question I should like to direct to the Leader of the Government in the Senate, seeing that the rest of his governmental colleagues are not in their seats. Can he confirm that the Minister of Agriculture, one of his colleagues in the other place, has recently said publicly words to the effect that the government must impose supply management to regulate the red meat industry?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I would not wish to answer that question in the absence of the very learned and expert Minister of State for the Canadian Wheat Board.

Hon. Jacques Flynn (Leader of the Opposition): The irony of that statement should appear in *Hansard*.

● (1440)

Senator Smith: Perhaps the honourable gentleman will undertake to make certain that his colleague, the minister to whom he referred, does, in fact, take note of the question.

Perhaps the Leader of the Government will also inquire whether or not the policy of imposing control on the red meat industry is, in fact, a policy of the government.

[Senator Nurgitz.]

Senator Perrault: Honourable senators, I do know that the government remains concerned about the plight of beef producers in this country, and recognizes the fact that the industry is facing severe difficulties at the present time, having been caught in the cost spiral. However, the question will be taken as notice on behalf of my colleague, Senator Argue, and an answer produced as quickly as possible.

CANADIAN EGG MARKETING AGENCY—ALLEGED LOSS

Hon. G. I. Smith: Honourable senators, would the Leader of the Government also be kind enough to bring to the attention of his colleague, Senator Argue, the question of whether or not it is correct that the Canadian Egg Marketing Agency has recently announced a loss of some \$4.7 million during the last year?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that information will be sought.

GRAIN

CROWSNEST RATES—GOVERNMENT NEGOTIATOR—TERMS OF REFERENCE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like my honourable friend, the Leader of the Government, to take note of a question for his colleague, the Minister of State for the Canadian Wheat Board, whose absence I personally deplore. I hope that he will be here tomorrow. I shall not ask all of my questions today, but there is one that I should like to put.

What instructions has the government given to Dr. Clay Gilson with respect to his inquiry into the Crow? I am particularly anxious to know whether he is limiting his audience to producers and producers' associations, or whether he will allow other people to discuss with him the economic impact of the Crow.

I raise the question because the information given to me is that Dr. Gilson is limiting himself, at least at this stage of his inquiry, to producers and producers' organizations, and that other groups, which have a very marked interest in economic developments that will flow from the Crow, are not to be heard. My inquiry concerns whether or not they will be heard before Dr. Gilson completes his report.

I would also like the minister to tell us what role the federal government sees for provincial government intervention with respect to the Crow discussions.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the honourable senator has asked some important questions, which will be taken as notice. I regret the absence from the chamber this afternoon of my ministerial colleagues. They are all engaged in matters relating to the public interest.

Senator Roblin: I hope they are, because this is a matter of public interest in this house. While we do not expect ministers to be present all of the time, I hope that the Minister of State for the Canadian Wheat Board will be present tomorrow,

because there are a number of questions that some of us would like to ask concerning agricultural policy.

TRANSPORT

CP AIR—DISCOUNT FARES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information concerning the Skybus service, the subject of a question asked by Senator Marshall on March 17.

The Canadian Transport Commission advises that the Air Transport Committee of the Canadian Transport Commission has permitted CP Air Skybus fares to become effective March 19, 1982 and to remain effective until October 31, 1982, despite reservations on the merits to the public, CP Air and other carriers.

The committee will continue investigation of the CP Air Skybus fares and other very low-priced fares with the intent of reaching a decision by October 31, 1982.

CANADA-UNITED STATES RELATIONS

U.S. WEAPONS TESTING IN CANADA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on March 18, Senator Bielish and Senator Muir asked questions concerning United States weapons testing in Canada. Senator Bielish's question concerned the testing of U.S. weapons in the province of Alberta and other areas. She asked whether the tests would take place in north-eastern Alberta.

I can confirm that the proposed testing of the Cruise missiles will partially take place over northern Alberta.

The Cruise missiles will be launched from the high Arctic and the flight path will cross parts of the Northwest Territories, northeastern British Columbia, northern Alberta, and will touch western Saskatchewan. No other provinces east of those areas are mentioned.

There have been no formal consultations with provinces or interested groups. The reason for that, I have been advised, is that Canada has been involved in delicate negotiations with a foreign country. It was felt that consultations with the provinces or groups referred to by Senator Bielish would result in the negotiations becoming public knowledge, which might prejudice the conclusion of an agreement. The final agreement will not be a secret, and the provinces concerned will be informed and briefed soon after the agreement has been concluded.

No formal studies concerning the impact on people, the environment or wildlife were conducted. However, all of those questions have been examined and discussed.

The Secretary of State for External Affairs informs me that we can safely go forward with the testing without risk to the health or safety of people and wildlife and without damaging the environment.

I have been provided with assurances, honourable senators, that extensive and detailed in-flight safety measures have been put in place so that there will be no risk during the flight of those missiles.

Hon. Duff Roblin (Deputy Leader of the Opposition): What happens when they come down?

Senator Perrault: Honourable senators, in response to Senator Muir's question, I can say that this is a framework agreement for all sorts of projects, of which the Cruise missile testing is only one. Insofar as the testing of the Cruise missiles is concerned, Canada will be providing facilities and we will be staffing some of them. Canadian forces may be more involved in future projects under this agreement.

When I referred to extensive in-flight safety measures, I can assure honourable senators that they are varied and extremely extensive, and that every effort, I am assured, will be made to ensure that if anything goes wrong with those vehicles, however they are described—

An Hon. Senator: You will resign.

Senator Perrault: —there will be an absolute minimum of damage.

Hon. Jacques Flynn (Leader of the Opposition): Minimum!

Hon. Robert Muir: Honourable senators, I thank the honourable gentleman for his response. Does he mean that the Canadian Armed Forces will operate in an integrated way with the American forces in the testing of the Cruise missiles?

Senator Perrault: Honourable senators, in the briefing given to me, there was the suggestion that the testing method is virtually fail-safe. Concerning the degree of involvement of the Canadian Armed Forces, I must take that question as notice. I do not have a detailed briefing on that subject, but further information will be obtained.

Senator Muir: As a supplementary, I was thinking of sovereignty. It is only right, despite the fact that an arrangement has been made between Canada and the United States, that if a foreign power comes into this country it should work in conjunction and co-operation with the Canadian Armed Forces. I hope and trust that is the arrangement.

Some Hon. Senators: Hear, hear.

Senator Perrault: Honourable senators, certainly the Canadian national interest will be protected, and I am sure that there will be Canadian Armed Forces involvement to provide certainty on that point. However, I will take the question as notice.

Senator Muir: As a further supplementary, am I assured that the Leader of the Government will search out the matter further. I would recall to his attention the Bomarc situation of some years ago when Canadian Armed Forces were not allowed access to anything over which the Americans had control. I would not want to see such a situation repeated in Canada, and I hope that our people will have as much control as any foreign power in our country.

Senator Perrault: Honourable senators, I can appreciate the concerns expressed by Senator Muir, Senator Bielish and others. It should be made clear—and I am sure honourable senators are aware of the fact—that the missiles will be unarmed. There will be no nuclear warheads in them. The situation is very much in the category of testing new aircraft. They are, in fact, flying vehicles, in the category of aircraft, I understand.

● (1450)

Senator Muir: Honourable senators, I realize, of course, that they will be unarmed. Despite that fact, the point I am making is that our forces should have complete access to any part of this operation, wherever it may be held in Canada, and that they should not be told that they are not allowed to go into certain places or to do certain things. I hope that will be taken care of.

Senator Perrault: Honourable senators, the views expressed by Honourable Senator Muir will certainly be conveyed to the proper authorities.

BUDGET TAX MEASURES

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, pursuant to notice of yesterday, moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the following:

- (i) Budget tax changes tabled by the Minister of Finance in the House of Commons on November 12, 1981, and the impact thereof on taxpayers;
- (ii) documents tabled December 18, 1981, by the said Minister of Finance in the House of Commons relating to some enumerated Budget tax measures announced on November 12, 1981, and describing the tax treatment proposed to be accorded thereto;
- (iii) the proposals made by the Minister of Finance in the House of Commons on December 18, 1981, for adjustments in some measures contained in the Budget resolutions;
- (iv) the further proposals made by the Minister of Finance in the House of Commons on December 18, 1981, for referral of some tax measures contained in the Budget resolutions to a parliamentary committee as follows:

Rules relating to corporate re-organization, taxation of whole life insurance, charitable foundations, retirement allowances and work in progress; and

- (v) any bills based on the Budget tax changes in advance of the said bills coming before the Senate and any other matters relating thereto.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment, let me note that the two sittings of the Senate this week have been of exceptionally short duration. However, honourable senators will not need to be reminded that a good deal of committee activity is taking place this week, even to the extent that there was a certain amount of conflict yesterday, and there are two committee meetings this afternoon plus quite a number tomorrow.

Furthermore, now that the other place has resumed its sittings we will, of course, be receiving some business from there that will require our attention next week.

Hon. Robert Muir: Honourable senators, I rise on a point of order. I appreciate the deputy leader's comments. There were five committee meetings yesterday, there are two this afternoon, and tomorrow morning the Internal Economy Committee and the Transport and Communications Committee are both scheduled to meet at 11.15. The Chairman of the Transport and Communications Committee is very severe, and he does not appreciate seeing members of his committee leave to go to another meeting, for which I do not blame him. I thought that something was going to be done about this kind of thing.

Senator Frith: Honourable senators, I am grateful to Senator Muir for raising this point. We have attempted to ensure that not too many committees meet at the same time. In particular, we have tried to control the number of committees meeting while the Senate is sitting. Perhaps not enough attention has been paid to the problem of overlapping membership when two committees meet at the same time. So far, at least, it has been impossible to avoid such simultaneous sittings.

At the next meeting of committee chairmen we should consider the question of such overlappings of membership, which put not only chairmen of committees in an embarrassing position but also the senators who find themselves required in two places at the same time.

I thank Senator Muir for raising this matter. We will look into it and see what can be done to solve the problem.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, March 25, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON
SUPPLEMENTARY ESTIMATES (E) PRESENTED AND PRINTED AS
APPENDIX

Hon. Douglas D. Everett: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on supplementary estimates (E) for the fiscal year ending March 31, 1982. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix, p. 3881.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Everett: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[Translation]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Tuesday next, March 30, 1982, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, I should like to explain that March 31 will be next week, and this is a rather important date for supply. We are expecting a bill for, and I shall use the English term, interim supply.

Hon. Jacques Flynn (Leader of the Opposition): In French the term is: crédits provisoires.

Senator Frith: Thank you, Senator Flynn. So probably, after the report by the Committee on National Finance, we shall be presenting votes for the supplementary estimates (E), as well

as interim supply for the first three months starting this April 1.

Committees will also be sitting next week, with four meetings on March 30, one scheduled for Wednesday, March 31, and five committee meetings on Thursday, April 1.

I expect we shall have enough to do next week.

Senator Flynn: Ha!

[English]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would ask the deputy leader to tell us the status of Bill C-97, which, if memory serves me correctly, amends the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977. It is still in the House of Commons, and I suspect it is unlikely to reach us before March 31. There has been some intimation that it must be dealt with by that date. I do not share that opinion, but I would like some information from my honourable friend as to what the financial implications are, and whether there can be a delay of, say, 15 days during which this bill might be discussed at our level.

● (1410)

Senator Frith: Honourable senators, I can give some information and my understanding, but I cannot say that either is absolutely copper-fastened from a legal point of view.

Senator Roblin is correct when he says there is an impression abroad that the bill has to be passed and proclaimed by March 31 in order for cheques to be issued. My understanding is that there is support for that strict view, but that, in fact, the cheques do not go out until later.

That brings us to the question of whether such distribution can be made by Governor General's warrants. The better opinion is that it cannot. That then leaves the question of whether there is a problem if the bill is not made law by proclamation before, say, the middle of next month, though after March 31. I understand if it comes to that it will be all right.

To apply the situation to this year's calendar, it seems to me that, if what I have said is correct—that is, that it is possible to have the provisions take effect so that the funds are distributed with proclamation after March 31—in practical terms it must still be passed before Easter. If either the Senate or the House of Commons were to adjourn for Easter week, the bill must be dealt with before then.

At a meeting of the Standing Senate Committee on Legal and Constitutional Affairs, I asked that we be given an opinion on this subject. I hope to have that before the weekend in order to clarify legally the information I have just given.

Senator Roblin: I shall be glad to have that information, honourable senators, because a Governor General's warrant would not be applicable when Parliament is sitting. Therefore, we could not rely on that.

On the other hand, I do not want the Senate to be squeezed, as very often happens, between some artificial deadline and the dilatory motions which lead up to a bill being introduced in this house. I would appreciate it if my honourable friend ensured that we were not put in that position.

Senator Frith: My honourable friend's point is well taken. I do not think we will be able totally to avoid being squeezed. However, I agree that, if we must be, at least, partially squeezed, it should not be an artificial squeeze or a squeeze produced by an artificial date. Let us ascertain the real date.

Senator Roblin: If I am squeezed, I am going to shout.
Motion agreed to.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Hon. Sidney L. Buckwold, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Côtteau be substituted for that of the Honourable Senator Hastings on the list of senators serving on the Special Joint Committee on Official Languages; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

QUESTION PERIOD

[Translation]

THE ECONOMY

INFLATION AND UNEMPLOYMENT—GOVERNMENT POLICY

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, my question is directed, as the Leader of the Government would say, to the distinguished and learned Minister responsible for Economic, Regional, National and any other kind of Development!

● (1415)

[English]

I hope the minister read yesterday's *Hansard* in which one of his colleagues was described in that fashion by the Leader of the Government who was wearing a smile at the time.

Hon. Royce Frith (Deputy Leader of the Government): That would not show on the record.

Senator Flynn: I made sure it would appear in *Hansard* because I made mention of the fact that the irony of that statement should appear in the record.

[Senator Frith.]

My question is with respect to the statement by the architect of many Liberal campaign successes, Senator Davey, who said recently, "The unemployment figures alarm me more than the inflation figures." I am wondering whether this statement is reflective of a lessening of the government's determination to bring inflation under control at almost any cost, even at the cost of political disaster.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Leader of the Opposition, of course, is not asking for factual information, which I am accustomed to giving and usually give, but rather for an opinion. I am not sure—

Senator Flynn: You usually give opinions, too.

Hon. Duff Roblin (Deputy Leader of the Opposition): He is never short of opinions.

Senator Olson: He certainly would not want me to comment on the relative difficulty that is raised by either inflation or unemployment with respect to Senator Davey's comment, but I can tell him that the government is concerned about both. We also believe that unemployment will be exacerbated, or the difficulty will be worse, if some attempt is not made to get inflation down to a level lower than it is in Canada today, and, indeed, to a level comparable to that enjoyed by some of our major trading partners so that our competitive position in those international markets is maintained or strengthened.

As my honourable friend knows, the decrease in the rate of inflation has been somewhat greater in the United States, by far our most important trading partner, in the last few months than it has been in Canada. Indeed, the difference in some parts of the inflation factor is as much as 4 percentage points less in the United States than it is in Canada. That causes us a great deal of concern because, obviously, in the longer term, it will weaken our competitive position in the international market, whether it is trade only between our two countries or in the broader spectrum of the international market.

I do not believe that one can be separated from the other. If you look at it in the context which I have just tried to explain, both are very closely inter-related, and the government is very concerned about both the level of employment and the level of inflation that is diminishing our competitive position in the international market.

Senator Flynn: Some people have interpreted Senator Davey's statement as indicating that the Liberal Party or the present government should move to the left a little more to retain office. Of course, in Liberal terms, any change of doctrine or perspective is justified to maintain the party in power. I am wondering if the minister, who is considered a right-wing member of cabinet, is in agreement with this proposal, and also whether he is satisfied that he has won the battle against the Minister of Industry, Trade and Commerce on FIRA.

● (1420)

Senator Olson: Honourable senators, there is a lot of assertion in the preamble to the question—as a matter of fact, there

are more than one question—that is absolutely unfounded—for example, whether or not the position of the government is a swing to the left or to the right, or whatever. The position of the government—

Senator Murray: —is frozen.

Senator Olson: —is that we are very concerned about unemployment levels and the rate of growth in this country that will produce more employment. I do not believe it is a matter of whether one is more to the right or the left. What we do in this party is look at the problem squarely, in the real world, and do all things and such things as are necessary to find a satisfactory solution to it.

Senator Flynn: The problem is your party staying in office.

Senator Olson: I expect that my honourable friend will understand one or two things at least, because of the actions that he and his group took between May and December, 1979.

Some Hon. Senators: Oh, oh!

Senator Olson: That is, if you want to stay in office, you want to at least try, and be perceived as trying, to do the best you can under the circumstances. The kind of fumbling and bumbling that went on during that nine-month period destroyed any confidence that the Canadian people had in them, and they treated them appropriately on February 18, 1980.

Senator Roblin: Do you want to take your budget to the people?

Senator Flynn: Are you prepared to face an election at this time?

An Hon. Senator: You are the number three party at this time.

Senator Olson: My honourable friends opposite know that one of the fundamental requirements of being in government is that they should at least have learned how to count.

Senator Flynn: That's all you ever do.

Senator Olson: So far as the other part of the question is concerned, as to how I am perceived, and my honourable friend's repetition of assertions he may have read that I am some kind of small "c" conservative, I can tell him directly, without any faltering or interpretation from others, that nothing could be further from the truth.

Hon. R. James Balfour: Honourable senators, I have a supplementary question for the same minister? Is one reason for the better inflation-control performance of the United States is that it chose a world price policy for petroleum rather than the sheltered price policy adopted by Canada?

Senator Olson: If we had followed the kind of policy that my honourable friend is suggesting, all that we could have expected was to have a higher inflation rate some time ago. It was well known by all the governments that participate in that agreement that we opted, and agreed to opt, for a graduated increase in the very wide swings in energy prices on the international market—and, of course, there is a factor involved

in that. But we could have had it somewhat earlier and added difficulties to our economy much earlier than was the case. I do not think that even in retrospect—and the Conservative Party is great at having retrospective vision.

Some Hon. Senators: Hear, hear.

Senator Olson: They are always smarter after the fact than before. Sometimes it is a good question whether they are as smart or as perceptive, even after the fact, as the party on this side are before the fact. But my honourable friend can figure it out pretty clearly that if prices had risen somewhat more rapidly prior to now, obviously we would have had higher numbers in the inflationary effect. It does not take a great brain or much calculation to figure that out.

Senator Balfour: Do I take it that the answer to my question is yes?

Senator Olson: The honourable senator can take as the answer to his question, following a careful examination of the words I used in my reply, that it is not yes.

Hon. C. William Doody: I have a supplementary question for the same minister relating to the comparison between the inflation fight and the unemployment problem. What level of unemployment is the government willing to accept in its fight against inflation? How many people will be allowed to remain unemployed until the inflation problem is solved?

• (1425)

The government may win its battle, and bring inflation down to 4 per cent or less, but by then there will be nobody in Canada working, so what will be the point?

Senator Olson: Honourable senators, the present rate of inflation and of unemployment is unacceptable to the government, and we have mounted a campaign to lower both as rapidly as possible.

Senator Doody: Honourable senators, obviously I did not make myself clear. I did not ask what the government's perception of the present rates was—

Senator Olson: You asked what was acceptable.

Senator Doody: Yes, I asked what was acceptable. Can the minister tell me how many Canadians will be permitted to be unemployed in the government's fight against inflation? What is the level? What is the ceiling? Will the minister tell me that?

Senator Olson: Honourable senators, my answer of a few minutes ago accurately describes the government's position with respect to both of those questions.

Senator Doody: Is the minister saying, then, in effect, that he does not know how many Canadians will be allowed to join the ranks of the unemployed, or is the minister telling me that he is afraid to tell us that?

Senator Olson: Honourable senators, we would like the unemployment levels to be much lower than they are now, and I can read out a list of programs that we have put in place to attempt to achieve such a lowering. We have also adopted a

fiscal and monetary stance that we hope will reduce inflation, lead to more investment, and enhance economic activity in this country, which in turn would lower the levels of unemployment.

Senator Doody: The honourable minister should enter a dancing contest. He manages to dance all around the question and never provides a reasonable answer.

The fight against inflation does not seem to be working all that well. The consumer price index rose in February, and the inflation factor is still rising, as is the unemployment rate. Since inflation and unemployment are both on the increase, obviously there is something wrong with the government's programs. Can the minister tell us if he has any solutions, or any other approaches to bring forward, in 25,000 words or less?

Senator Olson: Yes, honourable senators. There are problems in the world economy today. No one disputes that. It is interesting to note, however, that of the OECD countries, Canada has done better, in 1981, than any of the others except one, that one being Japan. You know that we are a country that is heavily involved in international trade with respect to a large part of our economic activity, and when there are difficulties in that trade, a slowing-down of some of that activity, of course we are involved, because between a quarter and a third of our total GNP depends on that market. I think Canadians should take some pride in the fact that we have done better than all of our major western trading partners, except Japan.

Senator Doody: Honourable senators, I wonder if the minister is suggesting that the message be conveyed to the more than one million unemployed Canadians that they are lucky to be living here, or is saying that they should move to Japan? What is the significance of telling me that? That does not deal with Canada's unemployment problem, nor does it deal with Canada's inflation problem. Is the minister saying that the government has no control over these things because they are out of control in Europe or Japan? What is this government doing about it?

Senator Olson: Well, it seems to me that it ought to be fairly simple for my honourable friend to relate to the very heavy reliance of Canada on the international market. If he is not capable of doing that, then I do not think he should talk to anybody, or try to explain anything, because he obviously has no concept of it himself. But it does seem to me that it is fairly simple to deduce that if we have done better than most of our trading partners, Canadians ought to take some satisfaction in that situation.

Hon. Lowell Murray: Honourable senators, in view of the fact that the marvellous inflation performance of the Government of Canada has brought the dollar down to about 81 cents and caused the Bank of Canada to spend about \$110 million in the last day or so to support the dollar, will the minister indicate to what extent the government intends to support the dollar? Is it prepared to authorize the Bank of Canada to continue to deplete its reserves in order to support the Canadi-

an dollar indefinitely, or is it going to allow it to drop even further?

● (1430)

Senator Olson: Honourable senators, I am sure that even Honourable Senator Murray knows that he would consider any reply to that question an impropriety—that is, he would not expect the government, in an exchange of questions, to try to give instructions to the Bank of Canada. I am sure that he and his colleagues would be the first ones to scream foul—

Senator Frith: "Resign."

Senator Olson: —if we started to indicate how the Governor of the Bank of Canada should manage the Bank of Canada.

I hope that he understands my reply and will take back his question, because I am sure that he knows that he ought not to have asked that question in the first place.

Senator Murray: Perhaps I can ask the minister a supplementary question, since he finds my opening question so uncongenial and disagreeable.

Senator Olson: The right word is "improper".

Senator Murray: Does the minister agree that the recent fall of the Canadian dollar—necessitating the outlay of \$100 million by the Bank of Canada to support it—is, in fact, due to the relatively high inflation rate in Canada?

Senator Olson: I think that we should wait until we receive a report from the Governor of the Bank of Canada on the level of his intervention in that market. Perhaps we should ask him his reasons for doing that.

I do not believe I ought to try to give reasons for the action of the Bank of Canada without first making some inquiries. I must tell the honourable senator that I have not made any such inquiries, but I am sure that the Governor of the Bank of Canada has good reasons for doing what he has done, in line with his responsibility to look at those things.

Senator Murray: I believe the minister misunderstood my question. I did not ask the minister to speculate on why the Governor of the Bank of Canada took the particular action he did take in the past couple of days. My question is: Does the minister agree that the obvious weakness in the Canadian dollar—and it has dropped to approximately 81 American cents in the past day or two—is due to the relatively poor inflation performance of Canada vis-à-vis the United States?

Senator Olson: I will obtain an opinion from those involved in that.

Senator Murray: You are involved in that.

Senator Olson: The honourable senator is doing exactly what I suspected he was trying to do when he asked his question a few minutes ago. He is trying to get an opinion from me, agreeing or disagreeing, with the intervention of the Bank of Canada. I am sorry, I am not going to be sucked in by that.

QUEBEC

CANADIAN UNITY INFORMATION OFFICE—PUBLIC OPINION POLL—REQUEST FOR RESULT

Hon. Lowell Murray: Honourable senators, may I ask a question of the Leader of the Government in the Senate?

Hon. Raymond J. Perrault (Leader of the Government): Another objective question.

Senator Murray: My question is with respect to the poll the Canadian Unity Information Office took in mid-January in the province of Quebec, partial results of which have been published in *La Presse*.

Would the minister undertake, in the spirit of the freedom of information legislation, to table the results of that poll in the Senate?

I ask that question because a spokesman for the Canadian Unity Information Office was quoted in the newspapers as saying that the government would not release the results of the poll.

In any event, will the minister undertake to let us see immediately a copy of the questionnaire that was used so that we may know what questions the Canadian Unity Information Office, in the name of the federal government, is asking the population of the province of Quebec?

Senator Perrault: Of course, the taking of polls by governments, be they federal, provincial or municipal, is not an uncommon thing. The question will be taken as notice.

Senator Murray: Honourable senators, I did not suggest that the taking of polls was unusual. I simply wanted to remind the minister that the previous government, the Conservative government, undertook, in the spirit of freedom of information, even before that legislation was introduced, to make public the results of any public opinion poll taken by the government. I am asking for the same undertaking from the minister. I am asking him, in particular, to release the results of that poll taken in Quebec in mid-January, parts of which have already been leaked, for whatever reason, to the Montreal newspaper *La Presse*.

● (1435)

FOREIGN AFFAIRS

ISRAEL—ANNEXATION OF WEST BANK—ATTITUDE OF CANADIAN GOVERNMENT

Hon. Heath Macquarrie: Honourable senators, if my colleagues have finished their interrogations, I should like to ask a question of the Leader of the Government in the Senate.

Yesterday the leader, in an expansive answer, dealt with current political developments in Guatemala, El Salvador and Bangladesh. At the same time—indeed, at this time—there is another part of the world where young people are being shot to death, elected officials are being deposed, and the threat of illegal annexation is being flaunted, namely, the occupied West Bank of the Jordan River. Can the minister indicate whether the Government of Canada has made known to the

representative of the friendly state of Israel that it opposes both the repression of the Palestinians and any annexation of the West Bank? I ask this in light of the Canadian government's stated view that it does not consider the legitimate boundaries of the state of Israel to encompass the territories conquered in the 1967 war. I also ask this as a man of peace, as I am sure the minister is as well, in the hope that events in the Middle East will not become so cataclysmic as to involve us all in a very gruesome conflict of arms.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. I do have, however, some information with respect to the Canadian position on the West Bank situation. We deplore the sharp increase in tension that has developed in recent weeks in the West Bank and the Gaza Strip leading to the loss of life, injuries and disruption in normal daily activity.

We are concerned about the cumulative effect of the prolonged closing of Bir Zeit University, the dismissal of the mayors of El Bireh, Ramallah and Nablus, as well as the demonstrations and general strikes.

The situation, once again, points to the need for a negotiated resolution of the dispute, the withdrawal of Israel from territories occupied in 1967, and peace and secure borders for all states in the area.

The government does not recognize the validity of Israel's annexation of East Jerusalem. The status of Jerusalem must be determined by negotiation in the context of an overall settlement of the Arab-Israeli dispute.

The government opposes unilateral Israeli actions in East Jerusalem which are designed to predetermine the status of the city. The government will maintain its present policy and practices regarding East Jerusalem, including the avoidance of official contacts with the Israeli authorities there.

The other information requested by Honourable Senator Macquarrie will be sought as quickly as possible and brought to the Senate.

Senator Macquarrie: I thank the leader for that answer, which, although an interim one, is satisfactory to me. I hope he will be able to indicate whether or not the government is communicating its views to the friendly state of Israel.

THE BUDGET

EFFECT ON PURCHASERS OF WHOLE LIFE INSURANCE POLICIES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information in answer to questions concerning taxation of life insurance which were raised by the Honourable Senator Nurgitz on February 24.

The senator's questions are based on an illustration given by the Life Underwriters Association of Canada in its November brief to the Minister of Finance. The illustration does not contain sufficient information to determine the accuracy of the tax calculations. For example, it would be necessary to know the assumptions about the dividend scale and the interest rate underlying the policy.

In any event, the policy used in the illustration is not a \$25,000 policy, but one worth over \$100,000. The death benefit starts out at \$25,000, but the policyholder is assumed to use all of his policy dividends to buy additional insurance so that, by age 73, the death benefit exceeds \$130,000. If this policy generates high amounts of taxable income, it is because it is a very high savings policy.

The honourable senator stated that a person taking out this policy at age 25 will have paid approximately \$28,000 in tax by age 73. This seems like a lot, but the same person investing just \$80 a year in a bank account accumulating 10 per cent interest would pay \$29,000 in tax over the same period. When savings accumulate over a long period of time—48 years in this case—a great amount of interest is earned, and, therefore, a large amount of tax is paid.

● (1440)

With growth in incomes, however, large amounts of tax paid far off in the future can amount to very little in terms of today's dollars. In the example created by the Canadian Life Underwriters Association, the person is shown as paying over \$5,500 in tax 48 years after the policy is purchased. If, for example, incomes rise at 8 per cent a year over the period, paying \$5,500 that far in the future will be just as affordable as paying only \$138 now. I might also state that nobody has to worry about paying large amounts of tax now since the budget proposal affects only policies issued after November 12, 1981, and it takes many years for sizeable amounts of investment income to build up.

I think that should allay some of the concerns of people presently owning policies.

In regard to the honourable senator's other question, I can state for the minister that the Department of Insurance was consulted in the preparation of the budget, and has been consulted frequently since the budget was issued.

CANADA-UNITED STATES RELATIONS

U.S. WEAPONS TESTING IN CANADA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, yesterday, March 24, Senator Muir asked a question concerning the participation of the Canadian forces in the testing of Cruise missiles. I think the answer to this question will be of interest to other honourable senators as well.

Canada is providing facilities for the tests and has agreed to staff some of them. The staff people would obviously be from the armed forces.

It is not an integrated project so far as the Canadian forces are concerned. The agreement in this case could be likened to

a rental agreement by which the United States is renting our space—our real estate, I suppose—and facilities for an agreed-upon amount of time. We would be proceeding under this agreement on a project-by-project basis. Access to test results, for example, might be a condition of agreement to a project where such test results are of interest to us.

This is clearly not the same as the Bomarc situation alluded to by Senator Muir. If we want access, we can make that part of the conditions of agreement for specific projects. However, it must be emphasized that the conditions set out in this and future agreements are fully under Canadian control. Canada establishes the terms and conditions for each and every project.

Again I want to emphasize the point I attempted to make yesterday, when I said that the Cruise missiles are not armed, have no nuclear warheads, and that in that respect, so far as the action end is concerned, are dummies.

Hon. Robert Muir: Honourable senators, I thank the leader for his response. He keeps re-emphasizing that these Cruise missiles, unlike the Bomarc situation, will not be armed. We know that. The only thing I can say in view of his response to my questions is that we shall await the developments to see if Canadian Armed Forces personnel are allowed access to any part of this operation or, indeed, every part of this operation. Again I want to reiterate that we must retain our sovereignty. If we make an arrangement with a foreign country, however friendly it may be, it is only right that our people have access to any part of that operation.

CANADA-UNITED STATES RELATIONS

CONSIDERATION OF VOLUME III OF REPORT OF FOREIGN AFFAIRS COMMITTEE—ORDER STANDS

On the Order:

Consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Canada-United States Relations—Volume III—Canada's Trade Relations with the United States", tabled in the Senate on 24th March, 1982.—(*Honourable Senator van Roggen*).

Hon. George van Roggen: Honourable senators, I have nothing at the moment to add to what I said yesterday. I would ask that this order stand in the name of Senator Asselin.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

The Senate adjourned until Tuesday, March 30, at 8 p.m.

APPENDIX

(See p. 3875)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

REPORT ON SUPPLEMENTARY ESTIMATES (E) LAID BEFORE PARLIAMENT
FOR THE FISCAL YEAR ENDING MARCH 31, 1982

MARCH 25, 1982

The Standing Senate Committee on National Finance to which the Supplementary Estimates (E) laid before Parliament for the fiscal year ending March 31, 1982 were referred, has in obedience to the order of reference of Thursday, March 18, 1982, examined the said Supplementary Estimates (E) and reports as follows:

The Committee was authorized by the Senate as recorded in the *Minutes of the Proceedings of the Senate* of March 18, 1982 to examine and report upon the expenditures proposed by the Supplementary Estimates (E) laid before Parliament for the fiscal year ending March 31, 1982.

In obedience to the foregoing, your Committee examined the Supplementary Estimates (E) and heard evidence from the following: From the Treasury Board: the Honourable D. J. Johnston, President; Mr. J. L. Manion, Secretary; Mr. Jean-Jacques Moreau, Assistant Secretary, Program Branch.

These Supplementary Estimates (E) total \$959.4 million. The budgetary expenditures total \$861 million of which \$267 million are statutory items and \$593 million represent funds for which Parliament is being asked to provide new authority. The non-budgetary expenses, that is to say, loans, investments, and advances amount to \$98.5 million. The total Estimates for the fiscal year ending March 31, 1982 are now increased to \$70,109 million.

The Committee questioned the President of the Treasury Board, Mr. Johnston, at some length regarding the operations of the envelope system of expenditure control which has now been fully operational for roughly one year. The Committee was particularly interested in the manner in which supplementary estimates are handled within this envelope system.

In response to questions, Mr. Johnston emphasized strongly that the government's actual expenditures would in fact fall within the total level specified by the Minister of Finance in the budget of last fall. He further explained that the changes in departmental spending plans indicated by these supplementary estimates would have been subject to consideration by the various envelope Committees. In some instances, such as those involving new programs or expanded activities, the resources would be made available from 'policy reserves' which have been allocated to each envelope according to the government's priorities. Where additional expenditures were necessitated due to higher costs than anticipated, 'operating reserves' are available within the envelopes. While this Committee recog-

nizes the need for such reserves, we are also concerned that they not become so large as to allow the discipline imposed by the envelope system to be breached.

The President of the Treasury Board also noted that significant progress was being made, through the program evaluation process, in examining existing government programs and budgets within the envelope framework. At present, the envelope operation focuses on new programs and expenditures, but this should be expanded in the near future to include many more existing operations.

Last fall, the Committee examined and reported on Supplementary Estimates (D) which concerned the payments related to loan guarantees made by the Crown on behalf of the Consolidated Computer Company. These payments amounted to over \$90 million, and at the time of our examination we were assured by the Minister of the Department of Industry, Trade and Commerce, Mr. Gray, that the government would conduct an examination of this particular case. It is now the understanding of this Committee that such an examination has taken place, a report has been prepared, and the case has been referred to the Department of Justice by the Secretary of the Treasury Board to determine if legal action may be taken against individuals named in the report.

We also know that portions of this report have been leaked to the press and have been the subject of debate both in the other place and in the Senate. At the time of our previous examination, we asked to receive a copy of the report for further consideration. As we have not yet received such a report, we asked the President of the Treasury Board if one would soon be made available. He advised us that he would consider making the report available, but was concerned about possible breaches of confidence involved in such a release.

We believe strongly that it is in the best public interest to make available to Members of Parliament and the public the findings of this examination of the losses related to the Consolidated Computer Company, and we recommend that this be done as expeditiously as possible.

Our reasons for setting forward this recommendation are first because we are concerned that important aspects of the Crown's control of its various investments and guarantees may be faulty and conducive to abuse, as the Consolidated Computer Company case may illustrate, and that the incomplete leaked news reports may have unfairly damaged the reputations of individuals named therein. We would hope that the

government will comply with this request in an open manner, in accordance with the spirit of freedom of information.

Our concerns regarding the Consolidated Computer problem were amplified by the presence in these estimates of provisions for the expansion by ninefold, of the loan guarantees available to Canadair Ltd., (from \$150 million to \$1,350 million). We are not as yet satisfied that in this, or other instances of this nature, the Crown's interests are adequately safeguarded through its rights to appoint members to the boards of directors, or through the government's ongoing monitoring of the activities of these companies. Our concern is compounded by the use, under the signature of the Minister of Finance, of 'letters of comfort' in addition to loan guarantees.

The Committee has decided to pursue these issues through further discussions with the President of the Treasury Board during our consideration of the Main Estimates, 1982-83. *We therefore request the President of the Treasury Board to return before this Committee to discuss the issues involved in*

the government's ongoing support of certain firms, including Canadair Ltd. and de Havilland. Specifically, we ask the President to prepare background material for the use of this Committee relating to the appointment and responsibility of the directors of those firms which are Crown Corporations or heavily supported by the Crown, the need for and processes related to the Crown's provision of loan guarantees, and the use of letters of comfort. We would ask that such background material be available to the Committee as soon as possible to permit the Committee adequate time for prior study.

Treasury Board supplied the Committee with a list giving additional explanations for the \$1 Votes included in Supplementary Estimates (E) which is attached as an Appendix to this Report.

Respectfully submitted,

D. D. EVERETT,
Chairman.

APPENDIX TO THE REPORT

APPENDIX I

List of \$1 Votes in Supplementary Estimates (E), 1981-82

LIST OF ONE DOLLAR VOTES
INCLUDED IN
SUPPLEMENTARY ESTIMATES (E) 1981-82

The 33 One Dollar Votes included in these Estimates are listed in Appendix I by ministry and agency along with the page number where each vote may be located in the Estimates.

These One Dollar Votes are grouped below into categories according to their prime purpose. The votes are also identified in Appendix I, according to these categories. The category for each vote has been designated by an "X". In those instances where a vote falls into more than one category, the prime category is designated by an "X" and other categories by an "*".

A. Seventeen votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates).

B. Seven votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates).

C. Four votes which amend previous Appropriation Acts (Additional explanations are provided in Appendix II).

D. Four votes which authorize increases in the statutory limits of Revolving Funds (Additional explanations are provided in Appendix II).

E. One vote which authorizes a Corporation to borrow as an Agent of Her Majesty (An explanation is provided in Appendix II).

| Page | Department or Agency | Vote | Categories | | | | |
|------|---|-------|------------|---|---|---|---|
| | | | A | B | C | D | E |
| 12 | Agriculture | 1e | x | | | | |
| 18 | | 20e | x | | | | |
| 20 | Communications | 11e | | | | x | |
| 26 | —National Film Board | 66e | | | | x | |
| 36 | Employment and Immigration | 1e | x | | | | |
| 38 | —Canada Employment and Immigration Commission | 15e | | x | | | |
| 40 | | 25e | x | | | | |
| 44 | Energy, Mines and Resources | 15e | | x | | | |
| 46 | —Eldorado Nuclear Limited | L107e | | | | x | |
| 48 | Environment | 1e | x | | | | |
| 50 | | 15e | x | | | | |
| 54 | External Affairs | 10e | * | x | | | |
| 74 | Indian Affairs and Northern Development | 20e | x | | | | |
| 78 | Industry, Trade and Commerce | 6e | | | | x | |
| 78 | | 7e | | | | x | |
| 78 | | L42e | | | | x | |
| | Justice | | | | | | |
| 94 | —Commissioner for Federal Judicial Affairs | 30e | x | | | | |
| 102 | National Defence | 1e | x | | | | |
| 104 | National Health and Welfare | 1e | * | x | | | |
| 130 | Public Works | 10e | x | | | | |
| 132 | | 35e | x | | | | |
| 136 | Regional Economic Expansion | 1e | x | | | | |
| 136 | | 10e | | x | | | |
| 144 | Secretary of State | 5e | x | | | | |
| 148 | | 20e | x | | | | |
| 160 | Supply and Services | 6e | | | | | x |
| 162 | —Statistics Canada | 10e | | x | | | |
| 164 | Transport | 2e | | | | | x |
| 166 | | 10e | x | | | | |
| 166 | | 37e | x | | | | |
| 176 | | 70e | * | x | | | |
| 176 | | 80e | x | | | | |
| 180 | —Northern Transportation Company Limited | L111e | | | | | x |

APPENDIX II

ADDITIONAL EXPLANATIONS

Category C—Amendment of Previous Appropriation Acts

Energy Mines and Resources—Eldorado Nuclear Limited

Vote L107e—Authority is requested to:

- increase the borrowing limit of the Corporation from \$280 million to \$600 million;
- provide the Corporation with the ability to refinance existing borrowings and draw down new loans within the proposed limit of \$600 million; and
- provide an expiry date for the authority.

Explanation—Eldorado Nuclear Limited requires Parliamentary authority to increase its borrowing authority. The Corporation has already used \$198 million of the present borrowing authority of \$280 million. New net cash requirements of the Corporation and its subsidiary Company total \$270 million for 1982. The borrowing limit must therefore, be increased to finance 1982 proposed expenditures and the completion of the capital projects for 1983 estimated at \$129 million. In addition, it provides for refinancing within

the borrowing limits. It also declares an expiry date of December 31, 1988.

Since, the Corporation does not have its own act changes in the borrowing limit have previously been affected by Appropriation Acts as follows:

- *Appropriation Act No. 4, 1977-78*—authorized the borrowing of up to \$30 million from the private market;
- *Appropriation Act No. 3, 1980-81*—increased the borrowing authority from \$30 million to \$130 million; and
- *Appropriation Act No. 4, 1980-81*—increased the borrowing authority from \$30 million to \$280 million.

Industry Trade and Commerce

Vote 6e—To extend the authority previously provided to Canadair Limited to:

- include other financial arrangements with financial institutions;
- provide that refinancing can be made within the guarantee limits;
- increase the guarantee limit; and
- provide an expiry date for the authority.

Explanation—The present loan guarantee to Canadair Limited was established through *Appropriation Act No. 1, 1980-81* at \$150 million. These loans were used to finance the development and production of the Challenger aircraft and other general obligations of the Company.

It is proposed to expand the guarantee authority for Canadair loans to permit:

- the deeming of the inclusion of other financial arrangements with financial institutions such as promissory notes, banker's acceptances and bank charges to be included in the guarantee;
- the increasing of the guarantee limit from \$150 million to \$1,350 million;
- the refinancing of existing loans and the draw down of new loans as long as the aggregate liability of the Crown does not exceed the limit of \$1,350 million; and
- the declaration of an expiry date for the guarantee authority of March 31, 1991.

A review of the Corporation's financial requirements indicates the necessity for loan guarantees would reach the \$1,350 million limit by mid 1983.

Vote 7e—To clarify the current authority for loan guarantees to the de Havilland Aircraft of Canada Limited so as to deem that the "guarantee" authority includes other financial arrangements and that refinancing can be arranged assuming the aggregate liability of the Crown does not exceed the guarantee limits.

Explanation—The present loan guarantee to de Havilland was established through *Appropriation Act No. 4, 1980-81* at \$450 million. These loans were used to finance the develop-

ment and production of the DASH 8 aircraft and other general obligations of the Company.

The requested authority clarifies the meaning of the loan guarantee to ensure that it includes financial arrangements such as promissory notes, banker's acceptances and bank charges incurred in making the loans.

In addition, this proposed authority will provide de Havilland with the ability to refinance existing loans and draw down new loans so long as the aggregate liability of the Crown does not exceed \$450 million.

Vote L42e—To authorize an extension for the fiscal year 1982-83 of the current authority relating to the International Tin Council.

Explanation—The participation by Canada in the International Tin Council was originally authorized by *Appropriation Act No. 3, 1978-79*. This authority provided for the issuance of non-interest bearing non-negotiable demand notes to satisfy Canadian obligations to the Council. Payments, if called, will be made in the form of non-budgetary loans from the Foreign Exchange Account.

It was originally planned that the International Tin Agreement (ITA) would expire June 30, 1981. However, since a new Tin agreement has not as yet been negotiated it is proposed to extend the existing Agreement to June 30, 1982, to permit Canada to be able to make payments in 1982-83 if the need should arise.

Category D—Increases in the Statutory Limit of Revolving Funds

Communications

Vote 11e—To authorize an increase of \$4 million in the statutory limit of the Government Telecommunications Agency Revolving Fund.

Explanation—This Revolving Fund operates under the continuing authority of the *Adjustment of Accounts Act* with a statutory limit of \$8 million. The increase from \$8 million to \$12 million is required to finance increased accounts receivable as a result of increased activity.

The *Adjustment of Accounts Act* provides under section 33 for the amendment of the statutory limit (continuing authority) through appropriation acts.

Communications—National Film Board

Vote 66e—To authorize an increase of \$8 million in the statutory limit of the National Film Board Revolving Fund.

Explanation—The National Film Board Revolving Fund operates under the continuing authority of the *Adjustment of Accounts Act* with a statutory limit of \$12 million. The fund is used to finance the National Film Board's program activities, production and distribution of films, sale of audio-visual materials to the public as well as capital assets on hand and new capital purchases.

The increase from \$12 million to \$20 million is required to provide adequate working capital to meet increases in equipment inventory and in monthly program turnover.

The *Adjustment of Accounts Act* provides under section 33 for the amendment of the statutory limit (continuing authority) through appropriation acts.

Supply and Services—Supply Revolving Fund

Vote 6e—To authorize an increase of \$50 million in the statutory limit of the Supply Revolving Fund.

Explanation—The Supply Revolving Fund was authorized by the *Adjustment of Accounts Act* with a statutory limit of \$150 million. The Fund operates as a common service agency for the provision of goods and services to federal departments and agencies on a full cost recovery basis. The increase from \$150 million to \$200 million is required because of the current and projected sales growth which will increase levels of accounts receivable.

The *Adjustment of Accounts Act* provides under section 33 for the amendment of the statutory authority (continuing authority) through appropriation acts.

Transport

Vote 2e—To authorize an increase of \$5.7 million in the statutory limit of the Stores Revolving Fund.

Explanation—The Stores Revolving Fund was established by the *Adjustment of Accounts Act* with a statutory limit of

\$30 million. This Fund is responsible for the provision of material requirements in support of the operations of the Air, Marine, Surface and Headquarters Administration of the Department. The increase from \$30 million to \$35.7 million is required as a result of inflation and major equipment purchases.

The *Adjustment of Accounts Act* provides under Section 33 for the amendment of the statutory limit (continuing authority) through appropriation acts.

Category E—To Authorize a Corporation to borrow as an Agent of Her Majesty

Transport—Northern Transportation Company Limited

Vote L111e—To authorize Northern Transportation Company Limited to borrow up to \$50 million in the private market as an Agent of Her Majesty in order to finance future capital expenditures.

Explanation—Although the Corporation has the authority to borrow money from the private sector under the *Canada Business Corporation Act*, it must seek Parliamentary authority to borrow as an agent of Her Majesty, in accordance with Section 36 of the *Financial Administration Act*.

THE SENATE

Tuesday, March 30, 1982

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

[Translation]

APPROPRIATION BILL NO. 4, 1981-82

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-99, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1982.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate, and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[English]

APPROPRIATION BILL NO. 1, 1982-83

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-100, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[Translation]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on National Finance be authorized to study and report upon the subject-matter of Bill C-97, intituled: "An Act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces", in advance of the said bill coming before the Senate, or any matter relating thereto.

● (2005)

[English]

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before the motion is put I should like to say a word with respect to it. I exchanged a few words on this topic last week with the Leader of the Government in the Senate because of the concern expressed by some that there may not be enough time for the Senate to give this matter proper consideration unless it were considered in this way.

I believe April 15 is the date set for passage of this measure. This afternoon the chairman of the committee did me the courtesy of telling me that he intended to introduce this matter this evening. I should like to tell him now what I omitted to tell him earlier, because it did not occur to me. Since, apparently, the committee is to sit tomorrow at 3 o'clock—and, perhaps, at other times—to deal with the federal-provincial fiscal arrangements, a problem may arise in connection with the attendance of witnesses or others who may wish to express their views. I hope, therefore, that the chairman, who is pretty agile in these matters, will find it possible to time the meetings of the committee so that sufficient notice is given to those who may want to be present and make some public representations.

I doubt that we will see a more important bill this session than this particular piece of legislation. It seems to me important that the Senate should provide the usual opportunity for people to make representations.

I apologize to the chairman of the committee for not having brought this matter to his attention sooner but, as I have some concerns, I take this opportunity to raise this particular matter now.

Senator Frith: Honourable senators, by way of a corollary to what Senator Roblin has just said, the committee will require leave to meet while the Senate is sitting and, therefore, later on I may be asking for leave to revert to Notices of Motions. In the meantime, I shall attempt to discuss the matter with Senator Lafond since there may be more than one committee meeting tomorrow afternoon. I do not foresee any difficulty, but I prefer not to proceed without consulting Senator Lafond since we managed to persuade him to undertake this not-particularly-stimulating task of trying to reconcile the meetings of various committees.

Senator Lafond was in Quebec City today with the Subcommittee on National Defence, and has not yet returned. It may be that I shall have to risk asking leave to move that the National Finance Committee be permitted to meet while the Senate is sitting tomorrow, and then try to “unblot” my copybook with Senator Lafond later.

Senator Roblin: Will my honourable friend be able to tell us at that time what the program is for the other committees? I agree with him that the problem of scheduling committee meetings causes some difficulties these days.

● (2010)

Senator Frith: Yes, that is so. According to the undertakings I have been given we will know by tomorrow afternoon what the plan is for sittings of the House of Commons, and we can then discuss our sittings for next week and the week following.

As Senator Roblin has pointed out, Her Majesty the Queen is to arrive on April 15. We will probably not receive the bill before Monday evening April 5, which means it will not be before the Senate until a week from tonight, April 6. That would allow us to debate it on the 6th and 7th, and perhaps on the 8th, depending on whether Parliament adjourns on Wednesday. Parliament usually does adjourn on the Wednesday before Good Friday, rather than the Thursday. We would then have three or four days of debate in the following week, beginning on April 12, assuming the House of Commons comes back that week, and bearing in mind that Her Majesty will be here on April 15 for the proclamation of the Constitution. Of course, if the House of Commons does not sit we cannot have royal assent.

Those are the possibilities we are looking at, honourable senators. Perhaps I have spent too much time speculating, when we will know much more tomorrow about the plans of the House of Commons. While we are not always totally linked to their plans, we certainly will want to make our plans in the light of what the House of Commons will have decided.

Senator Roblin: I do not want to make too much of this, but my honourable friend leads me to think we will have only one day, namely Tuesday, April 6, on which to debate this measure. That seems to be the possibility he is outlining. I hope that will not be the case, because this subject deserves more time than that.

Senator Frith: Yes, honourable senators, I agree.

[Translation]

Hon. Arthur Tremblay: Honourable senators, may I ask the Deputy Leader of the Government a supplementary question?

Senator Frith: Certainly.

Senator Tremblay: As we all know, there is some concern among interested parties about the time factor in the case of fiscal arrangements and fiscal equalization payments. There is a possibility that certain payments could not be made if the legislation is not passed in Parliament, both in the House of Commons and in the Senate, by a certain date. My question is: Are there any special procedures such as those used, for instance, when the federal estimates are passed later than the statutory date, and which could also apply to the whole area of transfer payments, if for some reason such as the one you just mentioned, the bill were passed after March 31 or even April 15?

Senator Frith: Honourable senators, my colleagues may recall that last week I mentioned that I asked for an opinion on deadlines for passing a number of bills now before the Senate, and more specifically for passing this particular bill, and I think the question asked by Senator Tremblay is a corollary of my own question. Meanwhile, I hope to have an answer to both questions by tomorrow.

Senator Tremblay: Thank you very much.

Motion agreed to.

QUESTION PERIOD

[English]

THE BUDGET

HOUSE OF COMMONS—CATEGORIES OF TAXATION REFERRED TO STANDING COMMITTEE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, can the government house leader tell me if there has been any change in the government's plans or intentions with respect to those aspects of the budget which were referred by the Committee of the Whole to another committee of the House of Commons so that representations could be made by members of the general public? That referral was made in respect of at least five categories of taxation—two examples being taxes relating to insurance and taxes relating to corporate consolidations. I want to know if all those various arrangements still hold true and if it is the anticipation of the government that that reference to committee will be made.

● (2015)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have no particular information about that. Therefore, I will take the question as notice, unless Senator Olson can answer it. Of course, Senator Roblin is aware that those same five points that the minister mentioned in December of last year are among the matters that are the

subject of pre-study by the Standing Senate Committee on Banking, Trade and Commerce. However, that is only by the way because I know that that is not Senator Roblin's question. His question is: What is the situation in the other place with respect to those budget items? Unless Senator Olson can provide more information, I will take the question as notice and try to provide the answer as soon as possible.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Minister of Finance answered a question similar to that in the other place today, by saying that he intends to make that reference. Then, there were some supplementary questions that I am sure my honourable friend is aware of. If he wants to ask them here, he will get essentially the same answers as those given there, because all I could do, in any event, is refer such questions to the Minister of Finance.

Senator Roblin: My honourable friend flatters me by his suggestion that I get my questions from the other place. I have not yet read *Hansard* of the other place, so the information comes as news to me.

The reason for asking that question is to make a further inquiry. I see by public notice that the Department of National Revenue is instructing Canadians to act as if the tax measures proposed in the budget were indeed the law of the land.

Senator Olson: That is normal.

Senator Roblin: Well, I should like to know the authority on which it is normal. Obviously, if it is the stated intention of the government to refer matters to committee for further study, the possibility arises that they may not be the law of the land, and I should like to know on what authority the Department of National Revenue issues that instruction.

Hon. Lowell Murray: It has been four months since the budget was presented.

Senator Olson: My honourable friend knows very well that when changes in tax laws are made they are announced and become effective immediately—that is, those that need to become effective. All matters that require amendment of the present taxation law and the taxation levels are included in the ways and means motions that are laid before Parliament. It is normal practice to proceed on the basis that that is going to happen because there are dates included in those ways and means motions.

Senator Roblin: Well, there is a very substantial difference in the present situation from the one that my honourable friend is referring to. Ordinarily, ways and means motions, and those things attached to them, are submitted to the Committee of the Whole. These are being referred to a committee—if the information we have been given in the other place is correct—for public examination. Surely, the natural conclusion is that the question of making changes is open. If it is not open, why on earth is it going to committee. If it is open, then it is not the law of the land. It is not even the indicated law of the land. By what right the government can say, "Pay no attention to that

and conduct your business as if it were the law of the land," escapes me.

Senator Olson: It must have escaped my honourable friend for the entire portion of his political career because that has been the case all the time. If there are amendments made in committee after hearing from outside witnesses, or from the members with or without the advice of outside witnesses, then they become the law of the land.

Senator Roblin: But tax bills do not go to outside witnesses ever. This is an exception. Surely my honourable friend knows that, and surely that has some bearing on the situation.

Senator Olson: My honourable friend also knows that what the Minister of Finance is doing is following the normal, traditional procedure, and he says that this is an unusual procedure. Well, it was to accommodate a number of people, but the announcements made on budget night are, indeed, followed in the ways and means motions that have been put before Parliament and are being carried out in the normal, traditional manner.

Senator Roblin: They certainly are not being carried out in the normal, traditional manner. It is not the normal and traditional custom of Parliament to use the committee system for this. My honourable friend has to recognize that fact.

Senator Olson: My friend and I are having a little dispute over which part of it is normal.

● (2020)

What I am arguing is that the Department of National Revenue, in response to the budget announcement, is proceeding in a traditional and normal way.

Senator Roblin: It is not very comforting to the taxpayer to be told to conduct his affairs as if something which is not the law of the country is the law of the country. We do not even know what the tax law is at the moment.

Don't mutter. If you have something to say, stand up and say it.

Senator Olson: It did not add to the debate.

Senator Roblin: No, it did not.

[Later:]

Senator Murray: Honourable senators, I have a question for the Minister of State for Economic Development, which is supplementary to those put earlier by the Deputy Leader of the Opposition.

With regard to the budget legislation that has been referred to committees of the other place, is it the intention of the government that the present session will not be prorogued until that legislation emerges from the committees and is dealt with by Parliament?

● (2025)

Senator Olson: Honourable senators, no government can give that kind of an undertaking, but if the session is prorogued, and another session is begun, obviously those ways and means motions will be revived.

EFFECT ON PURCHASERS OF WHOLE LIFE INSURANCE POLICIES

Hon. Nathan Nurgitz: Honourable senators, I had intended to ask the Leader of the Government a question this evening, but inasmuch as I suspect he would have taken the question as notice, I should like to place it before him as quickly as possible. Therefore I should like to direct the question to him via the deputy leader.

In replying last Thursday to a question which I had asked several weeks ago concerning tax payable on whole life insurance under the new budget, the leader disparaged my illustration by saying it did not "contain sufficient information to determine the accuracy of the calculations."

Because the Department of Finance has to date refused to disclose details regarding the basis on which the tax calculations in question are to be made, my question assumed that the calculation of the "cost of insurance" would continue to be on the basis currently used for a registered policy. It also assumed that the dividend values would be included in the taxable base on an equal basis with policy values.

So that the industry and consumers will not continue to be plagued with this sort of confusion, and so that the government does not continue to enjoy the luxury of dismissing all criticism of the impact of the budget on whole life insurance by saying that the examples, even those as detailed as mine—and you will recall, honourable senators, that I had a policy with a specific amount, with specific premiums, a specific period and the age and sex of the policyholder—do not "contain sufficient information to determine the accuracy of the tax calculations," I should like to ask the Deputy Leader of the Government to obtain from the Department of Finance the details of the basis on which it intends to make calculations of this sort.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I recall the answer to which the honourable senator has referred. I shall take the question as notice and will pass along the further question, or the clarification of the question, as well as the assumptions he mentioned.

And I want to disclaim any intention to put down the question asked by the honourable senator. That was certainly not our intention, in any event.

Senator Nurgitz: As a brief supplementary question, the leader in his reply also claimed that the policy in my illustration was not a \$25,000 policy but was one of over \$100,000 by the time the Department of Finance worked out the calculations. My supplementary question is, therefore: Does the government, in making this attack upon the insurance industry, and the consumers, distinguish between death benefits and accumulated cash values when it attempts to rationalize the imposition of additional taxes?

Senator Frith: I think the honourable senator will only expect an answer to that part of the question that came after the words "attack upon the insurance industry and the consumers". That is the part of the question that we shall refer. We will not attempt to deal with the preamble to the question.

Hon. Peter Bosa: Honourable senators, may I ask a supplementary question of the Deputy Leader of the Government?

While making the inquiries on behalf of Senator Nurgitz, would the deputy leader also inquire as to the stage reached in negotiations with life insurance companies with a view to defining what constitutes a "whole life policy."

Senator Frith: Yes, I think it is reasonable to ask us to do that also.

INTERNATIONAL TRADE

IRAQ—CANCELLATION OF CONTRACT WITH GENERAL MOTORS CORPORATION

Hon. Martial Asselin: Honourable senators, I have a question for the Minister of State for Economic Development.

We learned during the weekend that the General Motors Corporation is about to lose a very substantial contract with Iraq. This cancellation might involve a loss of over \$60 million. Could the minister make any statement to the house regarding this very important matter?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I could probably try to bring in a statement, which would be a selection of some of the statements, I suppose, that have been made by the minister who is most directly involved—that is to say, the Honourable Edward Lumley, Minister of State (International Trade)—and also some of the views it is claimed have been expressed by certain Iraqi officials, including the ambassador, together with certain others made by General Motors.

I am not directly involved in this matter at the moment, and I understand that there is indeed some further investigation required in order to clarify the position as to what the present status of the balance of the order is, where the responsibility lies, and whether the alleged mechanical failures have been remedied.

[Translation]

Senator Asselin: I think the minister realizes that the potential loss by General Motors of this important contract is a matter of some economic significance. I do not see how he could ignore an issue of this importance, which concerns the production of automobiles in Canada, when it is common knowledge that the industry is experiencing tremendous difficulties.

The Minister of State for Economic Development should, since it is a major issue, in my opinion, make a government statement and inform us whether the Export Development Corporation is responsible, as reported, for the \$68 million guarantee, because the corporation did not fulfil all the conditions set by Iraq, or whether General Motors is to blame in this transaction because of its defective goods.

It is a major issue in my view, and I think the Minister of State for Economic Development should say, "Yes, I am going to look into the matter and I shall make a government statement to inform the Senate on this issue which may cause a considerable loss of jobs if General Motors were to lose the contract."

[English]

Senator Olson: Honourable senators, I am sorry that my honourable friend did not hear me clearly, or perhaps did not understand what I said. I did not say that I was disinterested.

Senator Asselin: I said that you seemed to be.

Senator Olson: I am not disinterested at all.

Hon. Lowell Murray: You said you were not involved.

Senator Olson: I said I was not directly involved, but I said that I was keenly interested, and I would underline that if there were any way of doing so.

The government is interested in all export orders that provide jobs in Canada. There is no question about this government's interest in that. What I said was that I was not directly involved in the matter. Then I went on to explain, I thought very carefully, to my honourable friend what I am prepared to do, namely, to gather up the information, together with technical information—and some of it is, let me point out, highly technical—with regard to responsibility, and that sort of thing, which I would bring back to this house in the form of a statement.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask my honourable friend a question along the same lines. An export development board was established a few months ago to advise and report on export problems in the Canadian economy. Can my honourable friend give some assurance that this board will be asked to investigate this matter and advise, with the idea of underlining any lessons we may have learned from the situation?

Senator Olson: Honourable senators, I will be glad to refer that question to the minister responsible for international trade.

CANADA-UNITED STATES RELATIONS

VOLUME III OF REPORT OF FOREIGN AFFAIRS COMMITTEE— COMMENTS BY PRIME MINISTER

Hon. Lowell Murray: Honourable senators, I have a question for the Deputy Leader of the Government in the Senate that I had intended to ask of Senator van Roggen in his capacity as Chairman of the Foreign Affairs Committee.

● (2030)

My question arises from the statements made by the Right Honourable the Prime Minister at his press conference the other day with regard to the report of the Standing Senate Committee on Foreign Affairs. The Prime Minister said, first, that he had not been briefed on the report; secondly, that he had not read it; and thirdly, commenting on a previous report, and I quote: "We rejected it and I imagine we will do the same thing this time."

It is the intention of the Deputy Leader of the Government to apply to the Guinness Book of Records for a listing under the category "Parliamentary committee report most hastily

[Senator Asselin.]

rejected out of hand by the Prime Minister even before he read it?"

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I doubt that the question is in order, since I believe that questions directed to a committee chairman are supposed to relate to the procedures of his particular committee. I suppose that, on this aspect of that committee's activity, it is procedurally, as it is sometimes put in legal terms, *functus officio*.

As to the other part of the question, and withholding comment as to whether it is in order, the answer is shorter because it is, simply: "No."

GRAIN

MEETING OF OFFICIALS OF EXPORTING COUNTRIES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to address some questions to my friend, the Minister of State for the Canadian Wheat Board, because he and I share a common interest in the fate of the wheat growers of western Canada.

I notice that he is expected to convene a meeting next month in Ottawa of officials of the three or four major wheat exporting countries of the world. The meeting will take place, I believe, in order to discuss the question of wheat markets and wheat prices. Could he tell me when the meeting is to be held, whom he expects to attend, and what they hope to do?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, the meeting is to be held in Ottawa on April 21 and 22. It is a meeting of officials from the various major grain exporting countries. I believe there will be officials in attendance from all the countries, namely, the United States, Canada, Australia, the Argentine and the European Economic Community.

At the meeting they will be discussing, generally, the world grain situation. They will be looking over the question of current surpluses, I suppose, and current policies, and will be seeking whatever information they may be able to obtain, and putting forward whatever ideas they may be able to advance to assist in adopting policies that would tend to improve world grain prices.

I cannot, however, speculate on what conclusions may be reached. It is a meeting of officials, not a meeting of ministers. It is my hope—and I believe that of other ministers in grain exporting countries—that this meeting will be sufficiently fruitful to lead to a meeting of ministers at a later date.

Senator Roblin: I thank my honourable friend for his answer, because he gave us the important information that this is a meeting of officials, not of the political heads of the various government departments concerned.

Is the minister prepared to make any statement as to the terms of reference that are being provided to the officials that will represent the Canadian government's point of view? What I am asking is: What is the aim of the exercise? Are these officials trying to establish a floor price under international

trade in wheat? If so, will the minister tell us how that is to be differentiated from a cartel? He has told us, I believe, on other occasions that he does not like the word "cartel." I agree with him; I do not like it either. Just how does he visualize our approach taking shape with respect to this question of setting a floor price under international wheat trade?

Senator Argue: Honourable senators, this is a meeting of officials. I suppose they will be exploring all of the facts related to the world situation. I am sure that they will be discussing the policies that are in effect currently in the various countries of the world. I am sure they will be reporting back to their various governments any general ideas they may have about what steps might be taken to assist in levelling out the peaks and hollows that have been the experience of grain producers and the grain industry in general.

I would not want to speculate at this time upon precisely what might come out of that meeting or precisely what recommendations they might be making related to prices. I should think the establishment of anything approaching what might be called a rigid floor price, based on a specific type of grain at a specific place, would be most difficult.

● (2035)

Senator Roblin: I agree with my honourable friend.

Honourable senators, I have one more question of policy to ask the minister. Does he envisage the question of supply management as being part of his formula, which, in turn, involves the question of storage from time to time of surplus quantities of grain? Is that part of the scenario that the Government of Canada is giving some thought to?

Senator Argue: Honourable senators, I would not envisage anything approaching what might be called rigid supply management. I should think the various countries would review their different policies, and it might not come as a surprise if the opinion of some is that the floor prices or the loan prices established in the United States provide, to a substantial extent, a floor price for grain exporting countries. There may be discussion of those policies and the effect they may have on world prices. The question of whether they might be modified or synchronized to assist in the levelling out of the highs and the lows that occur in the market might be looked at favourably.

The whole question of world food security has been addressed from time to time, and there are proposals, which I am sure will be discussed, concerning world food security. I believe that Canada looks at this question in a sympathetic and favourable manner. Precisely what form this might take, I am unable to forecast. Our own system, with the current storage facilities that are available in Canada, lends itself to the idea that, at a given time, if there is an emergency in the world, we are in a position to respond, at least to the level of certain quantities relative to our own capacity.

Senator Roblin: Honourable senators, my final question is: What official will represent Canada?

Senator Argue: Honourable senators, the officials will come from the grains group, whose director is Mr. Bill Miner. There

are other duties that he is performing, but I anticipate that he would be in a position to head the Canadian delegation.

Senator Roblin: The Wheat Board?

Senator Argue: No, the grains group.

Senator Roblin: Not the Wheat Board?

Senator Argue: I wouldn't think so.

VETERANS AFFAIRS

WAR VETERANS ALLOWANCE BOARD—DECISION RE SERVICE IN CARIBBEAN

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on February 3, concerning a recent War Veterans Allowance Board decision extending service eligibility for War Veterans Allowance purposes to veterans who served in dangerous waters in the Caribbean. I am also responding to the honourable senator's question regarding the extension of War Veterans Allowance eligibility to veterans who did not serve overseas during wartime. The answer has been furnished by the minister.

The recent decision of the War Veterans Allowance Board regarding "Theatre of Actual War" reversed a long-standing interpretation by the board of sections of the War Veterans Allowance Act. The decision affected definitions of "duties" and "Western Hemisphere".

The board concluded that a member of His Majesty's Canadian Forces, except for the time that the member was on leave, would be performing "duties" while on service.

The Board also concluded that, for War Veterans Allowance purposes, the waters beyond the territorial waters off Newfoundland, Bermuda and the West Indies are to be considered outside the Western Hemisphere. Greenland, Iceland and the Aleutian Islands are also considered outside the Western Hemisphere.

● (2040)

It is the Board's opinion that former members of His Majesty's Canadian Forces who were on duty and were transported in ships or aircraft between Canada, Newfoundland, Bermuda or the West Indies during World War II, proceeded beyond the territorial waters thereof and were outside the Western Hemisphere. Therefore, they are considered to have served in a theatre of actual war.

These former members of His Majesty's Canadian Forces, who are now considered to have served in a theatre of actual war, are therefore eligible for War Veterans Allowance, providing the other requirements of the War Veterans Allowance Act are met.

Departmental officials have attempted to reach as many potential recipients as possible by way of press releases outlining the War Veterans Allowance Board's new interpretation. A review of past decisions is being conducted to identify those who had previously been denied War Veterans Allowance and may now be eligible. All veterans or dependants who feel that

they may now be eligible for an allowance are encouraged to contact one of the 32 district offices.

The War Veterans Allowance Act provides the War Veterans Allowance Board with the power to interpret any provision of the act or the regulations made under the act. The decision referred to represents an interpretation of a provision of the act and it is not felt necessary or appropriate to amend the act or to issue an order in council.

As Senator Marshall had indicated, there are other Canadian veterans who served in Canada only, who are still ineligible for War Veterans Allowance. It has been accepted that those who remained in Canada in aid of the national effort, did not face the hardships and strains of their compatriots overseas, where conflict with enemy forces did or could have occurred. It is for this reason that service in a theatre of war is a service prerequisite for War Veterans Allowance, with the exception of certain unique categories of veterans including veterans with dual service in World War I and II and veterans in receipt of a disability pension for wartime service from the Canadian Pension Commission. I do not intend to propose a change to this requirement.

The department frequently reviews the legislation related to veterans, and the minister appreciates the concerns expressed by members of the Senate.

[Translation]

CONSUMER AND CORPORATE AFFAIRS

RESTRICTIVE TRADE PRACTICES COMMISSION—INVESTIGATION OF CANADIAN JAVELIN LIMITED

Hon. Royce Frith (Deputy Leader of the Government): I have a reply to a question asked by Senator Nurgitz on March 4 of this year, concerning the investigation of Canadian Javelin Limited. I should like to point out that I will be quoting the minister. Here is the answer provided by the minister:

I wish to inform you that the investigator appointed by the Restrictive Trade Practices Commission submitted his statement of evidence on or about January 26, 1982. In addition, the investigator, Mr. F. H. Sparling, submitted a copy of his statement to each person against whom an allegation was made therein, in accordance with the requirements of the Canada Corporations Act governing such investigations.

Perhaps a page could hand the translation to Senator Nurgitz, to help him follow the reply.

Senator Asselin: Is that the end of the reply?

Senator Frith: No, but I just noticed that an English version was attached. Perhaps Senator Nurgitz would care to read it while listening to the interpretation. The minister goes on to say:

I believe that Canadian Javelin Limited filed an application with the Federal Court aimed at blocking the submission of the statement of evidence and consideration of the statement by the Restrictive Trade Practices Commission.

I shall now read the third paragraph.

[Senator Frith.]

As for the statement of evidence itself, I understand that the Commission considers it to be a public document.

As to further developments in this case, the Commission sets the time and place for the presentation of evidence by the investigator and those against whom allegations were made. I understand that the date of the hearing has been set for April 26, 1982.

The Commission is required to submit a report to me, following the hearing with the parties concerned.

"Me" means the minister.

Meanwhile, I do not think it would be appropriate to discuss the case further, since certain legal procedures in connection with the case are still before the courts.

[English]

QUEBEC

CANADIAN UNITY INFORMATION OFFICE—PUBLIC OPINION POLL—REQUEST FOR RESULT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, my third delayed answer is to a question asked by Senator Murray on March 25 concerning a poll taken by the Canadian Unity Information Office.

Hon. Lowell Murray: I am all ears.

Senator Frith: Honourable senators, the Minister of Justice stated yesterday in the other place that the government has conducted several polls of this kind since the referendum was held in Quebec to find out how the situation is developing with respect to Canadian unity. The government's policy has been to use the polls in developing policy, and when the polls are no longer useful in preparing new policies, they are made public. The government intends to do the same thing in this case.

In response to Senator Murray's second question concerning the release of the questions asked, the Minister of Justice has stated that the publication of the questions would not be useful in terms of federal-provincial relations.

Senator Murray: That is a disgraceful reply.

[Translation]

Hon. Martial Asselin: If, as the Deputy Leader of the Government has just told us, a poll is being conducted on politics and separatism in Quebec, is there also going to be a poll in western Canada to find out what the situation is regarding western separatism? Are these polls only going to be conducted in Quebec? This information office, as you probably know, is costing Canadian taxpayers \$25 million. It has no financial accountability to Parliament, only to the government, which can give it any mandate it likes. To give the information office some credibility, it should be made accountable to Parliament as well as to the government. If it is only an instrument for spying on Quebecers, I really think they should switch to something else.

Senator Frith: Is Senator Asselin's question aimed at finding out whether the government intends to conduct a similar poll in western Canada? The question is taken as notice, because I do not know. There is no mention of this in the

answer I have here. In any case, I could ask the minister whether there are any plans to do so. I suppose there might be a possibility, but I doubt it.

As for the matter of sharing the poll results for the purpose of working out a policy on this subject, I suppose the same principles would apply. In any case, it is a corollary of another question. We will have to wait until we get an answer to the corollary question.

Hon. Arthur Tremblay: I have a supplementary which is in a somewhat different vein. In the minister's reply there are certain terms which, unless I misunderstood them, make me very uneasy. He is not releasing the questions asked in the poll because it would not be "useful for federal-provincial relations".

Senator Frith: In other words, it would be useful!

Senator Tremblay: Could you repeat that part of the reply, because if I understood correctly, the minister is not releasing the questions after having released the answers, because it would not be useful or advantageous for federal-provincial relations. Is this a new definition of the reasons of state? Is this a new definition of the common good? I would like to have some explanation, because this kind of language is new to me.

Senator Frith: As far as I can see, it is not a new definition.

Senator Tremblay: Did I hear the word "useful"?

Senator Frith: I think so; unfortunately, I do not have the text in front of me.

Senator Tremblay: So you are stating that whatever the criterion, it is not "useful". Is information collected at government expense only to be released if the minister feels that it is useful to do so? I find that there is something missing here, because usefulness always has a connection with someone. Not useful as far as the government's interests are concerned? Or not useful as far as the interests of Quebecers are concerned? To whom would it not be useful?

One might say that usefulness is in the eye of the user. So, first of all I would like to ask a question just to confirm that we have here a new criterion for the release of information. We are concerned here with the word "useful", without reference to an interested party. Just "useful", am I correct?

Senator Frith: The question regarding a new definition or principle or criterion for releasing information is supplementary to the answer I gave, which was the minister's answer.

I feel that the minister's reply made it quite clear that in his view, considering his responsibility and his discretion as a minister, it would not be useful to federal-provincial relations. That is all.

Obviously, Senator Tremblay feels that there is some new orientation or criterion here. That is quite possible, and he is entitled to his opinion. I shall be quite happy to forward his comments to the minister for his personal edification, but I have nothing further to add.

Senator Tremblay: Thank you very much, my dear colleague.

● (2050)

[English]

Senator Murray: The Deputy Leader of the Government knows very well that, traditionally, the form of words used by a minister to justify his refusal to reveal information is that it would be harmful or prejudicial to federal-provincial relations. I note that the Minister of Justice, whose response the deputy leader was communicating to the Senate, did not say "prejudicial" or "harmful" to federal-provincial relations; he said, "It would not be useful."

Whether the word used is "prejudicial," "harmful," or "not useful," it raises the question: Why ask the questions in a poll in the first place if they are not useful or helpful to federal-provincial relations?

Senator Frith: The latter question, it seems to me, is rhetorical but makes its point. As far as the first part of the question is concerned, it seems to me to be an intriguing but semantic analysis, because saying that something is prejudicial is the same as saying that it is not useful.

GRAIN

CROWNSNEST RATES—GOVERNMENT NEGOTIATOR—TERMS OF REFERENCE

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a delayed answer to a question asked by Senator Roblin on March 24 concerning the instructions the government has given to Dr. Clay Gilson with respect to his inquiry into the Crow.

Dr. Gilson's formal consultations are restricted to the two railways and to western farm organizations. The ten farm groups invited to participate in the consultations were chosen by Dr. Gilson because, in his view, they represented the diversity of western Canada agricultural interests. The Minister of Transport and departmental officials have been meeting with a wide range of other interested groups to discuss the substance of the western transportation issue and the process initiated to address it. The views of these groups are being communicated to Dr. Gilson.

Dr. Gilson's mandate does not involve him with the provincial governments; therefore, he will not be involved in an official way in dealing with the provinces. Federal and provincial officials have had meetings of an information nature related to the process of the Gilson consultations. Should the provincial governments wish to communicate with the federal government on matters related to the western transportation question, they may do so directly through the Minister of Transport, Mr. Pepin.

Hon. Duff Roblin (Deputy Leader of the Opposition): I would ask my honourable friend to expand on one part of his answer. It seems that Dr. Gilson has been given a list of people that the federal government thinks he ought to speak to directly, namely, representatives of the various types of producers. That is fine, as far as it goes, but is he not to have any direct contact with other economic interests in the matter? As

an example, the Board of Trade and a great many other people have a vested stake in the welfare of western agriculture and its income. It seems to me that there is some logic in suggesting that they be allowed to state their views directly to Dr. Gilson.

The minister leaves me with the impression that that is not the case, and that what Mr. Pepin chooses to tell Dr. Gilson about what they said to him is all that Dr. Gilson is going to hear. Does the minister think that is satisfactory?

Senator Argue: Honourable senators, I want to give Senator Roblin what information I have, but I cannot give him information that I do not have.

The terms of reference given to Dr. Gilson have been referred to and tabled in the Senate. They are that he should do this—that is, look into the objectives of the policy through intensive consultation with the major agricultural organizations in western Canada and the railways. The answer that I just read stated that:

The ten farm groups invited to participate in the consultations were chosen by Dr. Gilson—

I assume that is how he arrived at meeting with them. He has also to meet with the two railways and with officials, when he thinks it desirable, of the provincial governments.

As I read his terms of reference—and I could be mistaken because I am not very well acquainted with all aspects of this policy, and probably Senator Roblin is correct—he may, at least, feel himself confined to these particular groups.

It is also true to say that these groups have availed themselves of the opportunity to speak with the minister directly, and/or with other officials, including officials of his department.

I am quite prepared to accept Senator Roblin's suggestion that I make further inquiries to see if more detailed information can be given. My opinion, for whatever it may be worth, is that Dr. Gilson probably feels himself constricted to consulting with the organizations referred to. I may be mistaken and, therefore, I will make further inquiries.

Senator Roblin: The minister has said some remarkable things in his time, but I never thought I would hear him say that he was not fully acquainted with what was going on with the Crow.

Senator Argue: That is another department.

Senator Roblin: It astonishes me. I would like to tell the minister, in a friendly kind of way, that I do not believe him, because I think he is well informed on that topic. He may not like what he knows.

• (2100)

Senator Argue: Well, I don't know everything. In fact, there are very few subjects on which I could say I know everything. I am just trying to be frank and honest. Of course, I don't know all about the various aspects of this. I have given the information, believing it to be accurate, and I am happy to make further inquiries. I am happy not to make them, if Senator

[Senator Roblin.]

Roblin does not wish them made. I assume I am correct that he feels he is confined to farm organizations and the railroads.

Senator Roblin: I am glad my honourable friend is happy to make further inquiries, because I would like him to do so. I can hardly believe that he is not well acquainted, in every detail, with what is happening with respect to the situation on the Crow, unless he is really trying to tell us that he is throwing up his hands and will take what comes. However, I will not become argumentative with him.

Senator Argue: Poor Senator Roblin. He just does not accept things as they are. Poor Senator Roblin.

Senator Roblin: I don't think my honourable friend needs to commiserate with me. I am commiserating with him. He is the one who needs the commiseration. He has offered to get me more information on this subject. I think he invited me to confirm whether I wish that, and I tell him that I do.

FARM CREDIT CORPORATION

LOW INTEREST LOANS

Question No. 71 on the Order Paper—By **Hon. Orville H. Phillips:**

What is the number of Farm Credit Corporation loans provided to each province under the \$50 million fund for low interest aid and what is, by province, (i) the total amounts of the loans made (ii) the interest rates charged?

Reply by the Minister of Agriculture:

The Farm Credit Corporation advises: As at February 28, 1982, the answer is:

| i) Province | Number Approved | Dollars Approved |
|-------------|--------------------|---------------------|
| B.C. | 15 | 3,591,000 |
| Alta. | 18 | 3,835,700 |
| Sask. | 47 | 5,512,290 |
| Man. | 41 | 5,736,400 |
| Ont. | 121 | 15,162,500 |
| Que. | 69 | 5,800,500 |
| N.B. | 5 | 600,600 |
| N.S. | 1 | 155,000 |
| P.E.I. | 18 | 1,488,500 |
| Nfld. | 4 | 201,000 |
| Canada | 339 | 42,083,490 |

ii) The interest rate of the Special Program loans is 16¾ per cent with a rebate of 5 per cent in each of the first two years.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (E) ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on supplementary estimates (E) laid before Parliament for the fiscal year ending 31st March, 1982.

Hon. Douglas D. Everett moved that the report be adopted.

He said: Honourable senators, the report on supplementary estimates (E) is contained in the *Minutes of the Proceedings of the Senate* for Thursday, March 25. The total of the supplementary estimates is \$959 million. That brings the total spending for the fiscal year ending March 31, 1982, to \$70.109 billion.

When the committee was examining the supplementary estimates it paid particular attention, as senators will see from the report, to the envelope system that was developed to control spending. Under the envelope system resources are divided among ten policy envelopes and are administered by five policy committees. The committees allocate the contents of each envelope to the departments and programs that are contained within that envelope, and since the total of the envelope is a ceiling, that results in an examination of all the new and expanded programs proposed by departments.

We were told that the supplementary estimates spending is covered by reserves contained in the envelopes. There are two types of reserves—a policy reserve used for new or expanded programs, and an operating reserve used for increased expenditures due to higher costs. The committee was concerned that those reserves reduce the control of spending, but has been assured by witnesses that in respect of the policy reserves there is examination of the programs that go to make up those reserves. The system, however, focuses on new and expanded programs but does not seem to concern itself very much with existing programs. We were assured by witnesses from the Treasury Board that the system would be extended to include control of existing programs. Indeed, in addition the Comptroller General is developing a program evaluation which will have the effect of monitoring existing programs.

Honourable senators, when we examined supplementary estimates (D) we looked at the operations of an organization called Consolidated Computer Inc. The government guaranteed loans through the Enterprise Development Program to that organization, and the loss to the government was approximately \$119 million. Following the loss, the government struck off a committee headed by General W.A.B. Anderson to examine the Consolidated Computer case and to report on what it found. That report has not been published, but it has been leaked, and some of the recommendations of the report are well known to the public. The committee asked the President of the Treasury Board about that, and he stated that the report could not yet be released, and that, in fact, it had been given to the Department of Justice to see if legal action should be taken.

If honourable senators refer to the report of the Standing Senate Committee on National Finance, they will see there a recommendation to the effect that the leaked report should be released immediately. That recommendation reads as follows:

We believe strongly that it is in the best public interest to make available to Members of Parliament and the public the findings of this examination of the losses related to the Consolidated Computer Company, and we recommend that this be done as expeditiously as possible.

Honourable senators will also find in the report a statement that the committee inquired into an increase in loan guarantees to Canadair from \$150 million to \$1.35 billion. That was to cover the operations of Canadair with respect to the Challenger jet aircraft. In light of the Consolidated Computer experience, the committee was interested to ascertain whether the government, in raising that sort of guarantee by that amount—\$1.2 billion—is protecting its interests by having the right to appoint directors and by having some kind of monitoring process.

The committee is concerned because these guarantees are not uncommon and, indeed, they may grow in light of the government's assistance to the new high technology thrust.

The committee also discovered that the government issues letters of comfort. While these are not legal guarantees, they probably commit the government morally to live up to the expenditure guaranteed in the letter of comfort. Interestingly enough, those letters of comfort do not appear to be part of the estimates.

Finally, therefore, the committee recommended the following:

We therefore request the President of the Treasury Board to return before this Committee to discuss the issues involved in the government's ongoing support of certain firms, including Canadair Ltd. and de Havilland. Specifically, we ask the President to prepare background material for the use of this Committee relating to the appointment and responsibility of the directors of those firms which are Crown Corporations or heavily supported by the Crown, the need for and processes related to the Crown's provision of loan guarantees, and the use of letters of comfort. We would ask that such background material be available to the Committee as soon as possible to permit the Committee adequate time for prior study.

After receiving that information it is the intention of the committee, in the ambit of the main estimates for the following year, to examine this subject.

Hon. Lowell Murray: Honourable senators, may I ask the chairman of the committee one brief question? The chairman referred to the envelope system which served to reinforce the role of the cabinet committees on social and economic policy, and so forth. He also alluded to the role of the Comptroller General in monitoring existing programs.

Has anyone asked the question—and if so I would like to know the answer—with respect to what remains of the role of

the committee of ministers called Treasury Board under the chairmanship of the President of the Treasury Board?

Senator Everett: I am reasonably certain that that question was asked and, although I cannot recall exactly what the answer was, I think there was an answer to the effect that Treasury Board continues to play an important role in the control of expenditures. However, rather than mislead the honourable senator, I will obtain an answer to his question and deliver it to him in due course.

● (2110)

Hon. C. William Doody: Honourable senators, it had been my intention to say a few words on Senator Everett's report, but since Bill C-99, which is based on supplementary estimates (E), is before us this evening, I will spare my colleagues the agony and deal with the report and the bill at the same time.

Motion agreed to and report adopted.

APPROPRIATION BILL NO. 4, 1981-82

SECOND READING

Hon. Léopold Langlois moved the second reading of Bill C-99, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1982.

He said: Honourable senators, Appropriation Bill No. 4, 1981-82, introduced today, provides supply for the whole of supplementary estimates (E) for 1981-82. These estimates were tabled in the Senate on March 18, 1982, and were immediately referred to the Standing Senate Committee on National Finance. They were discussed in committee on March 24 with the President of the Treasury Board and his officials.

These final supplementaries total \$959 million. Of this total, \$359 million represents the net increase in statutory requirements, and \$600 million is the amount of the new spending authority that Parliament is being asked to approve.

These estimates include some 33 \$1 votes. Details of these votes were provided to the committee and have been reported on.

Should any honourable senator have any questions on these estimates, I shall do, my best to provide adequate answers.

Hon. C. William Doody: Honourable senators, this bill, as the sponsor has said, provides supply for supplementary estimates (E), which were reported on by Senator Everett a few moments ago. This is one of a series of supplementary estimates which have been brought before the committee and before the Senate during the past few months.

The total statutory and non-statutory, budgetary and non-budgetary, items for fiscal 1981-82 now total more than \$70 billion, as compared to \$65 billion outlined in the main estimates a year ago. As we can see, the estimates are now \$5 billion over the projection of a year ago, which clearly represents a huge difference. There is something wrong with the system. I know it is increasingly more difficult to make

estimates correspond with reality, inflation and government spending being what they are, but, clearly, there has to be some system of control over and above that which we have now.

The total estimates to date include, as Senator Everett has pointed out, supplementary estimates (D) which totalled some \$93 million. That particular set of supplementary estimates was rather unusual because it was simply one block amount and it dealt with the amount of money that government had to make good on its loan commitment guarantee to a company called Consolidated Computer Company. The losses to the Treasury will be well in excess of that \$93 million—the amount varies from \$119 million to \$125 million depending on whether or not you count the \$6 million that government gave that company for R&D. Some people say that that money may not be lost but may be recoverable somewhere along the line. The total \$125 million out of the public purse is still \$125 million.

As I said, that was dealt with in a special supplementary estimate vote which was most unusual. Why it was not dealt with in a group of other items is something that the officials in Treasury Board and the Department of Finance can probably explain.

A special bill for Consolidated Computer Company was duly presented and given the full treatment required by law both here and in the other place, and in the various committees both here and in the other place. The Standing Senate Committee on National Finance spent quite a bit of time examining the minister and his officials as to the exact involvement of the government in the financing of this company. The story we received, as was reported at that time, was one of unbelievable woe. There was a series of money transfusions that started, if my memory serves me correctly, with \$3 million followed by an additional \$10 million, followed by an additional \$20 million, and then an additional amount of money, and the government kept pumping more money into this outfit until it finally reached what appeared to be a magic plateau of around \$100 million, and the plug was pulled and the company went down the drain. Management did not change and the government directors were still in place. What their function was we were unable to ascertain.

The Honourable Herbert Gray assured us at that time that an investigation would take place and that the report would be made available by the President of Treasury Board when it was received. As Senator Everett pointed out, that report was not made available. It was leaked. Some of the information is known to the public. Whether the information that the public has through the press is accurate and whether the persons who have been named have been properly identified, or whether they have been maligned or misrepresented, we do not know. It is most unfortunate to have the situation as it now is. The report is in the hands of the Department of Justice for investigation.

I think in fairness to everyone involved, the government would have been better served to have it available to members of the committee and to members of both houses. The Presi-

dent of Treasury Board has undertaken to look into this matter for us and, hopefully, this will be corrected.

In considering supplementary estimates (E), which are now before us, the most striking single item which was brought to our attention was the increase in the government loan guarantee to Canadair Limited. The amount has been increased from \$150 million to \$1,350 million, which is an incredible increase as it was only two years ago that the ceiling of \$150 million was put in place. That ceiling has been exceeded, but exceeded through the system known as comfort letters.

Comfort letters, as an instrument of government financing or policy, should be enough to strike fear in the heart of any parliamentarian. It is the most blatant misuse of ministerial privilege that has ever been seen in the financial world. To say that there is no commitment by the Crown in a comfort letter given by a minister is to really ignore the facts of life. No government worth its salt could refuse to turn its back on a letter signed by a minister of the Crown guaranteeing a certain amount of money to a corporation. How these letters are used depends to a great extent on the integrity of the company to whom they are issued. The wording of the letters themselves, to my knowledge, is never made public. Nobody sees them except the bankers and the people to whom they are addressed. It is a most unfortunate way of government finding its way around statutory limitations placed on spending by Parliament, which has been pointed out time and time again as one of the prime purposes of the establishment of Parliament.

In any event, in supplementary estimates (E) we find the use of the \$1 vote. This is the most unusual use of the \$1 vote that I have ever seen. It is used to increase the loan ceiling for Canadair from \$150 million to \$1,350 million. That is done under the guise of a \$1 vote. It is the weirdest piece of equipment that I have ever seen on a financial page during my brief period of exposure to financial matters. It is a matter that the chairman of the committee, quite rightly, has asked the President of Treasury Board to explain in greater detail.

I must say that the information that was made available to us about the use of the \$1,350 million—for all I know there might be another series of comfort letters behind that huge amount, and the very sound of the term “comfort letter” is enough to frighten anybody. How many of these comfort letters are floating around in the financial circles of the world? I can see funny little businessmen charging through the banks of Switzerland waving comfort letters. I have my own fond memories of a government in Newfoundland doing that at one time or another, and some of the pen pals the honourable gentleman I have in mind had across Europe, and other parts of the world, would just amaze you.

● (2120)

I do not want to suggest that the members of the government in office in Ottawa are quite as well versed in that sort of thing, but as it appears that they are well on the way to being so I would ask honourable senators to take due note of this particular misuse of government power.

There are a number of other items in the supplementary estimates, but I really do not think there is enough time to consider all of them. These estimates are laid before us, we receive information, and the committee must deal with them in a matter of hours. The minister, although he is good enough to appear, usually can only spend an hour or two with us. He leaves his officials to answer our questions, and the officials are usually knowledgeable, but it is difficult to get to the core of things when dealing with officials. They are far too sensitive. They do not seem to have the facility to absorb the cut and thrust of partisan debate.

Hon. Royce Frith (Deputy Leader of the Government): They are not as comforting as the minister.

Senator Doody: And not as comforting as having a couple of hundred million dollars worth of comfort letters stashed away in one's breast pocket.

I must say that the Minister of Finance must sleep comfortably knowing that Canadair is floating around the world with a comfort letter.

As I said earlier, there are a number of items in these supplementary estimates that should be dealt with at length, as indeed is the case with all estimates. For example, the use of public moneys in the “hi-tech” industry is, in itself, a matter of considerable concern. The CCI is an example of government involvement in a brand new industry, and the Government of Canada is into “hi-tech” in a big way. I note that in this particular set of supplementary estimates, as in just about every set of estimates that I have seen since I came here, there is a grant for Telidon. This time there is a \$3,200,000 vote for Telidon, which is another example of public moneys being used in the “hi-tech” industry.

I am not suggesting that Telidon is in the same category as the CCI, but Telidon is a research and development organization which has been financed, to a large extent, by the Canadian taxpayers. I should like to know who is watching what course that operation is on, or, indeed, whether it is a dead-end course in technology. I do not know the answer to that, and I suggest that there are few people who do know.

There is a vote for DREE in which \$650,000 is made available for information purposes. That was taken out of a number of general agreements which have not been used, for whatever reason, and is now made available for information purposes. Presumably, this is to ensure that the Government of Canada gets forward credit for the money that it spends on the provinces. That seems to be a particular obsession with governments at this point in our history, and presumably that is where this \$650,000 will go.

In the final paragraph of Senator Everett's report, he speaks about the intentions of the Standing Senate Committee on National Finance to look more closely into the matters I have raised, and other items mentioned in the report.

Supplementary estimates (E), as I said, is just one of a series of supplementary estimates which come before us from time to time, and I honestly do not think that the Standing Senate Committee on National Finance is given enough time

or enough forewarning to go into these estimates in any depth, and certainly there is not enough time for the committee members to examine them in depth.

Honourable senators, these are a few items that I wished to touch on this evening in dealing with these estimates, and I thank you for your patience.

Motion agreed to, and bill read second time.

The Hon. the Acting Speaker: Honourable Senators, when shall this bill be read the third time?

Senator Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

APPROPRIATION BILL NO. 1, 1982-83

SECOND READING

Hon. Léopold Langlois moved the second reading of Bill C-100, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983.

He said: Honourable senators, Appropriation Bill No. 1, 1982-83, provides interim supply for the 1982-83 main estimates. These estimates were tabled in the Senate on February 23, 1982, and were referred immediately to the Standing Senate Committee on National Finance. They will be subjected to a detailed review by that committee during the interim supply period.

The main estimates total \$74.153 billion. Of this amount, \$43.482 billion is authorized by existing legislation, and \$30.671 billion is to be voted by Parliament.

Appropriation Bill No. 1 provides \$8.786 billion of the amounts to be voted to meet the expenditure requirements of the government to June 30, 1982. It contains a general proportion of three-twelfths of all votes, plus additional twelfths for 41 votes. These additional proportions are required due to the seasonal nature of some programs, and the need in other instances to make major payments before the end of June. In no case is Parliament being asked to pass the entire amount for a vote.

Honourable senators, since the purpose of Appropriation Bill No. 1 is to provide interim financing to June 30, and since the main estimates are yet to be reviewed in committee, I have purposely kept my remarks very brief. I would mention, however, that these estimates are presented in three parts. Part I, entitled "The Government Expenditure Plan", contains a statement of the government's spending intentions, and an analysis by policy sector and associated resource envelopes. Part II is the traditional "blue book"; and Part III consists of 10 department booklets which contain finer details of spending plans.

Honourable senators, if you wish further explanations, I shall do my best to provide them.

Hon. C. William Doody: Honourable senators, as Senator Langlois has said, there is very little left that can be said about

[Senator Doody.]

the interim supply bill. It is just that—a partial supply of money to government to carry on its normal activities, or abnormal activities, depending on which side of the house one sits, until such time as the main estimates are passed.

I certainly would not want to deprive the government of an opportunity of continuing to make itself unpopular in the public realm by denying it this supply.

Motion agreed to and bill read second time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Senator Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

QUESTIONS ON ORDER PAPER

REQUEST FOR ANSWERS

Hon. Lowell Murray: Honourable senators, when Senator Langlois moves third reading of this bill, since the government is asking for interim supply, will the honourable senator ascertain when the Senate might expect answers to questions that are on the Order Paper, some of which have been there for more than a year?

● (2130)

I asked a question last May 19 about the advertising budgets for the different departments for the fiscal year that is ending tomorrow at midnight, and I find it difficult to remain silent while interim supply goes through when honourable members on this side, and indeed, on the other side, have questions on the Order Paper that have been there for over a year—most of them relating to items of government expenditure, and most of them very straightforward and simple—and that have not yet been answered by the government.

Hon. Duff Roblin (Deputy Leader of the Opposition): Grievance before supply!

Hon. Douglas D. Everett: Honourable senators, I am also waiting for the answer to a question that I asked two years ago of Senator de Cotret on exchange rates.

Senator Roblin: We will have to get him back.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with regard to the last question, I will try to make sure that the answer to it does not await Senator de Cotret's return to a position from which he can answer.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting

tomorrow, Wednesday, March 31, 1982, and that rule 76(4) be suspended in relation thereto.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before the question is put I would like to know if the chairman of the committee can offer me any comfort in regard to my request that we determine whether or not people who want to appear before the committee will have an opportunity to do so. If I remember correctly, the intention was to proceed with the pre-study of this bill tomorrow, and yet I know that there are a number of people in educational circles, health circles and others, that are affected by this bill, who quite possibly might wish to make some observations on it. What can the chairman tell me about arrangements to hear these people?

Hon. Douglas D. Everett: Honourable senators, as the honourable senator knows, we are examining the main estimates for the year ending March 31, 1983, and we had scheduled for tomorrow the President, Chairman and Chief Executive Officer of Wood Gundy Limited, and for Tuesday, the President of the Canadian Bankers' Association. We came to the conclusion over the weekend that, given that this bill has to be passed by April 15, and given that we might not receive it from the other place until perhaps the end of next week, we likely would not have enough time to give it any sort of study, and, therefore, the best thing to do was cancel the hearings we had lined up and undertake a pre-study.

What we have in mind is to hear the departmental officials, who have a slide show explaining the fiscal arrangements bill and how it affects the provinces, tomorrow.

Hon. C. William Doody: Is that family viewing or parental guidance?

Senator Everett: It would be parental guidance, I think.

Then, on Thursday, we are trying to line up Mr. Rod Dobell, the head of the School of Public Administration at the University of Victoria. He was the chief of staff of the task force that produced the report "Fiscal Federalism in the 1980s". On the following Tuesday we hope to hear from the Economic Council, and, at some point, the Minister of Finance, and to use the pre-study period to have a general look at the bill.

When the bill reaches us in its final form it might be possible at that point to consider the specific witnesses the honourable senator is talking about. I talked to the university people today, and they asked for an opportunity to appear. They are going to appear before the committee of the other place. I indicated to them that we would have to leave that question open until we actually received the bill. The opportunity may be there, but it may not be a very long one.

The other thing is that we are running into difficulties in getting meeting times. Despite the fact that we accommodated the administration by interfering with our hearings on the main estimates in order to do a pre-study on this bill, we are having difficulty getting meeting times. It may be, therefore, that we will have to give up the pre-study altogether and just

wait for the bill to arrive. I do not know quite what is going to happen. It is in the hands of the deputy leader.

That is the tentative schedule. I think it would probably give the committee as much information as possible of a general nature, and I would be glad to hear from the Deputy Leader of the Opposition, or, indeed, any other member of the committee, information as to who they wish to hear in place of those witnesses.

Senator Roblin: That is a constructive reply, and I thank my honourable friend for this information, some of which I must admit he had already mentioned to me. I think it is good.

I hope he will not abandon pre-study, because otherwise we really do put ourselves in an awful bind. I think, however, we should do our best to include not only the official representations, either from the Canada Council or anybody else, but also those of the Canadian Association of University Teachers and the people who are interested in the social problems—and there are several national organizations in that connection, whose names I am sure would be familiar to the committee staff. My hope is that we are able to identify a few of the leading actors in the private sphere, so to speak, who are interested in this question, and specifically invite them to attend, because, to repeat myself, this is a very important task, and we must have a well planned program if we are to get these people in time. However, I leave that with the chairman, because he knows his job and he will get this done.

Senator Everett: Honourable senators, I would like to have the adviser to the committee on the subject contact the honourable senator for some of the names of people he thinks we should hear from. I think that would be useful.

I reiterate that we are quite prepared to do the pre-study. We are doing the pre-study at the request of the administration. If we have to fight for a committee room, however, in order to do what the administration wants us to do, and lose that fight, then I cannot see the point of doing the pre-study. I think it is up to the administration to give us the opportunity to hold the hearings that are necessary in respect of this bill. It is a very important bill. I am a little mystified as to why, when we knew two or three years ago that this deadline existed—and it was a specific deadline—we are now down to the wire.

We have accommodated the administration by agreeing to conduct a pre-study, we have cancelled other hearings that we thought important, and witnesses whose appearance before us we felt important. I hope the administration will find a way to co-operate with us in order to make this pre-study effective.

● (2140)

Senator Frith: Honourable senators, I have a few comments to make on the matter of the pressure—which I think is the right word to use—that has been put on this committee to deal with the fiscal arrangements bill over a shorter period than any of us would consider to be normally desirable. I am aware that Senator Everett is both an experienced senator and an experienced committee chairman. He knows that the so-called administration has to deal with more than one committee and more than one set of exigencies. We are certainly appreciative

of the fact that the committee has made those changes in its priorities and its timing mentioned by the chairman. Because our committee schedule is jammed into three days, all of which are days on which the Senate sits, sometimes difficulties are encountered when an adjustment of this kind is requested. Even though we try to plan as carefully as we can, when we have to make an adjustment there is a domino effect.

We have to do precisely what the chairman of the committee is requesting of us—that is, try to make the adjustments

which will enable the committee to do its work. Sometimes it is logistically impossible to do that immediately. A certain amount of tinkering has to be done in order to make it work. There is, however, no question about the unity of objectives.

Senator Everett: I am delighted to hear that from the deputy leader.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, March 31, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

FARM CREDIT ACT

FARM LOANS INTEREST REBATE BILL

BILL TO AMEND AND TO ESTABLISH—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-88, respecting loans to farmers.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Hon. Duff Roblin (Deputy Leader of the Opposition), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Asselin be substituted for that of the Honourable Senator Tremblay on the list of senators serving on the Special Joint Committee on Official Languages; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

BUSINESS OF THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, perhaps I should raise this question on another occasion, but it seems to me that members of the Senate would be interested in knowing the proposed program until Easter, and whether there is to be the usual Easter recess. We would also like to know how the ceremony envisaged for April 17 will fit into this program, and perhaps there is other information the deputy leader could give us at this time.

● (1405)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will give you my understanding of the situation.

This week we will sit until tomorrow afternoon and then adjourn as usual. The House of Commons will continue its consideration of the Federal-Provincial Fiscal Arrangements Bill in the hope of giving it third reading on Monday evening, and it may also be considering today Bill C-89, which concerns housing and which is now the subject of pre-study by the Standing Senate Committee on Banking, Trade and Commerce.

The Federal-Provincial Fiscal Arrangements Bill is rather pivotal in terms of the government's program respecting legislation prior to Easter. In turn, that has an effect on what is possible in terms of an Easter break. As I have mentioned, it is likely that that bill will receive third reading in the House of Commons on Monday evening. I am as sure as I can be that it will not receive third reading before then and, therefore, there is no point in our meeting before Tuesday for the purpose of dealing with it.

As Senator Flynn and I were saying today, the Senate has put into practice a useful device, which it invented, called the "pre-study of a bill in committee," but we think it would be pushing that idea too far to pre-debate a bill before we get it.

The Federal-Provincial Fiscal Arrangements Bill is the most important owing to the dates regarding payments to the provinces, and because it is clear that it is very controversial. It was made the subject of pre-study pursuant to a resolution of the Senate yesterday. It is of interest to the provinces and to educators and others. Clearly, it is a matter of wide interest and there are controversial views on it. However, if it is necessary to have that bill passed by April 15, which is the date of the first payment, as distinct from the date when the legislation should take effect, or when the old legislation runs out, then it appears desirable from the government's point of view to conclude debate and have royal assent of the bill some time next week—in other words, although after March 31, before April 15.

Owing to the controversial nature of the bill, however, it is clear we must allot as much time to it as possible. I certainly cannot say that we are not, to use Senator Roblin's expression, being squeezed. We are being squeezed, and undesirably so. Nevertheless, within the framework of available time we will allow as much time as possible for debate, for interventions by the opposition and supporters of the government on this important piece of legislation.

I suggest, therefore, honourable senators, that we consider the following schedule for next week: The Senate will sit on Tuesday afternoon and Tuesday evening, and on Wednesday afternoon. If it seems by that time that, within the context of being squeezed, we have had an adequate opportunity to debate the bill, we will try to have third reading and royal assent by late Wednesday afternoon. If, on the other hand, it appears we have not had sufficient time to debate the bill, we will then consider sitting on Thursday afternoon and, if necessary, Thursday evening. Because the other place will be sitting until 10 p.m. on Thursday there could be royal assent that evening.

In view of that, honourable senators, I recommend that we hold ourselves ready to sit until Thursday evening in order to have royal assent, bearing in mind that, if we do our best within the tightened framework, we could have royal assent by Wednesday afternoon or even Thursday afternoon, if not Thursday evening.

● (1410)

There are two other bills that may require royal assent. There is Bill C-88 dealing with farm loans. It will probably be referred to the Standing Senate Committee on Agriculture. We should commence second reading of that bill this afternoon. The other bill is Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act. This bill may receive third reading in the other place this afternoon. The Standing Senate Committee on Banking, Trade and Commerce is presently engaged in a pre-study of that bill, and tomorrow afternoon, Tuesday afternoon or Tuesday evening, we could begin its second reading stage.

So, in summary, we should make ourselves available for five sittings in the three days next week, namely, Tuesday afternoon, Tuesday evening, Wednesday afternoon, Thursday afternoon and Thursday evening. The bills we will be dealing with, in order of importance, are the Federal-Provincial Fiscal Arrangements Bill, the bill concerning farm credit, and the housing bill.

Senator Flynn: Do I understand that the Federal-Provincial Fiscal Arrangements Bill must receive royal assent before we adjourn next week?

Senator Frith: Honourable senators, I should have gone on to the following week. If Bill C-97 receives royal assent before Good Friday, neither the Senate nor the House of Commons will sit the following week. Although the proclamation ceremony will be held in the Senate chamber on April 17, it is not considered a parliamentary event and, therefore, Parliament will not be formally convened. Of course, members of Parliament who wish to participate in the ceremonies may do so, but they do not have to be present.

The House of Commons would then meet the following week on April 19. If things develop according to plan, we will not sit the week of April 19. We will take a well-earned additional week for the hard week we put in while the other place was on its somewhat impromptu holiday.

[Senator Frith.]

Senator Flynn: As I understand it, if we are not able to pass Bill C-97, the Federal-Provincial Fiscal Arrangements Bill, next week, we will come back at the same time as the House of Commons. Does that also apply to Bill C-88 and Bill C-89?

Senator Frith: Honourable senators, I would agree that passage of Bill C-88 and Bill C-89 is highly desirable, but not necessary insofar as royal assent is concerned.

Senator Flynn: The deputy leader mentioned that the proclamation ceremony is not considered a formal sitting of Parliament. Would he clarify the situation and tell us who is convening this meeting in the Senate chamber, under what authority it is taking place, and how people are selected for invitation? Are senators to be invited?

● (1415)

Senator Frith: Honourable senators, the proceedings are under the supervision of the government and, in particular, of the Secretary of State.

To the question of when, the answer is April 17. To the question of what, the answer is that it is an unusual event, and there is no real precedent for it in Canadian history, but it comes under the jurisdiction of the Secretary of State. As to the question of where, if it has to be in either chamber then it has to be in the Senate because, according to British parliamentary tradition, the Queen cannot enter the House of Commons.

Hon. Duff Roblin (Deputy Leader of the Opposition): Not since Charles I.

Senator Frith: It has not happened since the reign of Charles II.

Senator Roblin: I am wrong; Charles II used to do it, too. Perhaps Charles III will try it.

Senator Frith: In any event, honourable senators, since neither of those gentlemen is with us to be able to substitute for Her Majesty, she, apparently, feels that she cannot enter the House of Commons.

The plan is to use the Senate chamber because it is the most appropriate Canadian forum for such an event. The intention is that both senators and members of the House of Commons will be invited to participate.

Senator Flynn: Are invitations issued by the Prime Minister?

Senator Frith: I believe invitations are issued by the Secretary of State, but I am not sure.

According to the present plan, senators and members of the House of Commons will be seated on the floor of the Senate.

Hon. Jack Marshall: Are you sure that senators will not be up in the gallery?

Senator Frith: Yes. It is my understanding that the gallery will be occupied by the Diplomatic Corps, and only senators, members of the House of Commons and justices of the Supreme Court of Canada will be on the floor of the chamber.

Invitations will certainly be issued to all senators and all members of the House of Commons. Because of limitations on space, spouses of senators and members of the House of Commons will not be seated on the floor. The present plan, as I understand it, is for spouses to gather in the Railway Committee room.

Senator Flynn: To watch from there?

Senator Frith: By television.

For the moment, I forget what use is to be made of the south gallery.

All of the journalistic paraphernalia and hardware of radio and television transmission will be set up as it has been for Speeches from the Throne, and as it was for the last moments of the debates on the resolution concerning the Constitution.

Senator Flynn: What do you mean by "the last moments"?

Senator Frith: I am referring to the debate on the Constitution.

Senator Flynn: Was that a burial?

Senator Frith: No, I think of it more as a wedding celebration than a burial, but perhaps the Leader of the Opposition and I differ in that view.

Hon. Paul Lafond: Honourable senators, I was happy to hear the reply of the Deputy Leader of the Government to the last question. I shall make my comments on that subject later.

For the moment, I would revert to the previous question relating to the Senate's sitting next Tuesday afternoon. I must once again record my protest against such a sudden decision.

The Deputy Leader of the Government referred to hard-working senators, and there are some. Committees scheduled to meet on Tuesday afternoon will be considerably disturbed by this decision.

If agreement cannot be reached tomorrow by the Deputy Leader of the Government and the Leader of the Opposition that the Senate should sit on Monday evening, at least there should be some arrangement under which the sitting of the Senate on Tuesday afternoon will be brief, with the Question Period postponed to the evening sitting, so that scheduled committee sittings will not be disrupted. As we heard last evening, and as we will no doubt hear again next Tuesday, many committees are pressed for time and for accommodation.

● (1420)

Hon. Eric Cook: And they have arranged for witnesses to appear.

Senator Frith: Honourable senators, I am glad to have Senator Lafond's intervention. Perhaps he was not in the chamber when I explained that the purpose of sitting on Tuesday afternoon is to afford as much time as possible for debate on the Federal-Provincial Fiscal Arrangements Bill. A sitting Monday evening will not help us because we will not receive that bill until Tuesday.

As to the proposition that there be a short sitting on Tuesday afternoon, the decision to have a sitting on Tuesday

afternoon has not yet been taken. I made the suggestion that we sit on Tuesday afternoon simply to give us as much time as possible to deal with the Federal-Provincial Fiscal Arrangements Bill. It is an exception; it has an effect on committee meetings, and I am glad that Senator Lafond is here to champion the interests of those committees and the important and hard work they do.

Any time there is a recess, any time it becomes necessary to hold an unusual sitting, these results do follow. Part of the reason for raising these matters today, instead of tomorrow, is that it gives more notice. The information we have with respect to the Federal-Provincial Fiscal Arrangements Bill is the very latest. In fact, the schedule was received just this morning. Perhaps we can work something out on the basis of the information that we now have. We shall certainly take Senator Lafond's suggestion into account when we meet to consider sitting on Tuesday afternoon, but we will know more about that tomorrow.

Hon. Edward M. Lawson: Honourable senators, could the deputy leader give us some indication of the proper style of dress for the proclamation ceremonies that are to take place in the Senate chamber?

I ask this question because yesterday my office was told that either a lounge suit or morning coat would be suitable, but a few minutes ago I was told that the Prime Minister's Office conveyed information to my office to the effect that only morning coats would be acceptable. I would ask that that be clarified.

Senator Frith: Honourable senators, in my opinion—and I do not hold myself out as being a sartorial expert—I would say that—

Some Hon. Senators: Oh, oh.

Senator Frith: I have the feeling that I should not have said that.

Senator Flynn: If you are not, who is?

Senator Frith: I think that what honourable senators feel comfortable in at the opening of a session of Parliament would be acceptable. Whatever they have felt comfortable in, and whatever they do feel comfortable in, would, in my opinion, be appropriate on such an occasion.

Senator Flynn: The Prime Minister will be wearing striped pants, I suppose. That is quite a change from the way he dressed when he first came to the house.

Senator Frith: Honourable senators, as to what the Prime Minister will wear, I would say—as is said in one well-known game—"I pass."

Hon. Douglas D. Everett: Honourable senators, I wish to revert to the point Senator Lafond made. I realize the dilemma the government is in with respect to Bill C-97, but Senator Lafond's point is a good one. I wonder if consideration could not be given to his suggestion that there be no Question Period on Tuesday afternoon; that Question Period be put over to Tuesday evening.

Senator Frith: Honourable senators, as I mentioned earlier, I will take careful note of Senator Lafond's suggestion, and note the support that suggestion has received from Senator Everett. Senator Flynn and myself will certainly take that into account.

Senator Flynn: With only one minister in the house, it shortens Question Period considerably.

QUESTION PERIOD

[English]

UNEMPLOYMENT INSURANCE

USE OF FUND TO FINANCE JOB CREATION PROGRAMS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I must admit that I am a little disappointed to note that Honourable Senator Olson is not present in the chamber today, because I had a question to ask him regarding the Alsands project. I also thought that he would have had an announcement to make today, but perhaps the Deputy Leader of the Government has it.

I also wanted to ask him about the fact that we are subsidizing the importation of oil when we cannot use the domestic oil we are producing in Alberta. I raised that question last week and hoped for some answers. However, I shall have to content myself by awaiting his return, I suppose.

I should like to direct a question to the Deputy Leader of the Government that has to do with government policy concerning the Unemployment Insurance Fund. The Unemployment Insurance Fund is collected from employers and employees, with some small top-ups from governments. There has been a trend in recent years for the government to reduce its responsibilities to the fund considerably.

Recently there have been a number of announcements to the effect that the employment programs of the government will be largely financed by the Unemployment Insurance Fund. There is, for example, the forest and fish development program announced by the Minister of Employment and Immigration the other day, which will call upon the Unemployment Insurance Fund to the extent of \$175 million, as well as other programs such as the work-sharing program which will cost, according to his estimate, approximately \$100 million this year, and other unemployment alleviation plans also to be financed by the Unemployment Insurance Fund.

● (1425)

The fund is probably in bad shape right now because the estimated unemployment figure of 7-point-something that was contained in the budget last November is now well over 8 per cent, and, therefore, the strain on the fund is obvious. It looks to me as if we are going to have a fairly large draw on the fund.

[Senator Everett.]

First, I should like to ask the Deputy Leader of the Government if the government has estimated what these amounts are and what the effect will be, and, secondly, whether that will necessitate an increase in the contributions required from workers and their employers, or whether the Government of Canada is going to reassume some of its lapsed responsibilities to top this fund up when it has been drawn down due to harsh economic conditions. I do not think it was ever the intention that the fund should become a social welfare fund. It is basically an insurance fund, and if we are to treat it as a social welfare fund we need to know from the government what its policy is going to be with respect to financing this unusual move.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I understand the point of the question asked by Honourable Senator Roblin, and I think he has made it quite clear what he wants to know. After giving some background, he said, "I want to be sure what these amounts are." By "these amounts" does he mean the amounts the government has in mind for the programs he referred to? I am not sure what the antecedent of "these amounts" was.

Senator Roblin: I will try to be more precise. I want to know, first of all, what is happening to the fund on the ordinary insurance function, in view of the fact, according to the budget, that we have more unemployment than we expected to have.

The second thing I want to know is what sums the government has in its estimates for these various new programs it announced and which, in turn, will be charged to the Unemployment Insurance Fund. I ask that so we can see exactly what is liable to happen here.

I have a supplementary question. By an amendment to the statute in 1976, or thereabouts, authority was given for this job creation function which is in addition to the original intent of the act, but it states that when that happens the employment must be "conducted by the Government of Canada pursuant to any Act of Parliament." My follow-up question is: By what acts of Parliament are these various unemployment programs, announced by the various ministers, justified? What is the statutory basis on which these expenditures are being made?

Senator Frith: That question is clear also, and I will try to get an answer to it as soon as possible.

INDUSTRY

INDUSTRIAL LABOUR ADJUSTMENT PROGRAM

Hon. Lowell Murray: Honourable senators, may I ask the Deputy Leader of the Government to obtain some information for us with regard to the special industry and labour adjustment program? The deputy leader will be aware that seven communities have been designated under this program—Port-Cartier and Sept-Iles, Quebec; Sydney, Nova Scotia; Tracy and Sorel, Quebec; Windsor, Ontario; and, quite recently, McAdam, New Brunswick—and that for the fiscal year that ends at midnight this evening approximately \$100 million was

allocated for the program in the budget. The total amount of the program over several years was to have been \$320 million. The information I should like to have is how much money has been spent on the program in the fiscal year ending this evening, and how much in each of the communities designated?

I realize that this is the kind of information that I could ask for in written form, and I would have done so if I had the slightest hope that an answer would be forthcoming within a reasonable time, but, as I pointed out last evening, there are many questions on the Order Paper that have been there for over a year to which no answers have yet been given.

● (1430)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I shall try to make Senator Murray's hopes for an answer to that question more than slight.

FOREIGN AFFAIRS

ST. PIERRE AND MIQUELON—CANADA-FRANCE MARITIME BOUNDARY

Hon. Jack Marshall: Honourable senators, I have a question for the Deputy Leader of the Government which he will probably have to take as notice. It concerns the proposed visit by French President François Mitterrand to Canada—

Hon. Jacques Flynn (Leader of the Opposition): Mr. Mauroy.

Senator Marshall: The article I read said:

French President François Mitterrand surprised Canadian officials in Brussels yesterday by saying he wants to meet Prime Minister Pierre Trudeau soon.

That appeared in this morning's newspaper.

I raise the question because of a delicate issue that has arisen concerning the islands of St. Pierre and Miquelon. Perhaps this might be an opportune time to suggest to the Prime Minister that the question of the boundary between St. Pierre and Miquelon and Canada—which affects our fisheries, fishing treaties and seabed mining, which is likely to be so important in future years—should be raised. Rather than wait until something happens that we do not wish to see, if the meeting with Premier Mauroy or President Mitterrand is held, then this issue should be given priority and dealt with for the sake of future harmonious relations.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, there are two aspects to the honourable senator's question. As he may have noticed, there was surprise here as well as in Brussels over the news of a possible visit by President Mitterrand. I am not suggesting it will not take place, but this was the first I heard about it. I had asked for, and have now received, information on St. Pierre and Miquelon which I should place on record, and give the honourable senator an opportunity to ask some supplementaries, if necessary.

Negotiations with France have been pursued on and off since 1972. That is on the question of the maritime boundary. The most recent round of discussions took place in Ottawa on October 21 and 22, 1981. The Canadian delegation made it clear to the French side that we were not prepared to accept their claim to a 200-mile economic zone around the small islands located right off the coast of Newfoundland. The classic "enclave situation" of this French possession does not entitle France, either under international law or international practice, to any extensive zone of maritime jurisdiction. The plan is to discuss with the French Foreign Minister, M. Cheysson, at a meeting in the spring, how to advance those negotiations.

On November 24, 1981, two Canadian fishing vessels were boarded, with their permission, by officials from a French patrol vessel about 100 miles off St. Pierre and Miquelon. There have been no further boardings since then. We have sent a note to the French embassy pointing out that the boardings took place in Canada's fishing zone.

On Sunday, March 14, Canadian fisheries officers boarded two French fishing vessels off the coast of Newfoundland in Canadian waters and found that their log books had under-reported their respective catches. The vessels initially refused to comply with orders to report to a Canadian port for inspection. They went instead to St. Pierre. Following representations to the French authorities, the vessels proceeded to Halifax, where charges are being laid. The Minister of Fisheries and Oceans, the Honourable Roméo LeBlanc, is prepared to answer questions in greater detail. Should Senator Marshall, after he has heard this explanation, wish to ask some supplementaries, I shall endeavour to obtain the information from the minister.

Senator Marshall: With the greatest respect, I am aware of all that the Deputy Leader of the Government has indicated, but we have heard the same story over the past 10 or 12 years, that negotiations are taking place, and the present controversy over a reasonable boundary line between Canada and the islands of St. Pierre and Miquelon must be resolved. I think that as time—of which we are wasting so much—goes on, the opportune moment would be when meetings occur at the highest level, when efforts can be made to come to some arrangement, even to the point of Canada's taking over St. Pierre and Miquelon, which might be a good idea.

● (1435)

Hon. Jacques Flynn (Leader of the Opposition): You can try it if you like.

Senator Frith: Honourable senators, I do not want to say anything with regard to that last suggestion, but I do take Senator Marshall's point and appreciate the fact that he is using this occasion to link this boundary dispute with a possible visit by President Mitterrand.

TRANSPORT

GRAIN SHIPMENTS—EFFECT OF DELAYED OPENING OF ST. LAWRENCE SEAWAY

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board, and, to comfort the Leader of the Opposition, I would like to say that I gave the minister notice of the question. I mention this so that the Honourable the Leader of the Opposition does not stand up and say that I have planted the question.

Hon. Jacques Flynn (Leader of the Opposition): You can have planted answers, too!

Senator Buckwold: Well, it is just about seeding time, so it is the planting season.

In view of the delay in the opening of the St. Lawrence Seaway, which I understand will amount to several weeks, due to the very severe weather and heavier than normal ice conditions, could the minister inform us how this will affect the target of 26 million tonnes set by the Canadian Wheat Board for the 1981-82 crop year? I may say that this target is a record one, and western farmers are hopeful that it can be met.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): To reply to the honourable senator's question, it is true that the Seaway will be opening perhaps between two and three weeks later this year than has been the case in each of the last two years. This, of course, in itself, would lead to a shortening of the summer shipping season. The Wheat Board, however, is optimistic that in spite of this delay the target of 26 million tonnes will be achieved. There is every chance of achieving it. It is pointed out that the rail movement through the St. Lawrence system this winter has been very successful. The winter rail movement to date—that is, up to the week of March 21 to March 27—has achieved more than 1.2 million tonnes, which is about 50 per cent higher than last year.

Exports of grain to March 24 were 15 million tonnes, compared with 13.2 million tonnes in the same period last year. This represents an increase of 14.1 per cent.

The interim target—that is, the target for shipments from August 1, 1981, to the end of March, 1982—was set at 15.1 million tonnes. A week or so ago it looked as though this target would be exceeded. Right now it looks as though the shipments will be just about on target—that is, approximately 15 million tonnes.

The exports to date out of the west coast are reaching 7.15 million tonnes. This is 20 per cent better than last year, so that the performance to date has been excellent. We are ahead of last year. The Wheat Board is optimistic that the 26 million tonnes can be achieved.

I want to say that the railway performance during the crop year has been excellent. All records have been broken in spite of some temporary difficulties on the west coast during a very severe winter. The fact is that shipments through the west coast are running 20 per cent higher than a year ago.

[Senator Frith.]

FOREIGN AFFAIRS

EL SALVADOR—PREVENTION OF RIGHT WING COUP

Hon. Peter A. Stollery: Honourable senators, I would like to address a question to the Deputy Leader of the Government. I realize that he will have to take it as notice. My question relates to the elections that took place at the beginning of the week in the Republic of El Salvador, and which have been the cause of some controversy in Canada.

● (1440)

Now that the elections have taken place, I would like to know whether the government—and, in particular, the Secretary of State for External Affairs—will be making representations to the United States government to stress the fact that in Canada's view it is most important that the U.S. government do everything in its power to prevent a possible right wing coup in El Salvador. I think it should be made clear that, while the Canadian government was supportive of the elections, at the same time it emphasizes its support of the democratic process in the Republic of El Salvador, and recognizes the obvious risk of a coup from the right wing.

Hon. Jacques Flynn (Leader of the Opposition): That is some speech.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will pass that question along to the minister.

GRAIN

PROPOSED CHANGE IN CROWSNEST RATES—EFFECT ON EASTERN CANADA

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a delayed answer in response to a question which was asked by Senator Bosa on March 2, 1982, regarding the economic impact of the proposed changes in the Crowsnest rates on eastern Canada.

Officials have informed me that the Department of Agriculture retained Dr. David Harvey under contract to write a report entitled, "Burdens and Benefits as the Crow Flies." This report encompasses the effects of the proposed rate change upon livestock and income in eastern Canada. The report has been completed but is not yet translated. It will be published and made public.

Hon. Duff Roblin (Deputy Leader of the Opposition): I have a supplementary question for my honourable friend. He has referred to a study, if I heard him correctly, on the consequences of the Crow rate in some respects. Is he prepared to let us have a copy of that?

Senator Argue: Honourable senators, I am prepared to make further inquiries. The notes that I have indicate that it has not, as yet, been translated. It will be published and made public, so I am prepared to pursue the question put to me by Honourable Senator Roblin.

Senator Roblin: I see; as soon as it is translated we will be able to obtain a copy. I ask my honourable friend whether he

has read a similar study prepared by the University of Manitoba, indicating the financial impact of the Crow rate upon the economy of that province.

Senator Argue: I have not studied that report, no.

Senator Roblin: Will my honourable friend read it if I get a copy for him?

Senator Argue: I will be delighted to read it. I am sure that the change in the Crow rate will have a major economic impact upon Manitoba, Saskatchewan, Alberta and places all across this country. Its impact will affect different sections of the economy in different ways. I am sure that this study, which I have not as yet had the privilege of seeing, will indicate that the impact goes both ways in the province of Manitoba as well.

Senator Roblin: My honourable friend is very adept at changing his ground. I congratulate him.

THE ESTIMATES

ENVELOPE SYSTEM—ROLE OF TREASURY BOARD

Hon. Douglas D. Everett: Honourable senators, I have a delayed answer to a question which was asked of me last night by Senator Murray with respect to what remains of the role of the Treasury Board, under the chairmanship of the President, in the light of the envelope system.

The Treasury Board is still responsible for the Financial Administration Act, the Public Service Staff Relations Act, all collective bargaining, and, interestingly enough, the application of official languages. It is also responsible for all man-year decisions.

The Comptroller General reports to the President of the Treasury Board. Therefore, his program evaluation effectively comes under the aegis of the President of the Treasury Board. The President of the Treasury Board is also a member of every policy committee within the envelope system and is a member of the priorities and planning committee of cabinet.

I might say that a question on this subject was asked by Senator Doody of the President of the Treasury Board at a meeting of the Standing Senate Committee on National Finance on November 19, 1981. Part of the minister's answer was as follows:

When a policy decision is made—

And there he is referring to a policy decision under the envelope system.

—it then has to come to Treasury Board for two reasons, effectively. One is to ensure that the terms and conditions of the program are adequate to protect the taxpayers' dollars. The Treasury Board would not, in such a case, go into the policy issues involved, because all of us have the opportunity of doing that in any event on these policy committees—of all of which I am a member—but at that stage it is a contract, or whatever, subject to the same thorough analysis as it always was. Questions may be raised by the staff or by the ministers of the board as to whether other terms and conditions should not be added,

et cetera. In addition, the Treasury Board has final authority for the allocation of person-years to any of these new programs, because that in turn reflects the expertise that is within the Treasury Board to determine whether the department is seeking more resources than it needs or, in some instances, whether it does not have the necessary resources in order to effect the program delivery efficiently.

APPROPRIATION BILL NO. 4, 1981-82

THIRD READING

Hon. Léopold Langlois moved the third reading of Bill C-99, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1982.

Motion agreed to and bill read third time and passed.

APPROPRIATION BILL NO. 1, 1982-83

THIRD READING

Hon. Léopold Langlois moved the third reading of Bill C-100, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

March 31, 1982

Sir,

I have the honour to inform you that the Honourable Bertha Wilson, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 31st day of March, 1982, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,

Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable

The Speaker of the Senate,
Ottawa.

● (1450)

[Translation]

CANADA-UNITED STATES RELATIONS

CONSIDERATION OF VOLUME III OF REPORT OF FOREIGN
AFFAIRS COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, March 25, 1982, debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Canada-United States Relations—Volume III—Canada's Trade Relations with the United States", tabled in the Senate on March 24, 1982.

Hon. Martial Asselin: Honourable senators, my reason for speaking today to this subject on the Order Paper is that, first of all, I am a member of the Foreign Affairs Committee and the committee's vice-chairman, and I believe it is important that a member of the opposition should express his views on the document tabled in this chamber last week.

Honourable senators, the Senate may occasionally lay itself open to criticism for reasons we have mentioned in the past in the course of the Senate's reviews of its activities. The same does not apply, however, to the Senate committees. For many years, our committees have done serious work, and their recommendations have always been very well received by the Canadian people. I am not going to go down the list of Senate committees and the recommendations they have made in various areas, but, as a member of the Senate, I am proud to say that all our committees have done serious work which has always been very well received by the public.

In fact, the work of our committee was praised this past weekend by a number of experts in the field across Canada, and it received considerable attention from the media. Yesterday I was reading Ron Collister's comments in the *Edmonton Journal* of March 25, 1982, and I quote:

● (1500)

[English]

The Canadian Senate is an institution that gets little public respect, mainly because it's non-representative and governments ignore it, anyway.

But, now and again, it steps out of character and makes a lot of sense.

It happened this week . . .

The Senate foreign affairs committee has just endorsed free trade between Canada and the United States.

Frankly, when I read that, I felt like standing up and applauding: it took rare, political courage.

[Translation]

I could go on to quote further expressions of appreciation for the work of this committee which appeared in the press last weekend.

Honourable senators, we are now considering a major committee report on our trade relations with the United States.

The report has been called courageous, too bold in some parts, and occasionally ahead of its time, and it will probably get a mixed reception from the Canadian people. However, the report's main objective was not to condemn the kind of Canadian protectionism that is found in certain groups, but to invite reflexion on more modern and more imaginative approaches to solving our enormous economic problems, especially in our export markets.

We should realize that our exports to the United States are worth \$100 billion annually, that 70 per cent of our commercial exports are directed towards our neighbour to the south, and that a reduction in tariffs as a result of the signing of multilateral trade agreements between the United States and Canada is already putting our two countries in a *de facto* free trade situation.

Obviously, the committee has suggested that Canada look to its neighbour to the south in its attempts to turn the economy around and trim its overall trade deficit valued at \$20 billion for manufactured products.

Honourable senators, in 1987, when the GATT agreements become effective, 80 per cent of Canadian exports to the United States will enter that country duty free, and up to 15 per cent will be subject to a tariff of only 5 per cent: American exports to Canada will be, respectively, 65 per cent and 26 per cent. In the circumstances, as committee chairman Senator van Roggen said at his press conference, Canada may well find itself shut out from international markets for manufactured goods because of the many diverse and inefficient industries producing mainly for Canada's small domestic market.

People will say: What about Canada's political and cultural independence, which might be threatened by free trade with our neighbours to the south? And what about economic nationalism, which finds many supporters in central Canada especially, who sometimes use it to camouflage the old protectionist concept? The witnesses who appeared before our committee gave us the assurance that there was no threat now, one way or another.

Before continuing my speech, honourable senators, I would like to congratulate the chairman of the committee on the manner in which he led the debate. He did so with patience, courage and tremendous dedication. I also wish to congratulate the members of the committee who faithfully attended meetings on a sometimes difficult subject matter, to listen to experts on subjects with which they were not familiar.

First of all, we must ask ourselves how the experts define the concept of a free trade area. We were told that, in the final analysis, a free trade area would gradually eliminate still existing customs tariffs. It was also said, and this is more important, that the bilateral free trade agreement gives Canada and the United States the mechanisms they need to abolish or reduce non-tariff barriers between the two countries. The agreement would not affect tariffs or non-tariff barriers which either country might wish to use against a third country.

The other day while I was waiting for my plane at the airport, I was talking to Senator Croll, who has vast political experience, in the Senate and the country in general, and who knows about protectionist policies. He told me: "You know, when I hear you talking about free trade, the word makes me laugh, because I think that the definition of the word always implies restrictions." However, the members of the committee went along with his demands, and I also wish to congratulate them on their contribution to the committee's work. I would also have liked to thank Senator Grosart, who preceded me as deputy chairman of the committee. Senator Grosart and Senator van Roggen were the committee's driving force and helped it reach its present conclusions.

Hon. Royce Frith (Deputy Leader of the Government): The present deputy chairman should also be congratulated.

Hon. Jacques Flynn (Leader of the Opposition): Hear, hear.

Senator Asselin: Thank you. It is, of course, a difficult and complex subject. Most of us find it rather difficult to juggle figures around and compare methods in connection with our exports and trade relations with other countries.

I asked some experts to do some research for me and to advise me on recommendations made in the committee's report. Together we went through the report and concluded that perhaps I should say a few words this afternoon about the bilateral free trade agreement, which cannot be a common market for the reasons set out in the report. There is a possibility that Mexico will join the agreement as soon as its economy has reached a level closer to ours. So-called soft sectors of our industry could continue to benefit from protective tariffs, despite the bilateral agreement. Free trade would not prevent us from increasing domestic processing of our raw materials, or the Americans from being very interested in a bilateral free trade agreement, while other GATT countries might be admitted to this kind of agreement, provided certain conditions were met.

Obviously, I do not support everything the report says. There are some problems I intend to point out towards the end of my speech, but first, honourable senators, I would like to say a few words about the points I have just raised.

Senator Croll meant there is never free trade *ipso facto* because there are always restrictions and control mechanisms. I agree. But I think there is a difference between out-and-out protectionism and controlled free trade.

The proposal for a free trade agreement between Canada and the United States is aimed at strengthening Canadian industry by helping it to rationalize sectors that will no longer be protected by traditional tariff barriers, without, however, enjoying the advantages of its competitors, including access to large markets. This is a very important issue. Are we supposed to restrict our markets? Of course not; we have to expand. But how are we going to do that and what approach will be most acceptable to Canada and to the countries with whom we intend to do business?

There is also talk about creating a common market. However, unlike a free-trade zone, a common market implies the free movement of goods, workers and capital between the member states and the fact that these states must accept uniform tariffs for the rest of the world and harmonize their non-tariff barriers, as well as many other things concerning their relations with each other and the rest of the world. The best-known example of this system is that of the European Common Market. The European Community specifically expects some extent of political co-operation, as evidenced by the recent direct elections to the Parliament of the Community. At the very least, the Community also promotes a full political union.

The reluctance of certain countries to join the EEC, as was the case for Great Britain, is due to the fear of erosion of their national sovereignty. These characteristics do not exist in any of the free-trade agreements negotiated by Finland, Sweden, Norway, Austria, Switzerland and Portugal with EEC, and would not be found in this type of agreement between Canada and the United States.

What about the processing of our resources? A free-trade agreement would not affect mining and other Canadian resources, which we could export or not, as we wish. In fact, such resources are generally duty-free unless they have gone at least through the first stages of processing. Indeed, processing would be encouraged and stimulated by the agreement, since it would give processed resources free access to the American market. Oil, natural gas and electricity are not dutiable and could continue to require the same licensing and be regulated by the same regulatory bodies in both countries.

If Canada and the United States follow the European example, not only agriculture but also fisheries would be excluded from the agreement, even where customs tariffs are concerned. What about the textile and shoe industries? The Canadian quotas for textiles and shoes imported from third countries would not be affected. On the contrary, both the Canadian textile and shoe industries could continue to benefit from protection against the rest of the world while having free access to the American market. This free trade does not mean a free movement of workers between the two countries, as I mentioned earlier. As for the flow of capital between the two countries, there is already such unrestricted movement that this issue does not seem important.

In fact, even in the European Community certain regulations restrict the movement of capital. Policies will have to be developed to influence direct investments from both sides, such as those which Canada applies through its Foreign Investment Review Agency—FIRA. These policies will also have to be examined during the negotiations.

When we had this exchange of views in the committee, the possibility of including Mexico in this great north-south market was also the subject of much discussion. This appeared to have certain disadvantages, and I would now like to refer to that matter. The United States repeatedly attempted to suggest a trilateral North American agreement between Canada, Mexico and the U.S.A. However, the development stage of

Mexico does not parallel that of either Canada or the United States, and the American government is quite aware of that fact. Indeed, in August 1981, in his report to Congress on the North American trade agreements, President Reagan stated that for the time being it seemed wiser to improve trade relations with Mexico and Canada on an individual rather than on a regional basis.

We know how much President Reagan, during the presidential election, when discussing relations that should exist between Canada and the United States, insisted on including Mexico in those basic economic and trade negotiations.

Mexican industry is highly protected and Mexico is not yet a member of GATT. Mexican wages are much lower than those in other countries, and therefore American workers have concerns of a different nature about Mexican labour and Canadian labour. All things being equal, Mexico has no industrial infrastructure and needs other industries to expand its manufacturing sector. The market for highly sophisticated consumer goods is quite limited. Aware of those differences, one American consultant believes that given Mexico's present development stage, it is impossible for the time being to consider a balanced trilateral free trade agreement. From the American point of view, two parallel bilateral agreements are preferable.

Despite those findings, a North American free trade zone could include a conditional clause on the most favoured nation providing that Mexico, as soon as it can offer similar access conditions, could be part of the North American free trade zone. Other nations party to the GATT agreements, such as the EEC nations, could take an unfavourable view of such an agreement, but they would be ill-advised to take retaliatory measures because they also are part of regional groups such as the European Common Market, and free trade with former members of EFTA, the European Free Trade Association.

The Senate committee believes there is a strong case for bilateral free trade. It is possible, in their view, to convince Washington to consider what would probably happen if those countries maintained the status quo. Given the close interdependence now obtaining, domestic policies in one country often have unwanted ill effects in the neighbouring country. Trade confrontations likely will become more numerous.

It was apparent when we held that meeting with our American colleagues in Key Largo last month. I think that the senators who are present in this chamber will be able at the appropriate time to give a pretty fair assessment of the economic difficulties and concerns which our American colleagues are experiencing with respect to the existing trade between Canada and the United States, and vice versa. The views and opinions expressed during that meeting reveal that something has to be done to improve the trade relations between both countries.

Another factor which might influence the reaction of the Americans is their own international economic position. During 30 years they showed the world the way towards opening up international trade, but they had to take a back

seat in the 70's, as the European Community and Japan grew stronger.

The United States was unsuccessful in its numerous attempts to convince the community to ease up on its agricultural protectionism and the Japanese to lower the barriers which limit access to their domestic markets.

If they were to decide to sign a free trade agreement with Canada, the United States would insist on an agreement involving all provinces so that they would all be party to that agreement. Under the American constitution, the federal government is allowed to impose trade regulations upon the states and the municipalities, whereas in Canada the federal government can only act as coordinator and adviser when it comes to provincial non-tariff barriers.

The United States will not be prepared to consider a proposal from Canada unless this country clearly demonstrates its preference for bilateral free trade. Honourable senators, one American witness raised that aspect of the question and it would seem that the Americans are probably not interested in going through the same experience as the one they had in 1947-48 when, with full cabinet approval, officials from both countries had toiled over the drafting of that model of free trade between the two countries. The then Canadian prime minister decided at the last minute not to see that project through.

According to their spokesman, Ambassador Brock, who also acts as their international trade representative, the United States were adamant—agriculture had to be included in a bilateral free trade agreement. He suggested that social policies, such as marketing, a sales promotion office and so on, designed to help farmers would not be a roadblock for the agreement. And yet it is very likely that the Canadian government would have to review its agricultural policies and perhaps change a good many of them, a step which Canadian farmers would not appreciate and which would complicate the creation of a bilateral free trade zone. The same applies to fisheries.

Evidently, we could enumerate or comment on the series of recommendations made in that report which, as I said earlier, will enjoy divided support. It should give results. The government may draw some new economic policies from it. We should ask the government to take such an important step. With the experience I have acquired since I have been sitting in the House of Commons and in the Senate, I can tell you that the government has seldom readily accepted a report from one of its committees, whether it was from the House of Commons or the Senate. Some parts of certain reports were accepted at times, but I think that before approving the principle of free trade with the United States, the government will thoroughly consider the matter. It is up to us, as members of the House of Commons or of the Senate, if we realize that the time has come for Canada to take this important step in the development of our export trade with the United States, our neighbour to the south, to exert the necessary pressures if we want this dream to come true. I understand that the response would certainly not be unanimous either on the government or the opposition side.

I read in a recent issue of *La Presse* that John Crosbie, the Progressive Conservative Party critic on foreign affairs, was in the United States. He had made a statement, claiming that he was in favour of a common market involving Canada and the United States. His opinion contradicts that which Mr. Michael Wilson, another former Progressive Conservative Party minister, expressed two weeks ago before the Canadian Club in Montreal, when he said that we should consider establishing a free trade to include the United States. As you can see, two senior ministers of a former government who are members of the same party hold different views as to what the nature of our trade and economic ties with the United States should be.

Honourable senators, I do not wish to go any further, for I know that other senators are anxious to deal with this important issue. It is the responsibility of the Senate to carry out an in-depth study of this report, to show the Canadian people that the reports submitted by our committees are not immediately stashed away on the shelves. They are there to be implemented.

I am proud, therefore, to have been involved in the production of such a high quality report, which comes at the proper time, if Canada is willing to review every aspect of its economic policies in order to improve its competitiveness on international markets.

Our economy is ill and facing difficult times. We will have done a useful job if the recommendations of this committee are ever received in good faith, and if they are perceived by us as a great contribution from one of the Senate committees, providing economic solutions which should not be brushed aside outright.

On motion of Senator Frith, debate adjourned.

● (1510)

[English]

FARM CREDIT ACT FARM LOANS INTEREST REBATE BILL

BILL TO AMEND AND TO ESTABLISH—SECOND READING—
DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government)
moved the second reading of Bill C-88, respecting loans to farmers.

He said: Honourable senators, I have found that it helps one understand the principles of legislation if one analyzes that legislation on the basis of the evils or problems that it is attempting to solve. I find that to be the case both in studying a statute at its legislative stage, and in trying to interpret or understand it in judicial proceedings.

So, I propose to give you some of the background to the problems addressed in this legislation, and then to look at its main thrust and its particular provisions from that perspective.

Each honourable senator has received a copy of the bill as passed by the House of Commons, and it will be noted that the explanatory notes are more detailed than is often the case with explanatory notes accompanying bills presented to the House of Commons or to the Senate for consideration.

Honourable senators, the proposed changes are being brought forward at a rather crucial stage in the development of Canadian agriculture. Of all the sectors of our national economy, agriculture gives evidence of being one of the most promising areas of growth.

In July of last year, the Minister of Agriculture put forward the Agri-Food Strategy, which maps out the government's concerns for the future of agriculture. That policy estimates that Canada could increase its agricultural output by two-thirds by the year 2000. It is my strong belief that farmers will respond positively to this challenge, and I believe they will, if they are provided with the tools necessary to make that projection a reality.

Those of us who have some connection with the farm community—and I suppose, in a way, all of us have some connection with the farm community in this country—know that credit, especially in today's economic climate, is the catalyst that can bring together the various components of new technology and modern management practices.

Within a short period of time, the farms that I worked on moved from horsepower to tractor power, and since then have moved to very advanced mechanization. My neighbour in Lanark County has a substantial investment in mechanization, management and accounting. He is really in big business. These are essential to increased production. Major capital purchases must be financed over a long term at reasonable rates of interest.

● (1520)

Honourable senators, the intention of Bill C-88 is to set the stage for the Farm Credit Corporation to provide more of the funds needed to finance Canadian agriculture. The most important amendment contained in this legislation is to provide the FCC with a new source of funding.

I will now give you a little more background to the main thrust of the bill. The Farm Credit Corporation is currently funded entirely by loans from the Consolidated Revenue Fund. Clause 8 of the bill before you provides the corporation with the authority to complement its borrowing from sources other than the Consolidated Revenue Fund. The intention is to allow the FCC to participate in the financial markets through several types of instruments and not be limited to the Consolidated Revenue Fund. The instruments referred to are bonds or debentures, and special investment instruments could also be offered which could be especially attractive to farmers, particularly retiring farmers who wish to retain their investment in agriculture.

Total long-term credit extended to farmers from all sources in Canada has risen by over 20 per cent annually from an estimated \$655 million in 1975 to an estimated \$1,900 million in 1980. Until recently, the FCC supplied over 70 per cent of the long-term farm credit. In 1980, the FCC extended 26 per cent of the total long-term credit, and is expected to extend about 20 per cent in 1981.

Additional pressures on the FCC to meet the growing demand for long-term credit are, of course, brought about by

budgetary restraints, rapidly increasing capital values and changing economic conditions. The amendment to allow the corporation to borrow from the financial markets will help the corporation to meet this demand for increased funds. As the mechanisms for borrowing are put in place, and the corporation establishes itself in the financial markets, a progressively larger proportion of its funds could be obtained directly from the financial markets.

That is the background to the primary purpose of the bill, which is to ensure that Canadian farmers have access to an adequate source of the long-term credit they need to finance their farming businesses. But there are other important clauses in the bill which will allow the Farm Credit Corporation to be more responsive to the needs of Canadian producers. That is why the bill has several other clauses which, as I say, are quite well explained, and I will try to deal with them basically in the order in which they appear. In doing so, I will point out what I understand to be the problem addressed by the clause and the solution proposed by it.

First, the Farm Credit Act presently gives the FCC the authority to make loans to applicants under 35 years of age whose principal occupation is not farming but who intend to make farming their principal occupation within five years of receiving the loan. That restriction could be considered incompatible with the spirit of the Canadian Human Rights Act as being discriminatory on the basis of age. Therefore, the first solution is the simple removal of the age restriction, thereby allowing applicants of any age to participate in the phase-in program.

Secondly, the corporation makes loans on the security of mortgages on farm lands or farm lands and chattels. Currently, no mortgage advance is made unless the mortgage registration is completed in accordance with provincial requirements.

Having dealt with the general thrust of the bill, and started on the more particular provisions, I should like to pause here to say that many of these detailed matters may seem rather pedestrian—if that is the proper word to use when referring to agriculture—but they are aspects that have been irritants and have, in total and individually, blocked the objective of making more funds available for long-term farm financing.

Therefore, to summarize so far, the first problem dealt with is the age restriction on applicants who are not now full-time farmers but who intend to become full-time farmers. The second problem, as I mentioned, is that the corporation can make loans on the security of mortgages on farm lands, or farm lands and chattels, but cannot make an advance unless the mortgage registration is complete. Those of us who are lawyers will know that sometimes there is a long delay in clearing matters of title and so on, particularly in farm lands. Often they pass through estates, and the difficulties created by wills and intestacies must be overcome.

The intention here is to partly remove that problem. Clause 11 will help meet the need of more farmers because the corporation will be able to disburse up to 30 per cent of the loan funds before the long process of mortgage documentation

is completed. The disbursement of a portion of a loan prior to mortgage registration will save farmers the cost and inconvenience of interim financing until mortgage funds from the corporation are available. I know that that often happens. A farmer may be entitled to the benefit of a lower interest mortgage loan but needs the funds immediately because of planting time, or other exigencies that arise in agriculture, and so has to go to the bank and pay the prime rate plus some percentage while waiting for the money from the approved loan. It may be that the farmer needs to make a payment to initiate a land transaction, or a cash payment to a building supplier to take advantage of a discount.

Thirdly, section 13 of the Farm Credit Act limits the corporation's borrowing authority to 25 times its capital. Capital contributed to the corporation by the Government of Canada will reach almost \$143 million by the end of the 1981-82 fiscal year, which is today. Thus, the maximum borrowing authority will be reached early in 1982-83. The proposed solution is by way of an amendment that would increase the corporation's borrowing authority from \$3.75 billion to \$5.625 billion. The capital of the corporation was last increased in 1978 by 50 per cent, from \$100 million to \$150 million.

The fourth problem is that of seeing to it that the family farm stays in the family. We know that that has received much attention in recent years, and this bill provides a solution. One of the amendments would allow the FCC to provide financing to a farming corporation to fund a shareholder loan to allow the entry of another individual into the farming operation. Sons and daughters will thus be able to join their parents on the family farm or will, at least, be assisted to do so.

Fifthly, according to the Farm Credit Act, the corporation can only make loans on the security of farm lands, or farm lands and chattels. Additional security can be taken but a loan cannot be based on this additional security. An amendment in this bill would allow additional security, as defined in the regulations, to be taken into consideration in calculating the size of loan a borrower may take out. This additional security could be, for instance, equity interest in feeder cattle or even savings certificates which, if cashed in before maturity, would result in a loss.

Sixthly, the corporation is limited to maintaining accounts in its own name in the Bank of Canada or in chartered banks designated by the Minister of Finance. The proposed solution to this difficulty is that in future the corporation, with the approval of the Minister of Finance, be allowed to maintain accounts in its own name in any bank or financial institution in or outside Canada.

Hon. Jacques Flynn (Leader of the Opposition): It could be a co-operative credit union.

● (1530)

Senator Frith: Yes. That would greatly improve the cash management opportunities of the corporation as well as its financial performance. The question of co-operatives, raised by Senator Flynn, should be pursued in committee.

Honourable senators, there are a number of ancillary provisions, such as the provision for an increase in the number of members of the corporation from five to seven. It has had a five-person board since 1959; but 23 years later the business of the corporation has grown in complexity and scope, and the two additional members, with their diverse experience, would greatly enhance the work of the board.

There are a number of other provisions contained in the bill which could be considered to be of a housekeeping nature. They are nevertheless necessary to eliminate obsolete terms as well as to update the act to reflect current agricultural conditions. The result will be an act which is easier to understand and administer. Honourable senators may have noticed that several of the earlier clauses deal with problems of translation, such as a change in the wording to "agriculteur".

In conclusion, perhaps honourable senators will permit me to say something about the corporation. I know that in my own county the corporation has not had uniform and perpetual popularity—it has had its ups and downs—but I believe that with the improvements that have been made over the years, the corporation does perform a vital function in helping Canadian farmers finance their operations and in providing them with advisory services. Credit advisers counsel clients, or borrowers, who recognize at times that they face higher levels of risk and would benefit from continuous farm business analysis, financial planning, and the production and financial monitoring that the advisory services program offers. Of the total number of borrowers approved annually, more than 15 per cent agree with the continuing advisory services program.

As for the lending program, the results of an FCC special farm survey showed beyond any doubt how valuable the corporation's contribution is to the agricultural industry. That survey examined the financial characteristics of the people who have received funds from the corporation in 1981, and compared them to the average Canadian farmer. It is clear from the study that the FCC is currently lending to a much smaller scale of farm than the average. That is important because in some areas it has the reputation of lending money only to large, already successful farmers, but the facts and the statistics show the contrary.

On a national basis, the assets of the average FCC borrower in 1981 were \$375,000, compared to \$518,700 for the average Canadian farmer. At the same time, the average FCC farmer debt was \$185,000 as opposed to \$78,000 for the average. This results in a net worth of 51 per cent for the FCC borrower compared to 85 per cent for the average Canadian farmer. Certainly, one inference from those statistics is that the FCC is at least trying to put the money where it is most needed.

Honourable senators are aware that the corporation accomplishes these functions without appropriations from Parliament, and covers its cost of operation, including losses, with a one per cent margin. I believe we can sincerely laud its patient collection policy on overdue accounts.

In the 22 years since it was founded, it has displayed sound management policies, and, above all, a sense of humanity. It

has continued to make that its objective. I hope honourable senators will join me in supporting the bill which will allow the Farm Credit Corporation to do an even better job for Canadian farmers

[Translation]

Senator Flynn: Honourable senators, I wish to adjourn this debate, but I do not intend to give up my turn to anyone else. As you know, I am a farmer just like Senator Frith!

On motion of Senator Flynn, debate adjourned.

[English]

The Hon. the Speaker: Honourable senators, there will be a reception as usual after royal assent, but this reception is a special one and I hope that most, if not all, honourable senators will attend. I have invited leaders of all parties in the other house, because today, for the first time, a lady will act as Deputy Governor General.

Senator Flynn: Mr. Speaker, it will be better than usual. You said "as usual", but the occasion requires something better than usual.

The Hon. the Speaker: Yes. It will be a little more elaborate.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Bertha Wilson, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable Bertha Wilson, Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk of the Senate.

The Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bills:

An Act relating to the inspection of electric and gas meters and supplies

An Act to amend the Pest Control Products Act

An Act to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code

The Honourable Jeanne Sauvé, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bills:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st of March, 1982.

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st of March, 1983.

To which bills I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the said bills.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 1, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

NATIONAL HOUSING ACT CANADA MORTGAGE AND HOUSING CORPORATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate, and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

VETERANS AFFAIRS

TABLING OF MCCrackEN REPORT

On Presentation of Petitions:

Hon. Jack Marshall: Honourable senators, can the Deputy Leader of the Government advise us when the McCracken report on the entire pension process is going to be tabled, if that is the correct procedure? What stage has been reached at the present time. The report deals with the investigation of the long delay in the processing of pension applications.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I shall make inquiries and endeavour to have a report for next week.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS APPROVING COMMITTEE BUDGETS TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving supplementary budgets for the following committees:

Agriculture
Foreign Affairs
Northern Pipeline (Special)

(For text of reports, see today's Minutes of the Proceedings of the Senate.)

HOUSING

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON
SUBJECT MATTER OF BILL C-89

Hon. Salter A. Hayden: Honourable senators, I desire to present an oral report of the Standing Senate Committee on Banking, Trade and Commerce, to which was referred the subject matter of Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act.

Pursuant to that order, your committee examined and considered the bill. Consequent upon the statement made in this chamber yesterday respecting the business that has to be dealt with before the Easter recess, and in order to expedite consideration of Bill C-89, which has now been passed by the other place, it is proposed that this oral report be made, for which there is precedent. In due course, the written report, with translation, will be tabled, and will form part of the permanent records of the Senate.

● (1405)

With that preface, I would like to tell you the highlights of the subject matter of the bill as gleaned by your committee from the minister and the officers of the Canada Mortgage and Housing Corporation who appeared as witnesses.

The bill deals with the Canadian Rental Supply Plan and, it might be said, indirectly, although it is part of the overall plan, with the Canada Mortgage Renewal Plan. As to the Canada Rental Supply Plan, there was a provision on budget night under which it was indicated that \$350 million was available for allocation for such a program. The program is envisaged as having a life of approximately two years. As it came out in evidence, supplementary funds have been provided to the program in the amount of approximately \$100 million. This would enable the plan to produce up to 30,000, rather than the original 15,000, units.

The plan, of course, as you all know, meets in part the very pressing need in Canada at the present time for rental accommodation and for mortgage renewal payments that are falling due and that have fallen due on and from September 1, 1981. It is proposed that these mortgage renewal payments will take two forms. One form will be the deferral procedure by which, for a specified period of time and on conditions, the payments due on renewal of the mortgage will be deferred. If the

taxpayer does not meet the requirements for deferral, there is a provision for a grant of up to \$3,000.

I shall give you a summary of the details of this plan. If you have equity in your home of more than 5 per cent, and after renewing your mortgage calculate that you would be spending more than 30 per cent of your total household pre-tax income on mortgage payments and property taxes, your certified lender may be able to defer your interest payments by up to \$3,000 for one year. In effect, the interest deferred is a loan which results in an increase in your mortgage debt and will require repayment at the end of your deferral period. The lender will be guaranteed against loss relative to deferment by the Government of Canada.

● (1410)

In the alternative, if you have equity of less than 5 per cent, and are spending more than 30 per cent of your income on payments, you may be eligible for a government grant of up to \$3,000, which is paid directly to your certified lender. The interest deferral or the grant begins on your renewal date and continues for 12 months, unless the property is sold, or the mortgage is repaid in full, or you fall into arrears in your payments.

To be eligible for the plan, your mortgage renewal date must occur between September 1, 1981, and November 11, 1982, inclusive. Those are, in bare outline, the governing conditions in relation to the administration of this plan.

I should like for a moment to refer to the allocation of these funds—the \$350 million. It has been estimated in the department and by the Canada Mortgage and Housing Corporation that, of the \$350 million, up to not more than \$50 million might be required in connection with the mortgage renewal program. The balance would be allocable to the rental supply plan. It was felt, however, that in the first year of this two-year plan the demand for rental supply units might be substantially more than \$100 million or even \$150 million. Therefore, the Minister of Finance allocated out of contingency reserves another \$100 million. The effect of that will be to enable the corporation to supply money in connection with the carrying-out of this plan. There would be 30,000 units instead of the original 15,000 units which would have been produced if only 50 per cent of the moneys had been applied.

The corporation, when before us, indicated that it was anticipated that there would be a big rush coming from the recognized or registered builders. In view of that, the matter has already been processed to a considerable extent in preparation for the coming into force of this bill and these moneys becoming available for this plan. Consequently, the period between the passage of this legislation and the time when the plan might be said to have become operative will be short. As a matter of fact, there is a stipulation in the plan that there is a limitation period of three weeks in respect of the period between the arrangement or agreement with the builder accepted for purposes of such construction and the commencement of the work, and much of the work, which might ordinarily commence only after a plan had been approved by Parliament, has, in a tentative way, already been done. I refer

[Senator Hayden.]

to the arrangement of supplies and building materials, and things of that kind. The corporation was able to do that on the basis that within their existing requirements and building plans, if the plan were not acceptable to Parliament, they would have a use for whatever they had indirectly committed themselves for.

● (1415)

I should like to tell you some of the terms and conditions of this plan because its most important aspect is to meet the pressing need of rental accommodation and the pressure that is developing in connection with mortgage renewals. These are the two items in Bill C-89.

So far as Canadian Rental Supply Plan loans are concerned, they are subject to certain basic conditions. There are certain exceptions or exclusions in relation to these rental housing projects. The types of housing assistance that will not be provided by this plan are those referred to in section 56.1 of the National Housing Act and MURBs. I believe MURB means "multiple unit residential building", and it covers a special building situation which is reflected in the construction of condominiums. The minister gave some explanation of that item in the budget and indicated a certain favourable attitude, in the period between budget night and the end of last year. Therefore, MURBs, under their own power, could operate and would not be subject to the provisions of the budget, clearly, until the end of 1981. MURBs are excluded for that reason, and if they are under way they will have to continue construction themselves and, therefore, will not constitute any drain on these funds.

With reference to investor's soft cost write-offs, the Minister of Finance made certain statements in relation to that. Also excluded are the provincial stacking of plans similar to the Canada Rental Supply Plan.

Subject to a maximum to be determined on a market-by-market basis there are amounts necessary to bridge the gap between insured first mortgage financing and 80 per cent of the cost as determined by the Central Mortgage and Housing Corporation. That raises the question of what the contribution by the corporation will be. That corporation allocation of funds will be secured by a second mortgage and will be interest-free until due and payable except where conversion to other than rental purposes occur, in which case interest will be collected from the date the moneys are advanced.

Those are the basic conditions for entering into the plan.

As to the other provisions applicable when the plan is in operation, which were examined by our committee, this function comes more properly under the treatment of this bill as and when it receives second reading here. Unless there is some particular pressure for the details of that now—in which event I am prepared to review them—I propose not to deal further with that subject at this time.

The projects for which loans are approved must be new construction. A project must provide 5 per cent of the units for the disabled unless proponents can demonstrate to the Central Mortgage and Housing Corporation that the market cannot

support this number. It must provide up to 33 per cent of the units for rent supplement at the option of the province. The normal underwriting criteria will be applied to the calculation of insured first mortgage loans that are associated with these Canada Rental Supply Plan loans.

● (1420)

Those are the principal details of the plan. If there are any questions at a later stage, I am, I believe, more or less equipped to deal with them. I would, however, rather have such questions anticipated and carefully presented than attempt a full discussion at this time, which I do not regard as being the function of the chairman of a committee making a report on the subject matter of a bill.

Having said this in relation to rental supply and also in relation to mortgage renewal, the control of the mortgage renewal is to be found in clause 25, of Part IV.3, of the bill. This deals with the question of the Mortgage Renewal Plan and the Interest Deferral Plan. The Rental Supply Plan is not, expressly, so stated in the bill, but there are provisions which deal with the subject matter by dealing with a provision enabling the corporation to make mortgage loans in accordance with competition in the market, which frees them, to that extent, from being tied into the rather rigid rental and percentage provisions of the National Housing Act. Therefore, in that seemingly indirect way, the authority is given. If the premiums are freed from that rigid control, the corporation is able to be more competitive in this field.

I should say that, in the field of rental supply, the plan calls for the Canada Mortgage and Housing Corporation not to participate in the negotiation of first mortgages; the outside lending areas in that field will be in the position to deal with and provide the necessary funds. The function of the corporation is to provide the supplementary feeding, as I call it, required in order that the plan might be operative, assuming that the mortgage advances, whatever they may be, certainly would not be enough to lead to the construction of these units, no matter how humble in design they may be. With the proposed limitation on the corporation—the limit of their advance by way of second mortgage of up to \$7,500—I believe that the corporation has already discovered that, so far as certain areas in Canada are concerned and so far as the recognized builders in those areas are concerned, the cost of completing units conforming to the plans, even though they are to be modest means of accommodation, may well be in excess of \$7,500.

● (1425)

It is safe to assume that, in some areas where there are significant increases in the cost to provide this kind of unit, additional funds, over and above the \$7,500 stipulated at the moment, will be available. If you carefully examine the provisions in that regard, you will see that it is not an absolute or rigid commitment up to \$7,500 and not one cent more; there is room for negotiation. This appears to be a reasonable approach.

Other plans mentioned before your committee provide various types of relief in these areas where the pressing need

obviously exceeds what might be described as “extensions” arising out of the lack of adequate rental accommodation and the obligations and commitments required to meet mortgage renewal demands. It is expected that these plans will come into operation after Parliament has passed this bill. I was going to say that we can assume there will be no unreasonable delay, but I would put it more strongly than that in view of the preparations in anticipation that have been made by the Canada Mortgage and Housing Corporation. Their studies indicate that builders will be available for this type of work and, therefore, the gap between D-Day—which is when the legislation receives approval—and the commencement of work will be insignificant. That is the main thrust of this bill.

I have not attempted to deal with the bill clause by clause because a number of technical amendments were proposed by the House of Commons committee when it was considering this bill. Those amendments were included in the report of that committee. They were highlighted by a stroke in the bill so that anyone can locate and read them easily. They relate only to bringing administrative practices up to date having regard to the new era in which mortgage lenders are operating and in which the competition is working. They are required in order to free up and make a little easier the administration of any new plans. Many of those amendments cover straightforward miscellaneous items that do not bear directly and, possibly, not even indirectly, on the particular points to which I have addressed myself, namely, rental supply and mortgage renewal. They deal with particular administrative problems.

● (1430)

If members of the Senate wish to know what those items are, I am equipped to tell them, but I had not intended to enlarge the field of my discussion by dealing with them at this time because, in my view, I do not think that they are strictly pertinent to the consideration of this report.

This report is made only so that the Senate will have some understanding of the nature and scope of the bill and what the general provisions are governing the plans in the bill on which this report is based. Whatever areas beyond that the sponsor of the bill wishes to enter into, that is his problem, but I would prefer to wait.

If there are questions to be asked, I think I can answer them.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to make a comment on one aspect of this report. My comment has to do with the mortgage relief provisions.

I think it is important for the Senate to have some grasp as to whether or not, and to what extent, the mortgage relief provisions deal adequately with the mortgage problem we have in this country. Everyone knows, without any lengthy exposition from me, that the question of renewing mortgages at high rates is a serious public problem and concerns a great many citizens of this country. The thrust of this portion of the bill is to provide that, where the mortgage payment exceeds 30 per

cent of the income, that portion can be postponed. I should like to examine the advisability of that provision.

Most of these mortgages are short-term. There are one-year, two-year and three-year terms. If one postpones the portion of mortgage payment exceeding 30 per cent of income, one is only postponing that until such time as the mortgage comes up for renewal, and while it is postponed, it is also accumulating interest charges at considerable rates.

So, one can visualize, in some cases at least, where a mortgage is up for renewal within a 12 or 24-month period, that this postponement will also become due, together with the interest. So, the whole problem is there again, as well as this compounding effect. So, if a mortgage is renewed every year, as they are these days, two or three years in a row, the compounding effect of this is significant. It remains to be seen what advantage, if any, there really is to the person who has to pay the mortgage. I put that point before the chamber.

My second point is that, even if what I say is not correct, to the extent that this is a benefit, how many people will really benefit from it? According to the evidence given before the committee there are several hundred thousand mortgages that will be up for renewal in the next twelve-month period. Of those several hundred thousand it is estimated that a large number—the chairman of the committee may have the numbers in his head, because his memory is excellent—perhaps tens of thousands, of mortgages would qualify for consideration under this statute but, when questioned on the point, the officials said that so far only 700 people had actually applied for either the \$3,000 grant, where the equity is under 5 per cent, or the postponement of interest, where the equity is over 5 per cent and the mortgagor otherwise meets the terms.

● (1435)

There was an unknown number of applications thought to be in the hands of the lending institutions, so that is a big question mark. We do not know what that number is.

I suggest to the house that this bill will be of strictly limited assistance to people who have mortgages in Canada. It appears, so far, that a relatively small number of people—700 that we know of, and perhaps some more, though we do not know how many—will actually apply.

The nature of the relief given is, in my opinion, illusory. Twelve months from now, when these mortgages come up for renewal again, and when this statute, which is of very limited duration, no longer applies, we will find this problem still with us, and practically unsolved. So, to the extent that this is the policy of the government, to help people who have mortgage interest payment problems, my submission would be that it is going to offer mighty thin pickings, and very little help, to those who need such assistance.

Senator Hayden: Honourable senators, I expect that my friend Senator Roblin did not leave the chamber just because I was getting up to speak.

Hon. Lowell Murray: He has a plane to catch.

Senator Hayden: Honourable senators, I should point out that if I were asked to describe what this plan is all about, as

[Senator Roblin.]

the committee looked at it, I would have to say that it is a plan to provide help for a period of time, when there is a pressing need with regard to renewal of mortgage payment obligations. Whatever period of grace is secured, it is a gain, and while this process may have to start all over again in a year, at least the condition of some of the people who have these problems may have changed, the condition of lending institutions may also have changed, the provision of rental accommodation may have improved, and this latter eventuality, we were told in committee, may result in the creation of a substantial number of jobs. It is estimated that at least 4,000 new jobs will be provided in this area.

Therefore, you have to figure out the additional purchasing power, the additional spending power, and the additional means that will be provided to a substantial number of people. These cannot help but be provided if you are putting \$350 million into the economy, unless you are prepared to assume that it is all going down the drain. The committee was not prepared to assume this. The committee, in fact, was prepared to accept that there was a need, and that this legislation was directed at helping to meet that need. I underline the word "helping".

The fact that the government is prepared to help meet this need may instil something of a spirit of adventure into those who are in difficulties this year, and a little more confidence. I think that, in any event, there are some things about this legislation that will provide help, even though the time period is limited, and even though the help is not necessarily permanent—though some of it may be permanent—particularly from the point of view of the ability to defer interest payments, even though more debt may be accumulated.

● (1440)

Who can speculate as to what the situation will be and what will develop from that? So, rather than not face up to it, I believe the attitude of the committee was that this plan is aimed to deal with this situation. Whether or not it does, it is worth a chance. That was the spirit of the committee, as I interpreted it.

When I was speaking earlier I omitted to say that the recommendation of the committee is that the proposed plan, as reflected in Bill C-89, be approved. It is not dealing with any question of amendments, except to point out what the technical amendments in the bill mean and what they are directed to.

That concludes my presentation.

Hon. George J. McIlraith: Honourable senators, I would like to raise a point in connection with Senator Hayden's oral presentation that may be of interest to you. Leave has been given for the second reading of Bill C-89 to be moved later this day. I would ask honourable senators if they wish to proceed with second reading later this day or, because of the comprehensive nature of the verbal report given on the subject matter of the bill, if they wish to proceed with second reading next Tuesday. I am in the hands of the house. I would appreciate hearing from honourable senators on this question.

Senator Murray: Honourable senators, I understand there have been consultations between members of the government and the opposition on the point raised by Senator McIlraith. We would prefer to have second reading on Tuesday. It has also been suggested that in view of the thorough examination given the subject matter of the bill in committee we might proceed by way of Committee of the Whole. That procedure would also be agreeable to us.

Senator McIlraith: Honourable senators, I would be agreeable to such a procedure being followed. When the bill is called for second reading later this day, I shall then ask that it stand until Tuesday. As to whether we should proceed by way of Committee of the Whole, that question can be left until Tuesday. It might not be necessary to proceed in that way. Hopefully the report of the committee's proceedings will be available.

Hon. Jean-Paul Deschatelets: Honourable senators, perhaps we might proceed with second reading later this day, and then adjourn the debate until next Tuesday. Would there be any objection to that?

Senator McIlraith: As sponsor of the bill, I am quite prepared to proceed later today, but I would prefer to leave second reading until Tuesday. I would like to have an opportunity to read the committee's report and to study Senator Hayden's remarks, which were very comprehensive. If we proceed with second reading on Tuesday, I believe we shall be further ahead in the end. However, I am in the hands of honourable senators.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I should like to clarify the procedure respecting second reading. As Senator McIlraith and Senator Murray have mentioned, there has been discussion on how we should proceed with this bill, following the comprehensive verbal report given by the chairman of the committee on the committee's pre-study of the bill.

It is true that various timings and procedures were discussed, including the possibility of proceeding by way of Committee of the Whole. I believe I can say that the essence of the discussions was that we should proceed with second reading on Tuesday. Although the order will be called for second reading later this day, we can adjourn second reading until next Tuesday, and, if necessary, proceed by way of Committee of the Whole if both sides are agreed.

I should say for the record that we seem to be debating a committee report. However, I take it that we are treating this matter as an exceptional circumstance, because our rules provide that committee reports be received without debate. However, the circumstances are unusual, and it seems that both sides want a combination of early passage and a thorough examination of the bill. It would appear, by following the procedure suggested, that we might meet both of those objectives.

Hon. Paul C. Lafond: Honourable senators, following the statement made by Senator Roblin, I find myself somewhat confused. Having listened to the evidence given yesterday, I

gather that the number of tentative applications is 700. The figure mentioned is correct. Applications are made by the mortgage lenders, so the figure of 700 refers to 700 mortgage lenders, not 700 mortgages. I believe this point should be clarified by either the chairman of the committee or the sponsor of the bill. I believe there are about 40,000 mortgages covered by 700 mortgage lenders. I do not have the evidence in front of me, but I believe the Senate should have this information before the bill receives second reading.

Hon. Jack Marshall: Honourable senators, this situation reminds me of the House of Commons, where I had to rise in my place repeatedly in order to be recognized. I did not think it was a matter of priority or seniority.

I have one question to ask of Senator Hayden for the purpose of clarification. The honourable senator did not mention the aspect of the bill dealing with the improvement of existing housing, which I consider to be very important. I was not in the chamber when the honourable senator began his remarks, and I am wondering whether he covered that point. If he did not, was there any reason for it, because there is a close relationship here to the Residential Rehabilitation Assistance Program, which is so important in Newfoundland? The parliamentary secretary, when addressing himself to the bill in the other place, mentioned that \$30 million in interest-free loans was being added to the already existing \$169 million under the RRAP program. The funds are going to be allocated to those provinces that have the highest unemployment. Already, before the bill is even passed, they are recommending a breakdown when they suggest that one province would receive 43 per cent of the total budget, or \$9.6 million.

I quarrel with those figures because of the fact that Newfoundland has the highest unemployment rate. Why do they not use the unemployment rate as a basis or, at least, if they are allocating \$9.6 million of the \$30 million, then why do they not allocate the rest so that people can have some hope? I am not blaming Senator Hayden. I am merely asking why he did not address that part of the bill if it was taken up by the committee in the pre-study.

• (1450)

Senator Hayden: Honourable senators, my first point is that our instructions from the Senate were to study the subject matter of Bill C-89. I said in my opening remarks that there were two items of the plan which bore directly upon, and received their authority under, Bill C-89, but that other plans rested with other authorities or the general authority of the corporation under the Canada Mortgage and Housing Corporation Act.

The \$30 million, as I understand it, was an amount that was added on or about budget night and allocated for home renovations. Home renovation is entirely distinct from rental supply by new units. Since I was dealing with rental supply by new units, the housing renovation feature did not enter the discussion. However, I am familiar with that feature, but, upon inquiring, I was told that these programs have run their course. What that means, I do not know, because that phase did not develop in the committee study. We have a general

rule, when departmental officials appear as witnesses before the committee, that they provide any additional material they may have. That information was in some of that additional material. That is the reason for not calling it an omission.

Senator Marshall: Thank you.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Rizzuto be substituted for that of the Honourable Senator Stollery on the list of senators serving on the Special Joint Committee on Official Languages; and

That a message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

NATIONAL FINANCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the names of the Honourable Senators Côtteau, Graham, Buckwold and Langlois be substituted for those of the Honourable Senators Barrow, Hicks, Lewis and Steuart on the list of senators serving on the Standing Senate Committee on National Finance.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Tuesday next, April 6, 1982, at three o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, I shall explain why I am moving that we adjourn until 3 o'clock next Tuesday afternoon, rather than 2 o'clock as was suggested yesterday. A very important reason for sitting early next week is Bill C-97, the Federal-Provincial Fiscal Arrangements Bill. The subject matter of that bill is currently being studied by the Standing Senate Committee on National Finance. Normally that committee would meet next Tuesday at 1.30 p.m. Since a number of senators who are particularly concerned with this bill are also anxious to attend the meetings of the committee on the subject, Senator Flynn and I discussed the possibility of meet-

[Senator Hayden.]

ing at 3 o'clock rather than at 2 o'clock, giving that committee a headstart of an hour and a half, and the possibility of postponing Question Period until the evening sitting.

Hon. W. M. Benidickson: I believe that committee is also meeting Tuesday morning.

Senator Frith: No, it is meeting at 1.30 in the afternoon.

Honourable senators, perhaps I can use this occasion to discuss the program for next week. There is a possibility that the Standing Senate Committee on Agriculture will meet to consider Bill C-88 on Tuesday morning, following which the National Finance Committee will meet at 1.30. The Senate will sit at 3 o'clock, and Question Period will probably be postponed until the evening sitting. The Standing Senate Committee on Health, Welfare and Science will meet at 4 o'clock, and there may also be other committee meetings. The Senate will resume its sitting at 8 o'clock Tuesday evening, and after Question Period will proceed with the Orders of the Day.

The Senate will sit on Wednesday at 2 o'clock, and if we are well advanced, and it is possible to have royal assent on Wednesday, we may not require a sitting on Thursday at all. However, at this stage, that prospect is optimistic but not unrealistic. Of course, we could easily reconvene on Thursday at 2 o'clock and have royal assent. In fact, we may even decide on Wednesday that we would like to sit on Thursday morning if we can make arrangements that will not affect committee meetings.

In any event, we would have ahead of us all day Thursday to complete our deliberations on Bill C-97, and perhaps Bills C-88 and C-89 also. If, at least, Bill C-97 is assented to next week, I believe neither the House of Commons nor the Senate will sit the following week. As I judge the present state of our business, it will not be necessary for us to sit the following week—that is, the week of April 19—although, I believe, the House of Commons will be sitting. Of course, those who wish to return for the proclamation of the Constitution by Her Majesty the Queen, will do so.

● (1500)

So, if the universe unfolds in that way, and if we have royal assent next week, we could adjourn until April 27.

Hon. Paul C. Lafond: I would draw the attention of the Deputy Leader of the Government to the fact that two committees are scheduled to meet at 4 o'clock next Tuesday afternoon. With witnesses having been called and all the rest of it, there may be a serious problem, indeed.

Senator Frith: Honourable senators, I am afraid that as long as we work a fairly complete three-day week we will always have trouble with committees. I hope we can solve that problem, and I thank Senator Lafond for drawing attention to it. In addition to what I have just said respecting committees, I intend to ask the Senate to permit those committees to meet while the Senate is sitting on Tuesday, although it may be that one of them will not require such permission.

Motion agreed to.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(a):

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting on Tuesday next, 6th April, 1982, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(a):

That the Standing Senate Committee on Health, Welfare and Science have power to sit at four o'clock in the afternoon on Tuesday next, 6th April, 1982, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[English]

ENERGY

OIL AND GAS DEVELOPMENT—BEAUFORT SEA—GOVERNMENT POLICY

Hon. Nathan Nurgitz: Honourable senators, I wanted to direct a question to the Leader of the Government in the Senate. I am sure that in his absence the deputy leader, because of his good nature, will not mind taking the question as notice.

For the better part of yesterday and today those of us serving on the Special Committee of the Senate on the Northern Pipeline have had the benefit of listening to the testimony of officials from Dome Petroleum Company. Both publicly and privately, they have been indicating to the committee that they will need approval in principle this year for oil and gas development in the Beaufort Sea. The company claims it needs a clear signal of Ottawa's political will—I think those are the

words they used—by year end, if it is to meet its 1986 production target.

Is the government prepared to give its approval in principle according to the timetable set out by Dome Petroleum?

Hon. Royce Frith (Deputy Leader of the Government): I will take that question as notice, and pass it along.

Senator Nurgitz: In addition, when does the government expect to clarify its position on the timing and pace of Beaufort Sea development so as to remove any uncertainty currently existing within the industry? Certainly, one senses, in talking to the Dome people, that they see almost a kind of competition between Arctic development and the projects further south. They would like to know where they fit into the grand plan of things, especially since the government speaks of energy self-sufficiency and the like. They want to know whether there will be a clearer statement on that.

Senator Frith: I will take that as notice also. I think it is reasonable to assume that discussions are taking place between Dome and the government on that subject. I doubt that I will be able to ascertain the actual date when an announcement will be made, but I also doubt that that is what Senator Nurgitz is asking. He wants to know whether it is imminent, immediately imminent or not now very well matured.

Senator Nurgitz: If I may respond to that response, I should like to ascertain if an answer is even possible, bearing in mind that several matters have yet to be considered yet. Certainly, in talking to the Dome people, one senses that the problem may well be that it will simply not be possible to have any sort of indication this year, even though they consider it highly important.

Senator Frith: I understand.

VETERANS AFFAIRS

PENSIONS—McCRACKEN REPORT

Hon. Jack Marshall: Honourable senators, on Presentation of Petitions I asked a question concerning the tabling of the McCracken report. I realize now that I was rather naive in doing so, because I have just been catching up on my reading of the debates in the other place and I find that, indeed, a question was put to the Minister of Veterans Affairs on the same topic, the McCracken report, and the minister replied:

Since receiving the report a couple of weeks ago we have been actively reviewing all of the recommendations. Quite a number of them have been implemented so far and others will be implemented in the foreseeable future.

That is another perfect example of the fact that there can be no interest in this chamber, because nobody in the other place recognizes that we are here. As a matter of fact, we were told in committee just today that we would receive a copy of the McCracken report today. But, according to what I have just read, that report has been out for two weeks and some of its recommendations have been implemented already, and yet we know nothing about it unless we guess, dig, holler and listen in

over somebody's shoulder to what is going on, or listen to rumours. I wish the deputy leader would look into this malaise, this complete disease, that is permeating the whole system here. I wish he would recognize that there are some people here who are interested in various aspects of legislation and in the welfare of the Canadian people. Surely the members of the Senate are just as important as the members in the other place, and should be considered so, and should receive all the information that appears in the other place. But, as I have said before, when it comes to Parliament, everybody and his grandmother gets it before we do.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if I understand correctly, the report in question was made to the minister, and is hardly in the same category as certain reports Senator Marshall has, with some justification, raised objection to in the past. Apparently, the minister received the report a couple of weeks ago and now a question about it has been asked in the other place. A similar question might easily have been asked here.

Although I have shared Senator Marshall's view on other reports in respect of which there seemed to have been unnecessary discrepancies in timing as between the other place and this house, in my opinion this is a case where the minister received a report directed to him, and they simply beat us to the punch over there in asking a question about it. I might say that on a subject of this kind it is seldom that the other place beats Senator Marshall to the punch.

Senator Marshall: Well, I take issue with you when you say that they beat us to the punch, because they would not beat us to the punch if we could rely on getting answers. There is no point in asking a question, when you have to get the answer by reading the newspapers. As far as that goes, they steal as many of our questions as we do of theirs. It is not that that I take issue with, but the fact that no one cares about the Senate, and we are not doing anything about it.

Senator Frith: I cannot see that as applying in this case, but we will have to have our disagreement on it. In this case, obviously, even as far as the other place is concerned, the minister, according to what was read, had the report for two weeks before he was asked a question about it. The fact is that he then gave an answer, and if the question had been asked here I don't think there would have been any problem in having it answered, and it would likely have been the same answer.

Whether or not this is an example of the malaise referred to, I think we will have our difference stand on the record.

Senator Marshall: It so happens that there was a committee meeting today dealing with veterans affairs, and that was the first opportunity I had to ask about the McCracken report. With some condescension, somebody said, "Yes, you are good boys. We will give it to you today."

Well, members of the Royal Canadian Legion have it and other people have it, but we don't have it. And it is not that I am concerned with this particular report; it is the whole system that disgusts me. I will leave it at that.

[Senator Marshall.]

● (1510)

FEDERAL-PROVINCIAL RELATIONS

HOUSING—MORTGAGE INTEREST RATES

Hon. W. M. Benidickson: Honourable senators, no longer being a member of the Standing Senate Committee on Banking, Trade and Commerce, I was not aware that we would have such an illuminating report on the subject of housing and mortgages as we have had today. Notwithstanding that, I propose to go ahead with the question that I had prepared.

Figures have been put out today, without giving reference to the source of information, of the number of homeowners who continue to face mortgage renewal rates in the painful 19 per cent range, and so on. I should like to point out that three western provinces are trying to extend a helping hand. The Governments of Alberta, Saskatchewan and Manitoba are offering cash cushions. Manitoba is offering approximately \$13 million, but I do not know what the figures are for the other two provinces. They are outright grants to low and moderate income families who are in danger of losing their homes through high interest rates.

The Toronto *Star* of March 22 gave some figures which we have not received from anybody else today. The article to which I refer says:

—650,000 homeowners are expected to face mortgage renewals this year. Of those, perhaps 12,000 will find themselves in hardship, paying more than 30 per cent of their income on housing.

I proudly point out that in the region from which I came—that is, the west—at least some help is now at hand. I was going to say that this is in sharp contrast to any straightforward grants not yet implemented by the federal mortgage renewal plan, but we had the explanation that we are going to be able to deal with that immediately. This, of course, has been pre-studied under the "Hayden formula", and that is a means of eliminating further delay in this matter.

My question is: Have the provinces, which have taken these steps in a positive way—indeed, I emphasize they are outright grants in the case of people in low income brackets—appealed to the federal government for a contribution towards the expenditures on these plans? I do not believe that the Government of Ontario has yet presented a budget this year or in its new session. When it does so, it may contain a housing aid proposal. Have we had representations and proposals from western or other governments seeking assistance from the federal government in introducing plans to assist those who are facing this problem of heavy mortgage rates? I am speaking of those who are unable to pay because they are in the lower income brackets.

I had planned to ask this question of the Deputy Leader of the Government, but there is a possibility that information on the point could be made available when we debate this bill on second reading on Tuesday. I hope that the sponsor, Senator McIlraith, will make some inquiries, before he speaks on

second reading, as to the extent to which the provinces have made proposals for support schemes of their own.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, assuming that the question is, at least, technically directed to me, I agree that the answer might very well be forthcoming either from the sponsor of the bill on second reading or in the debate that might follow. However, I accept the question.

FOREIGN AFFAIRS

ISRAEL—ANNEXATION OF WEST BANK—ATTITUDE OF CANADIAN GOVERNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have one delayed answer today.

Hon. Lowell Murray: There are many more delayed answers, but you have one ready today.

Senator Frith: Many answers could be described as being still under research, and, therefore, delayed.

I have the answer to a question asked by Senator Macquarrie on March 25, 1982 concerning the attitude of the Canadian government toward the annexation of the West Bank by Israel.

Honourable senators, the Secretary of State for External Affairs issued a press release last week which indicated Canada's concern for the situation on the West Bank. The Secretary of State for External Affairs also indicated in the press release that Canada does not believe that there will be any settlement of the situation until there is a negotiated withdrawal from occupied territory.

The contents of the press release were drawn to the attention of the Israeli Ambassador in Ottawa and to the Israeli Foreign Ministry in Jerusalem, through the Canadian Embassy in Tel Aviv.

THE CONSTITUTION

PROCLAMATION CEREMONY—DRESS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators will forgive me for introducing what might be thought to be a piece of aesthetic, perhaps even foppish, trivia, but yesterday Senator Lawson inquired about the proper style of dress for the proclamation ceremony that is to take place in the Senate chamber. At that time I volunteered the answer that whatever senators felt comfortable in at the opening of a session of Parliament would be satisfactory.

I am grateful to Senator Beaubien for informing me that he had other information and suggesting that I check again, which I did. Following that investigation, the invitation will say, as Senator Beaubien said it would: "Morning coat with decorations."

An Hon. Senator: Only?

Hon. C. William Doody: Could the honourable senator recommend a good rental agency? I'm a stranger in town.

Senator Frith: I will take that question as notice.

There were some interventions that might not have reached the ears of the reporter, such as "Only?" I should point out that I did not say "only," but that the invitation will say: "Morning coat with decorations."

Senator Doody: No trousers?

Senator Frith: Period.

FARM CREDIT ACT

FARM LOANS INTEREST REBATE BILL

BILL TO AMEND AND TO ESTABLISH—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Lamontagne, P.C., for the second reading of the Bill C-88, intituled: "An Act respecting loans to farmers".—*(Honourable Senator Flynn, P.C.)*

Hon. Lowell Murray: Honourable senators, my instructions from the Leader of the Opposition are that we, on this side, agree to having this bill referred to committee now and reserve our comments on it for third reading.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker: I draw the attention of honourable senators to the fact that if the Honourable Senator Frith speaks now his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Frith: Honourable senators, I have nothing to add, and suggest that the motion for second reading be now put.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Frith moved that the bill be referred to the Standing Senate Committee on Agriculture.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

TENTH REPORT OF STANDING JOINT COMMITTEE—MOTION FOR ADOPTION—DEBATE CONTINUED

The Senate resumed from Wednesday, March 10, 1982 the adjourned debate on the motion for the adoption of the Tenth Report of the Standing Joint Committee on Regulations and other Statutory Instruments.

● (1520)

Hon. Nathan Nurgitz: Honourable senators, I have only a few comments to make with respect to the tenth report of the Standing Joint Committee on Regulations and other Statutory Instruments. In reading Senator Godfrey's comments on this report I noted that he makes the point that the report really

does speak for itself. I took the trouble to read the report and, indeed, it does speak for itself. The other thing it speaks for is the need for this kind of committee, which diligently oversees and reviews regulations, which, in this day and age, I suppose, have become a convenient way of governing. Although Senator Godfrey did not point that out, I believe that the report speaks very well for the need for this kind of constant review.

Having said that, I think it appropriate to make some mention of Senator Godfrey. Over the last while, he seems to have suffered a considerable amount of criticism. Having served on the committee, of which he is joint chairman, I would point out that he provides the kind of leadership that the Senate ought to be proud of. The work involved on that committee is not sought after by many senators, and it is easy to understand why. It is onerous, and it involves a time commitment that many here are certainly not prepared to make. While I am on my feet, I congratulate Senator Godfrey on his fine work, and I would like to say, as well, that he is making an extremely important contribution. I consider his committee to be one of the most worthwhile in Parliament.

Hon. Royce Frith (Deputy Leader of the Government): Hear, hear!

Senator Nurgitz: I want to tell Senator Godfrey that I have a difficult time attending the meetings of his committee because of a conflict in terms of other committees meeting at the same time. Also, during the early part of March while the bells were ringing, there was uncertainty as to whether it was proper to attend certain committee meetings.

On a serious note, however, a most telling point is brought out in this report when it deals with the question of unfair

advantage being taken by the Crown in terms of litigation with citizens of this country. The Crown, with all its attendant advantages—such as an entire Department of Justice full of lawyers, and the financial resources to fight any issue—can certainly be awesome to the average litigant. One might even suggest—though I do not know that Senator Godfrey goes this far—that, in light of the straitened financial circumstances of so many private citizens who are required to meet the Crown in litigation, perhaps the opposite course could be considered. Perhaps the Crown, in some circumstances, ought to be required to do certain things that an ordinary litigant would not be required to do, in terms of disclosure and other matters.

The committee, in particular, suggests that, should an officer of the Crown hold a clear legal opinion that liability ought to be admitted in a particular case, and that the argument should concern quantum of damages only, the Crown should be barred from arguing liability. Such is not the situation at present, and I could not agree more with this suggestion.

I should like to conclude my remarks by thanking Senator Godfrey for pointing out to the chamber the important aspect, with respect to regulations, of a massive failing on the part of government. He said:

It is, I might add, astonishing that the government should be so insensitive to what is right and proper, as to blatantly disclose in a regulation that they are prepared to approve tactics which would not normally be adopted by any decent and honourable individual, or corporation in the private sector.

Honourable senators, I concur in the adoption of this report.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, April 6, at 3 p.m.

THE SENATE

Tuesday, April 6, 1982

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with leave of the Senate, and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Am I to understand that second reading will not be moved before this evening's sitting?

Senator Perrault: Yes.

Senator Flynn: I just wanted some assurance on that point.

Hon. Royce Frith (Deputy Leader of the Government): Certainly, we can assure honourable senators that that is so. We want the second reading stage to coincide very closely with, or follow immediately after, the report of the Standing Senate Committee on National Finance which is presently engaged in a study of the subject matter of the bill. I cannot see the committee reporting before this evening.

Motion agreed to.

FARM CREDIT ACT FARM LOANS INTEREST REBATE BILL

BILL TO AMEND AND TO ESTABLISH—REPORT OF COMMITTEE

Hon. Harry Hays, Chairman of the Standing Senate Committee on Agriculture, presented the following report:

Tuesday, April 6, 1982

The Standing Senate Committee on Agriculture to which was referred Bill C-88, intituled: "An Act respecting loans to farmers", has, in obedience to the Order of Reference of Thursday, April 1, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

HARRY HAYS
Chairman.

He said: Honourable senators, this bill was very well explained by Senator Frith, and then referred to committee. The committee met this morning and heard from the minister and a number of officials from the Farm Credit Corporation. Rather than making a long speech, I commend the bill to you, since it contains many necessary provisions.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Bosa be substituted for that of the Honourable Senator Cottreau on the list of senators serving on the Special Joint Committee on Official Languages; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

NATIONAL HOUSING ACT CANADA MORTGAGE AND HOUSING CORPORATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. George J. McIlraith moved the second reading of Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act.

He said: Honourable senators, this bill—

Hon. Jack Marshall: Honourable senators, I rise on a point of order. I am just wondering what the procedure will be in regard to this bill. Will the minister appear for Committee of the Whole this afternoon?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, there was discussion about proceeding with this bill in Committee of the Whole when there was some doubt as to whether there would be time for the preparation of a committee report on its subject matter.

Study of the bill in Committee of the Whole has been discussed with Senator Flynn and Senator Roblin, and since, in the interval, we have heard a rather long report by Senator Hayden it was felt it would not be necessary to study the bill in Committee of the Whole. The minister has been advised that, if required, he will be called, but it now appears that we will not need Committee of the Whole study of this bill.

• (1510)

Senator Marshall: I asked the question because there are two other committees scheduled to meet at 4 o'clock. Some members of the Senate are duty-bound to attend those committee meetings, but they are also interested in this bill.

I wonder why there never seems to be enough time to deal with these things, even though nothing is happening.

Senator Frith: Honourable senators, I know we require more time to consider legislation and other matters. As to the specific question asked by Senator Marshall, there will not be any conflict between the meetings of those committees and a meeting of Committee of the Whole, because although he is quite correct that this possibility was discussed, it is now unnecessary.

Hon. Orville H. Phillips: Honourable senators, I rise on a point of order. I understood from the remarks made by the sponsor of the bill that we would proceed by way of Committee of the Whole, and I prepared my response expecting that we would go immediately into Committee of the Whole.

Senator Frith: Honourable senators, we shall accommodate Senator Phillips in any way, he wishes. If he wants to defer his response until tomorrow, I see no difficulty with that.

It appears now that there is no need for us to proceed by way of Committee of the Whole. The possibility was discussed because it appeared that a committee study of the subject matter of the bill would not be completed in time. However, this study has now been accomplished and, therefore, there is no need for us to proceed by way of Committee of the Whole.

If, by not proceeding by way of Committee of the Whole, Senator Phillips is embarrassed, we can arrange for him to make his presentation tomorrow.

Senator Phillips: I thought I understood the Deputy Leader of the Government to say that the minister is available if we require his presence.

Senator Frith: That was one of the reasons we discussed the possibility of proceeding by way of Committee of the Whole. The minister wanted to make a presentation to a Senate committee, but there was some doubt as to whether he could

make it before the Standing Senate Committee on Banking, Trade and Commerce in the ordinary way. However, he was able to appear before that committee and, therefore, it is felt it is unnecessary for him to appear also before another Senate committee.

Senator Phillips: I read the verbal report given by the Honourable Senator Hayden—it was a verbal report, because the formal report had not been typed—and I saw no explanation of the Canada Home Renovation Plan. That is the particular reason why I should like that minister to appear before Committee of the Whole. I should like to question him on that.

I noticed the other day that Senator Marshall also asked certain questions concerning the Canada Home Renovation Plan. I am sure that he too would like to question the minister on this.

Senator Frith: Honourable senators will remember that in most cases the sponsor of a bill takes those questions and tries to obtain answers to them. That is the procedure we usually follow. Proceeding by way of Committee of the Whole is unusual. It is a procedure that should be used only in unusual circumstances. It was felt that this might be the case with respect to this bill but, as things turned out, the committee did make a report and the circumstances do not warrant our proceeding by way of Committee of the Whole.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, possibly we can resolve this matter after the sponsor has spoken on second reading of this bill. Perhaps an arrangement can then be made.

Senator McIlraith: Honourable senators, this is a bill to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act, and it is designed to alleviate some of the difficulties a great many Canadians are facing in obtaining good rental housing at affordable prices, as well as to give assistance to many homeowners in difficulty because of sharply rising interest rates, such people being in imminent danger of losing their homes by reason of mortgage payments at renewed rates adding costs which they cannot afford. They are at risk of having foreclosures take place, or of having their property sold under the power-of-sale provisions found in mortgages.

In moving second reading of this bill, it would be well if I approached the matter in a somewhat categorical way, because, while the bill is fairly lengthy, some of its provisions are of a general administrative nature and some are wholly new.

• (1515)

The first matter I wish to deal with is the Canada Mortgage Renewal Plan. That plan has sometimes been referred to as an interest deferment plan. In any event, honourable senators will find it dealt with in clause 25, at page 17 of the bill. Those who will be the immediate beneficiaries of the measure will be families in immediate danger of losing their homes by reason of their mortgage becoming due for renewal and not being able

to meet the new mortgage payments because of the sharp increase in interest rates.

The only mortgages being dealt with are those up for renewal between September 1, 1981 and November 11, 1982, inclusive. Within that context, the applicant must be a permanent resident of his own home. In addition, after renewing his mortgage at the new rate, he must be spending more than 30 per cent of his total household pre-tax income on the payment of the mortgage principal, interest and taxes. If he is a condominium owner, there is a provision that 50 per cent of the condominium fees be included in those payments. As I say, those payments must be greater than 30 per cent of the household pre-tax income. Household income, of course, includes all income of the owner and the spouse.

Having defined the applicant, if he has more than 5 per cent equity in his home he may be able to defer the interest payments by up to \$3,000 for one year. Therefore, it covers those who still have an equity interest in their home. Those who have less than a 5 per cent equity interest in their home may be eligible for an outright grant of up to \$3,000 for one year. That grant will not be paid to the homeowner; but will be paid directly, according to the payment terms, to the mortgagee for the account of the mortgagor. That is really the way the whole program works.

On Thursday a question was asked about increased interest rates. At that time we were discussing the oral report of the Standing Senate Committee on Banking, Trade and Commerce on the pre-study of this bill. The answer to the question is that, assuming interest rates increase to 20 per cent, the number of persons among those having mortgage renewals that come due in the period I have mentioned, and who would be eligible for some form of assistance, is estimated at 37,600. I refer to all persons who, under the new interest rates, would have to pay out more than 30 per cent of their household income. Of that number about one-quarter, or 9,400, would have less than 5 per cent equity in their home, so they would be eligible for the grant. The figure for those persons eligible for grants is therefore estimated to be 9,400. That would leave 28,200 eligible for deferment of interest for a year. Of that 28,200, it is estimated that, for one reason or another, only 50 per cent will come forward. So, approximately 23,500 persons are expected to benefit under these provisions.

● (1520)

I should point out, in giving the estimates—and it is always risky to give estimates like this—that with the volatile interest rates and fluctuations these estimates could easily be knocked out of commission. Notwithstanding that difficulty, and with that caution, I give these estimates because they may be of help to honourable senators in understanding the nature of the program.

This mortgage renewal plan is new and, therefore, although the various forms, et cetera, have been prepared, the processing cannot be finalized because the bill has not yet been passed. However, we heard evidence in committee that they have had to make plans so that the necessary regulations can be passed and the forms processing finalized immediately the

legislation is passed. In other words, the administrative work has been done in anticipation of the passage of the bill. I do not believe that I need say much more about that program. It will not solve the problem of all those who may be having trouble finding the money for increased interest charges, but the legislation will go a considerable way towards helping those persons in the lower income brackets who are experiencing difficulty.

Honourable senators will recognize, of course, that interest rates are volatile and that it is not possible to say with precision what the circumstances will be at the end of the year, but, with this plan in operation, people should be better off than they are now in that they face possible foreclosure or loss of their home.

Reference was made last Thursday to provincial schemes in this area. A question was asked as to whether the provinces had appealed to the federal government for a contribution towards their plans. The answer is quite direct and simple, that in connection with their mortgage renewal programs they went ahead without making such a request. They acted independently, without discussion with the federal authority. However, there appears to be no conflict with provincial plans.

● (1525)

I should add, so that there will be no misunderstanding about it, that in the federal government plan, which I will be describing in a few moments, for procuring the building of more housing for rental purposes, there was consultation with all of the provincial governments except that of Quebec; but there was discussion on that matter, which seems to have been satisfactory and beneficial.

The other main problem this bill will assist in solving is that of an insufficiency of rental accommodation in the metropolitan areas across the country, with one or two exceptions. That plan, of course, was dealt with in the budget, when it was indicated that money was being made available to help provide additional housing in that area. The amount stated in the budget was later increased. The sum of \$350 million has been made available over the next two fiscal years for the provision of more rental accommodation. This is in addition to any schemes in the existing legislation, and, if things go as anticipated, should provide an additional 30,000 rental units, which it is hoped will be made available in areas where there is the greatest shortage of such accommodation. Throughout, of course, when I refer to "rental accommodation," I am referring to rental accommodation for people with low incomes. This plan does nothing for those occupying expensive rental accommodation.

I do not know that there is much point in attempting to analyze the causes of the shortage of rental accommodation. I suppose the situation arises from the fact that the market is not working effectively. One is left to form one's own conclusions, of course, but the artificial control of rental rates has not had a beneficial effect, in the sense of causing builders to build more such accommodation. They cannot obtain mortgages of a sufficient amount to warrant their building such accommodation, without putting a large amount of equity, in the form of

their own money, into the project, with very little expectation of its returning them a profit. In addition, there are other limitations that I will be dealing with more particularly.

In any event, the Canada Rental Supply Plan will provide for interest-free loans that will assist in the production of these extra 30,000 units across the country. This can only be accomplished with the assistance of the other changes provided for in the bill. They may appear to be mere administrative changes, but I want to take a moment to point out that they are significant.

● (1530)

Some of the provisions in the mortgage and housing legislation came into being many years ago when mortgages were long-term conventional mortgages, when interest rates did not fluctuate from month to month or from year to year, and when there was no inflation.

One of the difficulties I would particularly point out had to do with the mortgage insurance plan which came into being in about 1954. Without going into detail, it provided for premium insurance rates on mortgages of seven-eighths to one and a quarter per cent. That was the original provision, although later there was a slight variation. That provision was still contained in the act. An effect of that was that the insurance fund simply could not insure a large rental construction project with a large mortgage because, with that kind of rate, the risk was too great to be absorbed. This became a deterrent. In some projects the insurance fund would only insure up to 50 per cent of the proposed mortgage requested, when most would agree that they should be insuring mortgages up to 70 or 80 per cent of the cost of the project. It was demonstrated that this was preventing some projects going ahead. The rate was fixed by statute.

Under this bill, that power to fix the rate of premium is transferred to the corporation, and the corporation fixes the rate subject, of course, to the maximum fixed by the Governor in Council. This should be of considerable help, in that larger mortgages will now become available for rental construction projects.

Respecting claims against the insurance fund in the event of default, there was an absolute provision in the act whereby the insurance fund could only make payment when the property was transferred to the corporation and, subject to certain qualification, when the property was vacant. That was found to be a restrictive and wasteful process. There are now technical changes to certain provisions dealing with mortgage insurance settlements. The insurance fund will now be given the right to settle without that requirement. Therefore, it could make a settlement with a lender where the lender continues to rent the property right up until settlement. This would prevent a transfer of vacant properties in quantity to the Canada Mortgage and Housing Corporation and would lower the cost of the whole operation. The Canada Mortgage and Housing Corporation could also take over the mortgage from the lender and resolve the matter that way.

[Senator McIlraith.]

It is anticipated that that will have the effect of reducing the number of foreclosures and will make the total cost of the property acquired much less and, therefore, the loss to the corporation lower. Consequently, that change is significant.

With the increased loan levels in the narrow field I was talking about—that is, the 30,000 units under the Canada Rental Supply Plan—it is proposed to lend up to \$7,500 with no interest charged. It is not interest deferred. There will be no interest charged for the first 15 years, and the interest charge will start in the sixteenth year. That will help greatly, because by that time the first mortgage principal will be considerably reduced and the second mortgage should be much more secure. Rental builders with larger mortgages will now be able to get up to that \$7,500 per unit mortgage assistance.

Senator Phillips: I am sorry to interrupt the honourable senator, but I believe there is a clause in that bill providing for sale. Before he leaves that aspect of the bill, would the honourable senator explain what happens in the case of a sale?

Senator McIlraith: I will discuss that matter later and give a fuller explanation. In any event, the deferral is not effective in the event of sale. As I understand it, it can be transferred to the new owner, under certain circumstances.

Mortgages have heretofore been rather precisely defined in practice and precisely understood. However, because of the extremely volatile nature of interest rates over the last few years, and particularly in the last year or so, there would appear to be a requirement for an entirely new type of mortgage. One feature of these new types of mortgages is the very short term that both the lender and the borrower seem to require.

There is also the new concept of the variable-rate mortgage. Power will be given to the corporation to insure that kind of mortgage.

Another new type of mortgage is a shared-appreciation mortgage which should assist first-home owners. Frankly, I would not have thought this type of mortgage was possible 20 years ago, but it is now coming into being. Changes are being made to enable the corporation to meet the requirements of those types of mortgages rather than only being able to deal with conventional mortgages.

I have spoken about the way in which the corporation can settle insurance claims against the insurance fund, and I hope that item is sufficiently clear.

I should mention that under clause 43 of the bill the reserve fund of the corporation is increased. Under the previous legislation, which went back to about 1946, a figure of \$5 million was stipulated. Under clause 43 that amount is raised to an amount designated from time to time by the Governor in Council. The Governor in Council cannot designate it until the act is passed and becomes law. However, I anticipate that it will be increased to \$25 million. That is one thing I should draw to your attention.

● (1540)

Then, there is a provision dealing with insurance policies, found in clause 8 of the bill, whereby there is an increase in

the amount of all loans in respect of which insurance policies can be issued. That amount is now being raised to \$50 billion from the existing amount of \$40 billion.

Honourable senators, I do not think there is anything more I can usefully add at this stage. When closing the debate on second reading, I shall attempt to answer Senator Phillips' questions more fully.

Senator Phillips: Honourable senators, what is the intention now? Are we proceeding by way of Committee of the Whole, or are we just going to have second reading now?

Senator Frith: Honourable senators, further to what was said earlier today on this subject, because the minister was able to appear before the standing committee, as is the usual procedure when dealing with the minister, it is not our intention to ask him to return to appear before Committee of the Whole.

I apologize once more to Senator Phillips for any inconvenience we have caused him by reason of his preparing his remarks on the basis of this bill's being referred to Committee of the Whole, rather than on the basis of its proceeding in the usual manner. He may make his intervention on second reading now, later today, or tomorrow—whatever suits his convenience.

I have obtained some information which might help Senator Phillips in his preparation. On the subject of the Canada Home Renovation Plan, I understand that that is not connected with Bill C-89 but is a government job-creation program independent of this bill. The authority for that exists in section 34(1) of the National Housing Act. I know that that is only a part of Senator Phillips' concern, but I pass that on to him to save him time in that respect.

Honourable senators, if Senator Phillips does not wish to proceed now—and, of course, we are in his hands—I suggest that he adjourn the debate until later today. Then, if he finds that he is ready to proceed later today, we can proceed; or, if not, we can proceed with this matter tomorrow.

Senator McIlraith: I did not hear your last remarks.

Senator Frith: Senator Phillips has said that he prepared his intervention on second reading on the basis of proceeding by way of Committee of the Whole and the minister's appearing before Committee of the Whole. Because we are not going to proceed in that manner, I understand that Senator Phillips wishes more time to prepare his intervention. We understand, but I have simply suggested to him that he adjourn the debate until later today, then, if he is ready and it is convenient for him to proceed this evening, he can do so. If not, we can proceed tomorrow, but by following that procedure he leaves himself the option of proceeding this evening.

Senator McIlraith: Honourable senators, I believe that Senator Phillips was not in the chamber on Thursday last. Remarks passed back and forth arising out of something Senator Roblin and Senator Murray had said. There was a discussion with respect to proceeding by way of Committee of the Whole.

If Senator Phillips has taken that as an indication that we would do so, and has prepared his remarks accordingly, I am indeed sorry, because I believe it was decided that the matter would be left open for decision, as to whether we would proceed by way of Committee of the Whole, until Tuesday.

I am in your hands, honourable senators. The Deputy Leader of the Government has made his views clear, and I should like to hear from Senator Phillips now as to how he wishes to proceed. Perhaps we can take things from there. I am a relatively good-natured person.

Senator Frith: Honourable senators, I agree with Senator McIlraith. I should have included in the options I put to Senator Phillips the option for Senator Phillips to make an intervention now and adjourn the order in his own name—in other words, to split his intervention. Of course, we would be quite happy to give him leave to do so.

Senator Phillips: Honourable senators, as I said earlier, I had prepared a brief dissertation anticipating raising my questions in Committee of the Whole. I should point out that perhaps I am at fault here. In reading the *Debates of the Senate* for Thursday, April 1, at page 3919, I see that Senator Frith stated:

Although the order will be called for second reading later this day, we can adjourn second reading until next Tuesday, and, if necessary, proceed by way of Committee of the Whole if both sides are agreed.

I apologize to honourable senators for being so naïve as to take any statement made by Senator Frith at face value. That is where the difficulty arose.

Senator Frith: I just hope you will precisely take it at face value and read exactly what I said. I stand by that.

Senator Phillips: I am worried about establishing a precedent that my remarks will be brief. I do not want to establish that precedent, honourable senators. Therefore, I move the adjournment of the debate until the next sitting of the Senate.

On motion of Senator Phillips, debate adjourned.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we have agreed—

Hon. Martial Asselin: That there is a quorum?

Senator Frith: Yes. We are agreed that there is a quorum.

We have agreed also that we would have Question Period this evening, following which I shall ask leave to revert to Reports of Committees, to enable Senator Everett to report on the deliberations of the National Finance Committee on the subject matter of Bill C-97.

QUESTION PERIOD

[English]

THE CONSTITUTION

PROCLAMATION CEREMONY—SEATING IN SENATE CHAMBER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, since the only minister to grace us with his presence tonight is the Leader of the Government, I suppose I should ask a question that concerns him. I do not know who will enjoy the presence tonight of the super-Minister of State for Economic Development, but I have just started reading the article in *Maclean's* magazine, and am very much impressed by what I have read so far—and now here he is.

Some Hon. Senators: Hear, hear.

Senator Flynn: In any event, since I have attracted the attention of the Leader of the Government, I will ask him if he would tell us if he has any definite plan as to the ceremony that will take place on April 17 in this chamber. All sorts of rumours are going around, and I think many people on this side and elsewhere would like to know what is going to happen on that day in this place, and who is going to be invited, not only to sit in the chamber itself but also in both balconies. It would be useful for us to know these things.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the matter of the visit of Her Majesty the Queen to Ottawa is, of course, of great interest to all honourable senators. All of the details of the visit have yet to be finalized. If possible, it would be appropriate to bring a body of information to the Senate tomorrow afternoon, and I am prepared to do that.

Whether the Falkland Islands situation will have an effect on the visit of Her Majesty remains to be seen, but certainly as of this afternoon there has been no suggestion of a cancellation.

As far as those who are to be seated in the Senate chamber and adjoining areas are concerned, that information will be requested and, if possible, brought to the Senate tomorrow afternoon.

Senator Flynn: Is the leader going to tell us where senators and members of the House of Commons are going to be seated on the floor of the Senate Chamber.

Senator Perrault: Honourable senators, the answer to this question should not be left to speculation on my part. There are tentative plans for certain members of the judiciary to be included, along with members of both houses and others. However, I would prefer to provide a body of accurate information tomorrow.

Senator Flynn: So we cannot assume that the procedure for the opening of a new session of Parliament will be followed?

Senator Perrault: No. However, I have made the point with the appropriate authorities that senators should share in this visit on an equal basis with members of the other place. The point has been made in writing and has been accepted.

• (2005)

Hon. Jack Marshall: Honourable senators, I have a supplementary question which arises from the fact that each of the 282 members of Parliament is allowed to invite one person from his or her constituency to a special dinner for Her Majesty the Queen. I am wondering if senators are being given that same privilege and, if not, why not?

Senator Perrault: Honourable senators, the question will be taken as notice.

[Translation]

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA—GOVERNMENT POLICY

Hon. Martial Asselin: Honourable senators, I should like to know whether the Leader of the Government could provide some explanations regarding the Canadian government's policy on the Argentine invasion of the Falkland Islands. It seems that the Canadian government very quickly almost, but not quite, decided to break diplomatic relations with Argentina. We have been told that our ambassador has been recalled for consultation, that an embargo has been put on the delivery of arms and strategic goods, and even that an emergency meeting was called. It has also been reported that the Minister of National Defence was not altogether certain that Canadian naval forces would not be called on to help Great Britain, because he was not sure how events would develop. Yesterday he showed some hesitation on the issue whether or not our naval forces would go and help the British Navy.

My question, and it is being asked by a number of people, is as follows: Why is Canada so anxious to take action against Argentina, while all other countries, even those who attended the meeting of the United Nations Security Council, have as yet to take such action? Why this rushing to appear to be helping Great Britain in a conflict involving two sovereign nations?

[English]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I certainly cannot explain why other nations have failed to take one action or another. I am prepared to say a word or two about Canada's position with respect to the dispute over the Falkland Islands, and in this regard I have some information that has been provided by the Secretary of State for External Affairs.

Canada condemned the Argentine action in a statement at the United Nations Security Council meeting held last Friday. We have informed the Argentine government, through diplomatic channels, that we are shocked by its actions and that Canada expects Argentina to refrain from force and return to the path of discussion and negotiation.

We consider that our best prospects for exerting a positive influence on the Argentine authorities would be to maintain our normal channels of communication as we did with the Soviet Union following the invasion of Afghanistan. We have

not broken off diplomatic relations with Argentina, contrary to the information the honourable senator may have received.

Some questions have been voiced publicly about a possible trade boycott. It is too early to make a judgment in this regard, and we are hopeful, indeed, that the dispute will be resolved by peaceful means. If it is not resolved in such a manner, we will have to examine the situation on its own merits to determine what action on our part might be appropriate.

So far as the safety of Canadians in the Falkland Islands is concerned, we are aware of the presence of nine Canadian citizens in the Falklands. We have asked Argentina to take all necessary measures to ensure their safety.

In its latest report, our embassy in Buenos Aires has reported that the Argentine government and the military have emphasized that Argentine forces are following strict instructions not to harm the islanders. Reports of journalists who have managed to get to the islands have indicated that there is no state of siege and that the islanders have freedom of movement.

We have, however, called for the withdrawal of Argentine troops from the Falkland Islands. We have told the Argentine government that all of their military forces should withdraw completely from the Falkland Islands and other British territories which they have occupied.

Our ambassador has been re-called for consultation, which is not an unprecedented action.

Senator Asselin: We know the whole story.

Senator Perrault: Surely, it should be extremely useful, honourable senators, to have the ambassador return to Canada to consult with the government and to provide a first-hand assessment of the situation. It seems to me that that is one of the more enlightened courses of action.

● (2010)

Canada has worked to establish practical United Nations mechanisms for dealing with human rights problems wherever they occur.

At its thirty-sixth session, the United Nations Commission on Human Rights created, with Canadian support, a group of experts to investigate cases of disappeared persons around the world. Thus, Canadian officials in Ottawa and Buenos Aires have taken every appropriate opportunity to draw Canadian concerns on human rights questions to the attention of the Argentine authorities.

The Honourable Mark MacGuigan expressed Canada's concerns in this area when he met the Argentine foreign minister last September in the United Nations. I should clarify, however, that over the last year and a half the domestic political situation in Argentina has improved. This is by way of providing some brief background to that question. The politically motivated discussions are now very rare indeed.

Hon. Jacques Flynn (Leader of the Opposition): That bears no relationship to the question.

Senator Perrault: The number of political prisoners held under executive authority has declined steadily from almost 2,000 in late 1979 to a current level of 700. The new government headed since late December by President Galtieri has undertaken to promulgate an electoral statute which would enable political parties to reorganize and gradually take a more active role. It is in this context of gradual domestic political improvement—

Senator Flynn: I suggest that this be taken as read, because it bears no relation to the question at all.

Senator Perrault: Honourable senators, is the Leader of the Opposition rising on a point of order?

Senator Flynn: Yes, indeed I am.

Senator Perrault: Then the Leader of the Opposition is out of order. I do not wish to be disputatious—

Senator Flynn: Don't say that before I have made my point.

Senator Perrault: Well, may I complete my statement? I am almost at the end of it.

Senator Flynn: My objection is that you are dealing with something that has no relation at all to the question asked.

Senator Perrault: Of course it does.

The Hon. the Speaker: Are you rising on a point of order, Senator Flynn?

Senator Flynn: Yes, your Honour. The Leader of the Government is replying with something that has no relevancy whatsoever to the question. He is dealing with what happened six months ago, whereas we are asking him questions with respect to events which took place only a few days ago.

Senator Perrault: I regret such a surface interest—

Senator Flynn: Surface?

Senator Perrault: —such a superficial interest in a dispute which could involve the world in more turmoil and death.

I hope that my final sentence, which I have been attempting to deliver, will make clear the relevance of my remarks.

Senator Flynn: It's about time.

Senator Perrault: This statement concludes:

It is in this context of gradual domestic political improvement that we found the Argentine invasion of the Falkland Islands to be particularly regrettable.

Honourable senators, I have quoted from a statement provided by the Secretary of State for External Affairs with respect to the Falkland Islands. Surely, the Senate is entitled to know the minister's position. I suggest that his position is beyond criticism.

Hon. H. A. Olson (Minister of State for Economic Development): That is more relevant than some of the preambles you give.

Hon. Lowell Murray: Honourable senators, I would ask the minister if he has any comment with respect to the resignation of the British Foreign Secretary, Lord Carrington, and, in

particular, whether he has taken note of the fact that Lord Carrington stated that, while he felt much of the criticism was unfair, nevertheless there had been criticism in the press and, indeed from members of his own caucus, and because he felt he was responsible for the policy he felt that proper constitutional position was for him to tender his resignation.

I wonder whether the minister has considered commending that example to such colleagues of his as the Minister of Finance and others who, given a similar sense of dignity and self-respect, and a sense of the Constitution, might, in view of the disasters that their policies are causing, be inclined to tender their resignations.

Senator Perrault: Honourable senators, Lord Carrington is a distinguished Commonwealth statesman who has made a significant contribution to the parliamentary system. It certainly would be out of order for me to comment on the subject of his resignation. Surely, that is a question of domestic British political interest.

[Translation]

Senator Asselin: Honourable senators, I have no objection to having the Leader of the Government amplify his answers with respect to external affairs. I realize that in this way, he will at least acquire some knowledge of the subject!

However, the question we must continue to ask ourselves is the following: Why did Canada give the appearance of declaring war against Argentina by recalling its ambassador, by calling an emergency meeting, and by putting an embargo on certain strategic arms to be delivered to Argentina? Why did it not offer both countries its services as a mediator, to try and settle this conflict without resorting to arms?

● (2015)

[English]

Senator Perrault: Honourable senators, the statement by Honourable Senator Asselin is, to say the least, a considerable exaggeration of the Canadian position. Indeed, Canada's actions have been responsible and restrained. Canada has expressed the hope that during the next two, possibly critical, weeks this nation may be able to play some constructive role in resolving the dispute before hostilities occur. Canada has not acted in an irresponsible manner.

Senator Asselin: No?

Senator Perrault: Indeed, one would have expected that the honourable senator might have risen in his place this evening to commend the government for the actions it has taken.

Senator Asselin: I will not, no.

[Translation]

Can the Leader of the Government tell me whether other countries have now taken the same action as Canada concerning this conflict? Have other countries taken similar action?

[English]

Senator Perrault: Honourable senators, one of our distinguished member nations of the Commonwealth, New Zealand, has severed diplomatic relations and has, I understand, offered an armed contingent to intervene militarily in the Falkland Islands. Other nations have expressed their great concern about the situation. The Security Council has, of course,

[Senator Murray.]

condemned what is a unilateral military action—an action taken without any reference to the wishes of the indigenous population. No effort has been made to determine whether the people of the Falkland Islands wish them to remain a British possession, or whether they wish them to be incorporated into the Argentine nation. But I repeat, Canada's position has been most restrained and, as usual, very responsible.

Senator Asselin: No.

Senator Perrault: It is more than accident—

Senator Asselin: No, not at all.

Senator Perrault: It is more than accident that in other disputes which have occurred within the last 35 years Canada has played a lead role.

Senator Flynn: Yes.

Senator Perrault: We have played a lead role among that group of nations which have worked for the peaceful resolution of international disputes. In the present crisis, we hope that Canada can once again play a useful peacemaking role.

Senator Asselin: May I ask the minister how many countries have now recalled their ambassadors for consultation?

Senator Perrault: Honourable senators, that information will be sought, but I cannot see the significance of that question. The question is really whether or not Canada can play a reasonable and responsible role, and perhaps a leadership role, by the example of restraint and constructive initiatives that we are giving.

Senator Asselin: No.

Senator Perrault: The example of restraint and of responsibility.

Senator Asselin: No. No way.

NEWFOUNDLAND

RESULTS OF PROVINCIAL ELECTION

Hon. Jack Marshall: Is the Leader of the Government in the Senate aware of the rumour that the results of the Newfoundland election show that the PCs have won 44 out of 52 seats?

Some Hon. Senators: Hurrah!

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I was not aware of that information. However, if the report is accurate, it suggests that the results may be contrary to statutes and rules relating to the creation of monopolies.

Senator Flynn: Not with respect to your party's rules.

Some Hon. Senators: Hear, hear.

Senator Doody: We can always rely on the game laws to keep a few of you there.

CANADA-UNITED STATES RELATIONS

INTERNATIONAL JOINT COMMISSION—MEMBERSHIP

Hon. Heath Macquarrie: Honourable senators, perhaps this question, which I direct to the Leader of the Government in the Senate, will ease us appropriately into delayed answers. On February 2, which was Candlemas Day—and clearly, from

what followed, it must have been bright and clear—the minister responded to an inquiry of mine respecting the IJC and the fact that Canada still did not have its representation up to strength. He replied that “excellent progress” was “being made in the pursuit of excellence.” I would give that an excellent mark as an answer, but I would not pass it at all as a forecast of what was going to happen, because it was terrible.

It is my impression that a meeting of the IJC was held not long ago in the United States to deal with a most important matter concerning the great province of British Columbia, the Skagit Valley. Again, Canada had only two commissioners to three from the United States.

Once again I ask—now as we approach Easter, many weeks after Candlemas Day—when is there to be a Canadian commissioner appointed to bring that important body up to full strength? I hope they are not waiting for the aftermath of the Saskatchewan and Newfoundland elections or possibly for Senate reform. I think too much delay has already taken place.

● (2020)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the suggestion conveyed by Honourable Senator Macquarrie is one that would inspire the belief that Canadian representation on the IJC has been utterly decimated. There is in fact one vacancy. There are three serving commissioners and only one vacancy. The pursuit of excellence continues, and efforts are being made to find a person who is able to fill the single vacancy.

Senator Macquarrie: In a rather bootleg supplementary, I might say that any impression I am trying to create is not a matter of my unique manufacture. I think it is widely known that the state of affairs between Canada and the United States is such that we need every possible avenue of assistance. The full slate on the IJC is one of those avenues.

Senator Perrault: Senator Macquarrie's views will be communicated to the appropriate sources in government. Perhaps my friend may wish to suggest a short list of names from which someone can be appointed.

ECONOMIC DEVELOPMENT

MEGA-PROJECTS—TQ&M Pipeline

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer in response to a question raised by Senator Smith on March 23 which concerned the TQ&M pipeline.

I can inform the honourable senator that construction on that portion of the pipeline to be constructed in New Brunswick is expected to begin in May 1983. Construction on the Nova Scotia leg of the pipeline should commence by January 1985. The completion date for both the New Brunswick and the Nova Scotia portions is estimated to be the end of 1986.

NEWFOUNDLAND

LOSS OF DRILL RIG *OCEAN RANGER*—ALLEGED WARNING AGAINST WINTER OFFSHORE DRILLING

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by Senator Marshall on March 23 regarding the loss of the drill rig *Ocean Ranger*.

Two years ago during the Progressive Conservative regime, the then Minister of the Environment, Mr. Fraser, wrote to the Minister of Energy, Mines and Resources, Mr. Hnatyshyn, asking that consideration be given to halting winter oil drilling operations off the east coast of Newfoundland. The reason given for this request was the Department of the Environment's concern about a possible oil spill. The view at that time was that environmental concerns over exploratory drilling were being overstated because of alleged safety precautions involved at all times in drilling activity to prevent oil spills.

There was no reference in the request of the Department of the Environment to concerns about safety of drilling operations and the protection of the drilling crews in this respect.

ENERGY

NEWFOUNDLAND—OFFSHORE OIL RESOURCES—FEDERAL GOVERNMENT DOCUMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question raised by Senator Doody on March 17, asking if the federal government would make public the federal document from which Premier Peckford quoted at the time of his calling an election on the offshore resource ownership issue.

Hon. William C. Doody: Too late; the election is over!

Senator Perrault: I should like to advise the honourable gentleman that the government does not intend to make public, at this time, the document to which he has referred. I would like to point out to the honourable senator that the federal position on the offshore is clearly laid out in the Canada-Nova Scotia Agreement.

FINANCE

TAXATION OF LIFE INSURANCE INDUSTRY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question which was asked by Senator Bosa on March 16 concerning the taxation of life insurance.

A number of meetings have been held with the Canadian Life and Health Insurance Association and the Life Underwriters Association of Canada. There continues to be close co-operation and the meetings to date have been very useful.

Hon. Martial Asselin: No decision has been taken.

Senator Perrault: The honourable senator is anxious for a reply. If he will restrain himself for a moment, an important final sentence will be read into the record.

I understand that the Minister of Finance and the insurance representatives are anxious to reach a satisfactory agreement on the issues quickly, if possible.

Senator Asselin: That is a farce!

Senator Perrault: If the honourable senator wishes to have further information, it will be sought.

Hon. Duff Roblin (Deputy Leader of the Opposition): I have a supplementary question on this insurance issue. The subject of the taxation on insurance policies was one which was identified as being among those that would be referred to

a committee which would be empowered to hear witnesses. I would like to know whether it is still the policy of the government to refer this matter of taxation of insurance policies to a committee where public representations may be heard?

● (2025)

Senator Perrault: Honourable senators, the question will be taken as notice. However, it may well be one of the questions which will be considered by the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Lowell Murray: Honourable senators, by way of a supplementary question and to assist the Minister of Finance in his deliberations on this very subject—

Hon. Royce Frith (Deputy Leader of the Government): Please, don't do us any favours.

Senator Murray: —would the Leader of the Government draw to the attention of his colleague, the Minister of Finance, the fact that 90 per cent of the insurance sold in Mr. MacEachen's riding last year was whole life insurance.

Senator Perrault: I am sure that if that statistic is correct, it is well known to the Minister of Finance.

Hon. Jack Marshall: The minister is probably the beneficiary.

Senator Perrault: May I say, however, that certain allegations relating to insurance policies were brought to the Senate just a few days ago in the form of a question, and it was shown that there are some misconceptions with respect to the impact of—

Senator Murray: The budget was misconceived.

Senator Perrault: —this announced measure insofar as holders of insurance policies are concerned. I refer honourable senators to a reply I gave to Senator Nurgitz just a few days ago, and I hope that they will read my reply given at that time.

FEDERAL-PROVINCIAL RELATIONS

HOUSING—MORTGAGE INTEREST RATES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on April 1, 1982, Senator Benidickson asked whether the federal government had been asked to contribute to the cost of plans introduced by the Governments of Alberta, Saskatchewan and Manitoba to assist homeowners in the renewal of their mortgages.

The answer is: No, these provinces have not asked the federal government to share in the cost of their mortgage assistance schemes. Perhaps they did not do so because the federal government had already announced the Canada Mortgage Renewal Plan before any provinces came forward with assistance to homeowners. The government is of the view that the Canada Mortgage Renewal Plan will assist all Canadians in any province who faces hardship on renewal of their mortgages.

Hon. Duff Roblin (Deputy Leader of the Opposition): All 700 of them.

Senator Frith: No, you have the wrong number, but we shall get to that later. It is 700 lending institutions that are involved, I understand.

VETERANS AFFAIRS

NEW DISTRICT OFFICES—LOCATION, STAFF AND WORKLOAD

Question No. 70 on the Order Paper—**By Hon. Jack Marshall:**

What are the locations of all new district offices established across Canada by the Department of Veterans Affairs since January 1, 1979, and what is (i) the date each office opened and its function (ii) the number of staff and positions in each office and (iii) the breakdown of the case workload by office since they were opened?

Reply by the Minister of Veterans Affairs:

The function of each district office is to provide counselling, referral and benefit delivery services for the full range of economic support and treatment benefits administered by the Department.

(iii)

| District Office | (i) Opened | (ii) Positions | Staff | Approximate number of Veterans served | CPC Recipients | WVA/CWA Recipients |
|--------------------|---------------|-------------------|-------|--|-------------------|-----------------------|
| (1) Corner Brook | 04/79 | 7 | 6 | 1500 | 200 | 600 |
| (2) Campbellton | 04/79 | 11 | 11 | 12000 | 1500 | 1800 |
| (3) Sherbrooke | 05/79 | 10 | 7 | 11000 | 1500 | 950 |
| (4) Gatineau | 05/79 | 8 | 7 | 10000 | 900 | 750 |
| (5) Peterborough | 04/79 | 12 | 12 | 22000 | 3350 | 2450 |
| (6) Brampton | 04/79 | 12 | 12 | 18000 | 3500 | 1800 |
| (7) Toronto South | 06/81 | 18 | 18 | * | 8300 | 8400 |
| (8) Brandon | 04/79 | 8 | 8 | 19000 | 1200 | 1100 |
| (9) Penticton | 04/79 | 12 | 12 | 22000 | 3550 | 2400 |
| (10) Prince George | 05/79 | 8 | 8 | 10000 | 1200 | 900 |

*Toronto North and Toronto South district offices serve a total population of 149,000 based on 1971 census. Further breakdown not available.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTSREPORT OF NATIONAL FINANCIAL COMMITTEE ON SUBJECT
MATTER OF BILL C-97

Leave having been given to revert to Reports of Committees:

Hon. Douglas D. Everett: Honourable senators, Bill C-97 arises out of the 1942 wartime tax collection agreements which have been subject to quinquennial review since that time. Certain provisions of the act under which these arrangements are made expired on March 31, and if the provinces are to receive their equalization payments this legislation must be passed prior to April 15. The bill will be reviewed in some considerable detail by Senator Buckwold, but in order to acquaint you with the hearings of the committee it is necessary that I give a brief review of some of the provisions of the bill.

The bill serves two functions. First, it creates a new equalization formula; and, second, it alters the Established Programs Financing Act which, as honourable senators know, is the act by the provisions of which the federal government helps the provinces finance health care and post-secondary education. In the realm of equalization, the new Constitution says that we should provide reasonably comparable services at reasonably comparable levels of taxation. The federal government's intention was to reduce the demands of equalization on the federal treasury while maintaining the constitutional requirement.

There are two main changes in the act. First, almost all the provincial tax revenue sources are included in the tax base under the new legislation. That means that instead of 50 per cent of the resource revenues going into the tax base, as was the case in the past, all resource revenues will be taken in. Additionally, municipal property taxes and local government revenues from goods and services will be included. The revenues were brought up to a national average under the old act. What this bill proposes to do is to bring those revenues up to the per capita average of five provinces—British Columbia, Saskatchewan, Manitoba, Ontario and Quebec. There are also certain guarantee provisions under the bill. There is a payment floor, which is known as the Newfoundland provision, which assures that equalization will not drop at less than a certain rate if there is a very egregious increase in the revenues of the provinces, such as the discovery of offshore oil.

● (2030)

Another guarantee is the payment ceiling. In that regard it is stated that the growth in equalization payments from 1982 on will not exceed the rate of growth in the GNP. There is a transitional guarantee, which I will speak about later, which affects Manitoba and Quebec.

In 1980 and 1981 payments were made based on population estimates which, following the 1981 census, proved to be wrong, and they constitute overpayments to certain provinces. What will happen under this guarantee is that the provinces

will make the payments and the federal government will return the payments so that the provinces do not suffer a reduction in their equalization payments due to the new population figures in the 1981 census.

Another guarantee is the fiscal stabilization program which protects the revenues of all provinces from a sharp downturn in the economy.

Finally, there is the personal income tax revenue guarantee which is under the tax collection agreement, and which prevents the revenue from personal income tax going below a certain floor in the event that the federal government alters the personal income tax rates.

The other aspect of the bill affects the Established Programs Financing Act which, as I said before, affects health care and post-secondary education in the provinces. At the present time the grants consist of the transfer of equal per capita cash payments to the provinces, plus equalized tax points, plus a revenue guarantee which was introduced in 1972, to cushion the provinces against the effects of the 1971 tax amendments. The provinces have argued that this guarantee affects only general revenue. On the other hand, the federal government argued that it was a contribution to established programs financing. The Economic Council and the task force in the other place recommended that the revenue guarantee be incorporated in the established programs financing. In fact, what happened was that the federal government reversed its position and determined to eliminate the guarantee which constitutes approximately 7 to 8 per cent of the total of the established programs financing. Under this proposed amendment, all provinces now are to receive equal per capita transfers. Under the old system, as I stated, they got cash plus tax points. The problem was that some tax points were worth more to some provinces than to others. As a result, there was no equality in the amount of grants under the established programs financing. What this will do now is make cash grants of differing amounts so that when you add the tax points to the cash amounts you will come to an amount that is a per capita grant for established programs that is the same for every province.

The committee initiated a pre-study of this bill that was not really a normal pre-study. As I understand a pre-study, the subject matter of a bill is referred to a committee so that it can make a report and make recommendations while the matter is still being debated in the other place. What happened here was that we were involved in a series of hearings on the main estimates relating to the interaction of interest rates and exchange rates, and we had a number of witnesses lined up. It became apparent that this bill was going to come to us while we were facing the Easter recess, the Queen's visit and a deadline for payments to the provinces of April 15. We realized that what would probably happen would be that we would get the bill today, at the earliest, and there would not be sufficient time before the Easter recess to properly examine it. So, for that reason we determined on a pre-study, which, as I

say, is not actually a pre-study because, in fact, I am making the report after the bill has passed the other place and after it has received first reading in this house. The committee made a fairly extensive examination, but obviously not as extensive as it would have wished had there been more time.

● (2035)

In connection with the hearings on government policy and regional disparities, which has now been going on for two years or more, we had two meetings with the Department of Finance on the subject of equalization and established programs financing. During the course of those hearings we had several discussions on the subject of equalization and shared-cost programs with a number of witnesses, including, I believe, the Newfoundland Minister of Finance, the Premier of New Brunswick, and others.

In the hearings just concluded we had a complete briefing on the act from officials of the Department of Finance. We heard from Dr. Rodney Dobell, the director of the special task force which produced the report *Fiscal Federalism in Canada*. We had a hearing with the Economic Council of Canada on that body's study entitled *Financing Confederation*. And, finally, we had a hearing with the Minister of Finance.

Honourable senators, I should like to deal with the points raised by the members of the committee. They are not points that were agreed upon by the committee, but points which were raised during the hearings, and I think the Senate should be aware of them.

First, it was felt by members of the committee that the Economic Council should make a review of the present act prior to the next quinquennial review in 1987. It was felt that if, in considering the act at that time, senators and members of the House of Commons had at their disposal an objective study of the problem by the Economic Council—which had proved, in its study entitled *Financing Confederation*, that it could do an outstanding job on this subject—it would be useful in debating the legislation at that time.

One of the questions raised by honourable senators was whether the constitutional goal of equalization had been achieved—that is, as I stated earlier, reasonable comparability of services at reasonably comparable levels of taxation. Honourable senators will realize that while all natural resource revenues have been brought into the formula, in selecting the five provinces Alberta has been excluded as one of the provinces on which the average is set. That has the effect of excluding a large percentage of the effect of resource revenues on the formula. Also the formula assists provinces with the least developed property tax systems. One has to wonder, therefore, if the five-province standard, which is now substituted for the national average standard, is the fairest method of determining equalization payments. Clearly, something did happen which indicates that it may well not be the fairest step, and that is what is called the Manitoba issue. Despite a

weakening economy in Manitoba, equalization rises more slowly there than in several other provinces that enjoy equalization payments. As a matter of fact, the equalization payments in Manitoba would have fallen had it not been for the transitional payments under this act. Those transitional payments are \$165 million, paid over three years; but even including those payments, in the five years that the act will be in force Manitoba's equalization payments will increase by 36 per cent, as opposed to Quebec's increasing by 66 per cent, and the Atlantic provinces' by 81 per cent.

● (2040)

Certain members of the committee expressed concern about this. They stated that the very fact there has to be a transition provision indicates that there is a problem with the formula, and that changing it from the national average to the five-province does create an inequality.

It is interesting to note that the problem for Manitoba would have been avoided if the national average system had been used. The Minister of Finance replied to this that the percentage of payments received by Manitoba was greater than the percentage of payments received in the past, if you exclude the last five years. Members of the committee thought that perhaps that begged the question, because under the old scheme Manitoba would have had an increase in revenues that was more comparable to the increase in revenues enjoyed by Quebec and the maritime provinces. In contemplating spending, a government does not look just at the spending it is going to do this year, but in the next four or five years; so that what this has done is to affect seriously the Province of Manitoba in its future spending plans.

It is interesting to note that if an additional payment, over the \$165 million, were made under the transition provision, it would have no effect whatsoever on the formula. In other words, if there is a problem for Manitoba, it could be corrected by an additional payment under the transition provision, and the formula would remain the same.

Senators also mentioned the problem of the federal governments' maintaining national standards in provincial fields, most especially in the health-care field.

Finally, honourable senators, this is not an agreement: this is an act of the Parliament of Canada. It can be amended at any time. It seems to me that instead of arriving, five years hence, at the situation that we are in now, if the scheme is not working properly amendments should be made as we go down the road. I think everything possible should be done by the federal government to avoid the kind of situation that we are in today, in which we are considering one of the most important acts affecting Confederation under a deadline and under pressure, and, as Senator Roblin so aptly said, where we are being squeezed.

Hon. John M. Godfrey: Honourable senators, I have a question. Is it not true that the honourable senators who were concerned about the Manitoba question were the two senators from Manitoba, who were performing their regional function and, I may say, doing it very well?

Senator Everett: Yes, I think that is true. We were the ones who were most concerned. I detected, however, a lot of sympathy from the other senators.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Sidney L. Buckwold moved the second reading of Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Establishment Programs Financing Act, 1977 and to provide for payments to certain provinces.

He said: Honourable senators, first of all, may I express my compliments to Senator Everett, the Chairman of the Standing Senate Committee on National Finance, for what in fact could have been my speech?

Hon. Jacques Flynn (Leader of the Opposition): Or his!

Senator Buckwold: Well, he has already made his, and it is almost—

Hon. Martial Asselin: Dispense!

Senator Buckwold: —embarrassing for me to have to go through many of the points he presented to you so simply. I do not mean “simply” in the sense that it was a simple presentation, but that without complication he presented to the members of this chamber the main thrust of the act, described its implications and drew some conclusions. I must say again that I congratulate him on the grasp he has of this complex subject and on the excellent job his committee did in its pre-study.

As I say, many members have probably understood enough of the general principles of the act as a result of Senator Everett's remarks to say, “Well, that will do for second reading!” I apologize to the Leader of the Opposition and others for the fact that, unfortunately, I am going to have to go through these matters again—and I think it is proper to do so—in a good deal more detail, with regard to this important and complex piece of legislation, which means so much to the future of Confederation and the relations which must exist between the federal government and the provinces.

If you will allow me, then, honourable senators, I will move on to what, obviously, is not a simple bill. We all remember our friend Senator Laird introducing a bill of two or three lines as being simple, and, as a result, falling into a trap. I assure you that this is a complicated and very involved piece of legislation. I hope you will bear with me as I go through some of the steps in more detail than was done in the excellent job done by the chairman of the committee.

Honourable senators, Bill C-97 deals with a number of issues involving the federal government and the provinces, and which constitute the substance of the federal-provincial fiscal arrangements.

As you are no doubt aware, it is traditional in Canada to review the federal-provincial fiscal arrangements every five years. The bill before us now is a product of that tradition. It

reflects the numerous consultations which have taken place over the past 14 months between the two levels of government on how to present fiscal arrangements, part of which expired on March 31, and how they might be improved and better adapted to current economic and fiscal circumstances. The bill provides important modifications to those arrangements, modifications which will affect the nature of fiscal relations between the federal government and the provinces for the better part of the 1980s.

In order to underline the importance of this bill I would like, first, to outline the changes which it will bring about. I will then review the various considerations which have led the government to propose these changes, and, finally, I shall explain in greater detail the nature of the major changes proposed.

Honourable senators, the bill seeks to modify the current fiscal arrangements in several ways. First, it provides for a substantially changed fiscal equalization formula, featuring the most comprehensive measure of fiscal capacity—I think we have to remember that expression, “fiscal capacity”, because it does have some relationship to the problem of Manitoba which has been referred to by Senator Everett—since the program was introduced in 1957, as well as a representative average standard.

Second, the bill modifies the established programs financing, sometimes referred to as EPF, that we all know about. It modifies it by eliminating the portion of those arrangements associated with compensation for termination of the 1972 revenue guarantees, and by making EPF transfers to all provinces equally, per capita, but without reducing federal contributions to health and post-secondary education programs. That was well explained, I think, by Senator Everett. I would just remind you that the 1972 revenue guarantees came about with the object of protecting the provinces from what could have been unforeseen consequences arising out of the tax reform program of 1972.

• (2050)

Third, it authorizes the federal government to transfer to oil-producing provinces its share of the federal oil export charge for oil exported during the period November 1, 1980 to January 1982.

Fourth, it provides for special arrangements under which the federal government would make payments to certain provinces equal to the amount of recoveries under the equalization program for the 1980-81 and the 1981-82 fiscal years, as a consequence of the June 1981 census of population. Again, this was ably referred to by Senator Everett.

Fifth, it extends for an indefinite period the fiscal stabilization program which protects provinces against a reduction in revenues arising from a sharp downturn in economic activity and, therefore, facilitates their borrowing.

Sixth, it extends the personal income tax revenue guarantee program, which is associated with the income tax collection agreements, for another five years.

The Leader of the Opposition will be glad to know that, finally, it provides for a few technical amendments to sections of the Fiscal Arrangements Act dealing with reciprocal taxation.

Honourable senators, in preparing this important piece of legislation, the government had to reconcile various considerations.

The first set of considerations relates to the current state of fiscal federalism in Canada. As honourable senators know, the fiscal arrangements that exist today between our two levels of government result from a series of developments which began in the 1950s. Our system of intergovernmental transfers was considerably expanded in 1957 with the advent of contributions for hospital insurance and the introduction of equalization payments to financially disadvantaged provinces. Since then, federal cash transfers to provinces have grown from \$300 million to some \$14 billion a year—an astounding figure. This phenomenal increase has come about largely through the progressive enrichment of the fiscal equalization program and the establishment of new arrangements for the joint financing of health, welfare and post-secondary education.

Major developments have also taken place in the sharing of tax fields between our two levels of government. During most of World War II and up to 1962, the federal government had almost exclusive occupancy of the personal and corporate income tax fields. Provincial-local revenues were drawn essentially from payments made under tax rental agreements, property taxes, consumption taxes and natural resource levies. Since then, however, the federal government has reduced its personal income tax on several occasions in order to provide substantial, what is called, “tax room” to the provinces. As the provinces occupied this additional tax room they sought a more flexible tax structure, and this, to a considerable extent, has been accommodated within the income tax collection agreements.

There are other considerations which had to guide the government in its review of the fiscal arrangements. As was mentioned in a budget document issued on November 12, 1981, the federal government’s initial proposals attempted to reconcile two broad imperatives. One is the pursuit of the national goals embodied in the current arrangements. Equalization, which now constitutes a cornerstone of Canadian federalism to which we continue to be firmly committed, is one of those goals. A second goal is the maintenance in all parts of the country of basic social programs in the area of health and post-secondary education. A third goal is to maintain a reasonable degree of harmonization in the income tax fields.

The second imperative was and remains expenditure restraint. I think we must underline, honourable senators, that the Government of Canada must move in the direction of reducing its expenditures and restraining, wherever possible, the deficit which has been incurred. That has certainly been brought to our attention many times by members of the opposition as well as by supporters of the government.

[Senator Buckwold.]

One of the main reasons for reviewing the fiscal arrangements every five years is the need to ensure that they are consistent with changing economic and fiscal circumstances. As the November 12 budget made clear, current circumstances require the federal government to apply some restraint to all expenditure areas. Since transfers to provinces account for approximately 20 per cent of total federal expenditures, they cannot be insulated from our restraint effort; I think they must be included. However, the restraint which must apply to federal transfers to provinces should be tempered with equity.

In developing its proposals for revision of the fiscal arrangements, the federal government also had to be guided by the views of provincial governments. The content of the bill before us, Mr. Speaker, reflects intensive consultations with the provinces at both the officials and the ministerial levels.

Senator Flynn: This speech was obviously prepared for the House of Commons.

Senator Buckwold: By my reference to “Mr. Speaker”?

Senator Flynn: Yes.

Senator Buckwold: Every now and again I do not think it is wrong to acknowledge the Speaker.

Senator Flynn: You were reading.

Senator Buckwold: I do not think it was prepared for the House of Commons because I do not think the House of Commons had as much detail as we have acquired for honourable senators.

Senator Flynn: But you are reading.

Senator Buckwold: I think it important that this information be transmitted correctly so that the facts are recorded.

Senator Flynn: Smile.

Senator Buckwold: Yes, I can certainly do that.

As I say, the content of the bill before us reflects intensive consultation with the provinces at both the officials and the ministerial levels. Consultations with the provinces on the revision of the arrangements began in December 1980.

Senator Asselin: Consultation, but not negotiation.

Senator Buckwold: I did not say “negotiation;” I said “consultation.” I would assume that there was a fair amount of negotiation. As I move into my further remarks, I think you will find that many arrangements were in fact negotiated, as reflected in the final proposals embodied in this bill.

In the intervening 15 months, the Minister of Finance, Mr. MacEachen, met on six different occasions with his provincial counterparts. He also held bilateral discussions with most of them last summer. Moreover, 14 federal-provincial meetings of officials have been held.

The fact that provinces have been consulted does not mean, of course, that the government was able to agree with them on all aspects of the proposed revision. Provinces, for example, have asked that the current arrangements be extended for an additional year in order to allow more time for their review. Such an alternative would have been very costly to the federal

treasury since it would have involved additional outlays of some \$1.2 billion in 1982-83. It would also involve maintaining an equalization formula which, according to independent observers and most provincial governments, does not meet the economic and fiscal requirements of the 1980s.

However, honourable senators, these differences of view have not prevented a measure of agreement on more specific issues. As I will explain in a moment, the contribution of the provinces has been particularly significant in the development of a new equalization system.

I now turn to the provisions of the bill. They are contained in two parts. Part I modifies the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and, more particularly, the provisions of the act relating to fiscal equalization and established programs financing. Part II of the bill empowers the federal government to accelerate the transfer to the oil-producing provinces of their share of the oil export charge and to make payments to certain provinces equal to the amount of recoveries under the equalization program for the 1980-81 and 1981-82 fiscal years as a consequence of the June 1981 census of population.

Among the most important provisions of the bill are those modifying Part I of the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, which deals with fiscal equalization. Although the bill provides for an improved equalization formula, the purpose of equalization remains the same. As has always been the case, the program seeks to make it possible for all provinces to enjoy reasonable standards of basic public services without having to resort to unduly high levels of taxation. It is estimated that under this formula about \$29.3 billion of equalization will be paid to six provinces over the next five years, as compared with \$16.5 billion over the past five years.

● (2100)

With the formula provided for in the bill, overall federal cash outlays will be approximately \$1.148 billion higher than the original November 12 budget presentation estimates. Of this amount, \$311 million will be delivered through the fiscal equalization program, and \$837 million through the established programs financing, which would have higher cash payments as a result of replacing the proposed Ontario standard by the representative average standard, which was referred to by Senator Everett.

In order to understand why these changes are being made, it is important to appreciate that the equalization formula has two fundamental elements. The first is the measure of relative provincial fiscal capacity—that is, the capacity or potential of a province to raise revenues through taxes and levies of various kinds relative to other provinces. Fiscal capacity is measured by estimating, on a comparable basis, the per capita revenue which each province could derive from the various taxes or levies imposed at the provincial and municipal level. The measure of fiscal capacity can be broadened or narrowed by increasing or reducing the number of provincial and local taxes and revenue sources that are taken into account. The broader the measure of fiscal capacity, the more accurate it will be in

comparing the overall fiscal capacity of provinces and in measuring their relative needs for equalization payments.

The bill provides for a measure of fiscal capacity that would be significantly broader than the one in effect until last March 31, or the one proposed in November. The November 12 proposal provided for the inclusion in the formula of the entire range of taxes and levies imposed by provinces and local governments on income, consumption, property, wealth and natural resources, including municipal property taxes, the proceeds of oil and gas land sales, and the 50 per cent of other non-renewable resources revenues now excluded.

The bill now provides for the inclusion of all such taxes and levies, and also of a further source of local government revenues, namely, receipts from the sale of goods and services. As a result of the broadening of provincial fiscal capacity, an additional \$16.5 billion of provincial revenues will be equalized under the formula in 1982-83.

The second basic element of an equalization formula is the equalization standard—that is, the level to which the potential revenues of certain provinces, based upon the measure of fiscal capacity, should be raised.

The new formula would be based on a representative average standard (RAS), instead of an Ontario standard, as was proposed last November, or a national average standard, as used under the formula which expired on March 31. Under the new RAS standard, the level to which the fiscal capacity of recipient provinces would be raised would be the average per capita fiscal capacity of five provinces collectively considered to be representative of all provinces—namely, Ontario, Quebec, British Columbia, Saskatchewan and Manitoba. These provinces constitute a type of median of the ten provinces in terms of per capita fiscal capacity. They exclude Alberta at the top, and the four Atlantic provinces at the lower end. The two exclusions would be closely balanced, since Alberta and the Atlantic region each account for approximately 9.2 per cent of total provincial population.

In the course of consultations held during the past few months, the provinces expressed a number of concerns regarding the Ontario standard initially proposed by the government. They argued that no single province can be sufficiently representative of the ten to constitute an appropriate standard, and that equalization payments would be unstable with a single-province standard, since that standard would be influenced by economic developments in one province only. The provinces were also concerned that such a formula would result in an undesirable treatment of natural resource revenues because of the relatively small natural resource base of Ontario.

It was in order to meet these concerns that the government agreed to provide in the bill for a more broadly based standard, taking account of five provinces with over 80 per cent of total provincial population.

The bill also provides for a number of additional features which, in certain circumstances, would make the new equalization system more advantageous for certain provinces than the government's initial proposal. One of those is a minimum level

of payment or "floor" provision which was added in response to the concerns of certain provinces which feared that their equalization entitlement might drop drastically if they were to experience a sudden upsurge in their resource revenues.

In January—and this is interesting—the government proposed a floor provision whereby, beginning with 1983-84, no equalization-receiving province could have a total entitlement for a fiscal year that would be less than 85 per cent of its total entitlement for the preceding year. As a result of further provincial representations, the "floor" provision proposed in the bill is even more generous. The 85 per cent minimum payment is increased to 95 per cent for provinces whose per capita fiscal capacity is equal to or less than 70 per cent of the national average per capita capacity, and to 90 per cent for provinces whose per capita fiscal capacity is over 70 per cent of the national average per capita capacity but less than 75 per cent.

I am sorry if this is so complicated. Even I am having difficulty following it all the way through, but I am glad to be able to pass this on to Senator Asselin and others to indicate the kind of give that was there when the federal government made these arrangements with the provinces.

Hon. G. I. Smith: The kind of what?

Hon. Duff Roblin (Deputy Leader of the Opposition): That is an unfortunate word.

Senator Smith: I was, perhaps a little rudely, asking the honourable gentleman what word he used when he spoke about something relating to the provinces.

Senator Buckwold: Are you talking about the percentages?

Senator Smith: You used a word which sounded very much like "give".

Senator Buckwold: I think that is what it is. I am not ashamed to use a simple English word like "give".

Senator Smith: The honourable gentleman should not be ashamed to use any such term if it is truthful.

Senator Buckwold: I think that after I complete my presentation you will find that the fairness of the proposals that have been made will be quite clear.

Some Hon. Senators: Hear, hear.

Senator Flynn: You have blind approval from the Leader of the Government.

• (2110)

Senator Smith: You had better get to that part, then.

Senator Buckwold: Another new feature is the transitional arrangement protecting provinces against too abrupt a change in the level of their equalization as we move from the current system to the new one.

Following representations from the provinces, and particularly Manitoba, the government proposed in January that any province entitled to equalization in 1982-83 be guaranteed an increase in its equalization in that year at least equivalent to

[Senator Buckwold.]

its average annual equalization increase, in absolute terms, between 1977-78 and 1981-82.

The arrangement provided for in the bill extends the transitional protection from one year to three years, and builds steps into it so that the minimum equalization entitlement of each province would be higher in the second and third years.

Honourable senators, in the course of the debate which took place in the other place members of the opposition proposed an amendment to the effect that Manitoba's equalization entitlement be determined on the basis of the growth of the entitlement of the province with the second lowest rate of growth, I shall not go into the details of that, but that amendment was rejected. I think that that amendment was rejected on two grounds. First of all, it would mean that the entitlement of one province would be based upon that of another. This would not make much sense, since the whole idea behind equalization is that it be based upon each province's own measure of fiscal capacity. Secondly, the proposed amendment would raise Manitoba's fiscal capacity above that of Ontario for all five years of the new arrangement, even though Ontario would receive no equalization. Clearly, this would create an unacceptable situation.

Having said that, I have every sympathy with the province of Manitoba and the peculiar problems it faces.

Finally, as proposed in the budget, the bill provides for a ceiling under which the growth of total equalization payments to all provinces would be constrained by the rate of growth of GNP. However, to further accommodate the provinces, the ceiling would begin to apply only in 1983-84. The original proposal was that the ceiling should apply beginning in 1982-83. This is another consideration which was met by the federal government. This ceiling provision is essentially a contingency measure. Forecasts do not indicate that it will come into play. However, past experience suggests that such a provision is advisable.

Honourable senators, those are the essential features of the equalization formula provided for in the bill. It is a formula which would achieve the historic purpose of equalization by means of the most comprehensive measure of fiscal capacity ever used since the inception of the program 25 years ago, and by a more stable standard reflecting economic and fiscal developments in five provinces accounting for over 80 per cent of the country's population and provincial fiscal capacity. The payments in 1982-83 under the new system will grow to \$4.7 billion from \$4.1 billion in 1981-82.

Honourable senators, I now turn to another major component of our fiscal arrangements known as established programs financing or EPF. These are dealt with in Part VI of the Fiscal Arrangements Act. The transfers made under EPF since 1977 have served two distinct purposes.

First, they provide for federal contributions to the provinces for three important programs—namely, hospital insurance medicare and post-secondary education. Until March 31, 1977 federal contributions to these programs were based on 50:50 cost-sharing formulae. However, the concept of cost-sharing

raised several problems both for the federal government and the provinces. The federal government could neither control nor accurately predict costs. The provinces complained that the lack of flexibility in program design caused them to spend more than they needed to spend to deliver a given level of services. They also objected to the federal auditing of provincial accounts. During the 1976 review of the fiscal arrangements, the federal government and the provinces therefore agreed to replace the cost-sharing formulae by a block funding arrangement which came to be known as EPF. Under this arrangement, federal contributions to the three programs are no longer tied to provincial expenditures on the basis of 50:50 cost-sharing formulae. Rather, federal contributions in the base year, 1975-76, are escalated by the rate of growth of the gross national product. Moreover, the federal contributions are no longer made up solely of cash payments. They consist instead of a mix of cash and tax transfers.

A second purpose of established programs financing has been to compensate provinces for the termination of the 1972 tax reform revenue guarantee, which has already been explained. This element was added to the EPF arrangements in 1977 at the request of the provinces, although the EPF arrangements were designed to provide financial support for public health insurance and post-secondary education. One personal income tax point and the cash equivalent of a second point were added to the arrangements in 1977 by way of compensation.

Honourable senators, the bill before us modifies the EPF provisions in two ways. The first one stems from a concern with equity. As I mentioned a moment ago, federal EPF contributions have two elements: a transfer of tax room, and a payment in cash. Under present legislation, where the yield from the tax transfer is higher—that is, in the richer provinces—the total per capita federal contribution is higher. As a result, over the coming years Alberta and British Columbia would receive substantially more per person than Quebec or Newfoundland. Since those receiving more are the provinces best able to finance health and higher education, that is inequitable. Consequently, the bill modifies the computation of the EPF cash transfers so that the total value of the EPF contributions to all provinces will be equal per capita.

The second EPF modification in this bill discontinues that portion of the EPF transfers that compensated provinces for termination of the 1972 tax reform revenue guarantee. This element was in addition to the basic EPF transfers for the financing of health insurance and post-secondary education programs. In the past, provinces have argued that it should not be taken into account in computing the federal share of the financing of these programs. The data included in the report on EPF issued by the premiers following their twenty-second annual conference last August confirms this view. That report excludes compensation for the revenue guarantee in calculating the share of health insurance and post-secondary education program costs borne by the federal government. Removal of the revenue guarantee element will not lower the level of support for these programs. In fact, the value of the federal

contribution to these programs will continue to grow in line with the gross national product over the 1982-87 period. Removing the revenue guarantee element will simply moderate the rate of growth of the total established programs financing transfer in 1982-83.

Honourable senators, it must be remembered also that the effect of removing the revenue guarantee compensation will be partly offset by the increases in provincial income tax revenues arising out of the tax measures announced in the November 12 budget. For 1982-83 alone, the increase in provincial revenues is estimated to be approximately \$685 million.

It is important, too, to understand why the government is proposing to reduce the growth of transfers to provinces. Essentially, there are two reasons.

First, the federal government must apply restraint to all expenditure areas if it is to reduce its deficit and move towards a more balanced budgetary situation. As I have already mentioned, since transfers to provinces account for approximately 20 per cent of total federal expenditures they should not escape our restraint effort.

The second major consideration underlying the proposed reduction has to do with the nature of the revenue guarantee program. The latter was designed to protect provinces against unforeseen reductions which might have resulted from the 1972 tax reform. Although in 1977 the federal government felt the program had fulfilled its original purpose, it offered to enrich the EPF transfer then being negotiated by one personal income tax point and the cash equivalent of another point to settle all outstanding issues. The offer was accepted. The provinces have now had ten years in which to adjust their tax rates since the 1972 tax reform. The revenue guarantee portion of EPF therefore no longer has any *raison d'être*.

Honourable senators, I have gone into this aspect in some detail because it is an area about which great concern has been expressed.

Other provisions of the bill are meant to extend those parts of the Fiscal Arrangements Act dealing with the fiscal stabilization program, the personal income tax revenue guarantee program and the reciprocal taxation program.

Part II of the Fiscal Arrangements Act authorizes the federal government to make fiscal stabilization payments for the period beginning April 1, 1977 and ending March 31, 1982. The bill provides for an extension of that authority for an indefinite period. The purpose of these payments is to protect provinces from sudden year-to-year losses in revenue as a result of a severe downturn in the national economy or in their own economies.

Part IV of the Fiscal Arrangements Act authorizes the federal government to make revenue guarantee payments in cases of serious disruption to provincial financial planning resulting from federal tax policy changes for the five-year period ending March 31, 1982. The bill extends the authority to make such payments to March 31, 1987. The purpose of this program is to encourage the maintenance of a common tax system across Canada.

Honourable senators, the bill before us also provides for the transfer to oil-producing provinces of their share of the revenues which accrued from the oil export charge from November 1, 1980 to January 1982. That is being accomplished through this bill. The bill also authorizes the federal government to make payments to certain provinces equal to the amount of recoveries under the fiscal equalization program for the 1980-81 and 1981-82 fiscal years as a consequence of the June 1981 census of population. Again, I think that has been explained quite well by Senator Everett and I will not go into any more detail on that.

Incidentally, just to express the cost of the payments to provinces owing to changes in their population as reflected in the last census, these will result in additional receipts to those provinces which come into the picture. I believe there are five provinces involved in that, for an estimated total of \$217 million. Of that, Manitoba's share—and I pass this on to Senator Roblin—is \$31 million. This \$31 million was literally overpaid to the province of Manitoba and to other provinces, basically in the maritimes. This is a precedent; I would say that it has never happened before. This has never been forgiven; this overpayment is because of a lower population census figure.

• (2120)

In conclusion—honourable senators will be glad to know that I have just about come to the end. I must say that I apologize for the length and detail of my remarks. I just know that all honourable senators have been absolutely fascinated by everything I have had to say.

Senator Flynn: You guessed it!

Senator Buckwold: I know that honourable senators have also been able to understand all of the complications of this bill.

In conclusion, then, I would like to underline the fact that an estimated \$105.5 billion will be provided to the provinces under the amended fiscal arrangements over the next five years, as compared to the \$61.3 billion which has been transferred to the provinces since 1977. The provisions contained in the bill are equitable for all provinces and will allow the federal government to continue the major role it has played in ensuring that Canadians enjoy the high level of services they expect.

Again, honourable senators, I thank you for the attention you have given me and for the great understanding with which you have followed my presentation.

Some Hon. Senators: Hear, hear!

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I congratulate you on your stamina, but I must begin my remarks tonight on this subject by expressing my feeling of appreciation, first to the chairman of the committee for giving us the flavour of our discussions, and also to the honourable gentleman who has just spoken, who has presented a very complicated subject in a careful and dedicated manner.

[Senator Buckwold.]

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear!

Senator Roblin: It will not surprise him if I do not agree with all of his conclusions, but I recognize the effort he has made to present this subject fairly to the members of this chamber.

This is an important topic. It is one of the most important that we have dealt with over the last little while. I agree, with the chairman of the committee, that it is regrettable that the matter was not approached by the federal executive in a sufficiently timely manner to eliminate any constraints on our study of the matter. However, we have done the best we can within the limits of time open to us.

This is an important matter because the use of the federal fiscal power to transfer money from the federal treasury to the provincial treasury is a well established feature of the Canadian federal state. Two of the main aspects of such a policy are those which involve equalization and the established programs financing arrangements.

The first great program of federal-provincial statesmanship arose, I believe, because of the response of the governments of Canada to the stresses and strains that were put upon provincial financing in the great depression of the 1930s. In those days, the powerless state of some of the weaker provinces was eloquently displayed in the growing disparities that could be observed between the standards of services that the provincial governments could offer their people and the burden of taxation that they were compelled to impose upon them. This widening gap between services and tax base as between provinces made it starkly clear that, in the national interest, the fiscal position of all of the provinces had to be made somewhat more nearly equal.

Every member of this chamber, of course, understands the long development of these events from which we derive the principle of equalization. That is the first great subject that is being tackled and effected by Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977. Indeed, so essential has this concept of equalization become, for the present and for the future of our nation, that it is specifically referred to in the Constitution that we are about to receive in a few days, in which the federal government affirms its duty to assist the provinces so that Canadians, regardless of their province of residence, may enjoy reasonably equivalent provincial services on a reasonably equal basis of provincial taxation.

Thus the importance, in the first instance, of Bill C-97, which seeks to rework the basis upon which, over the next five years, the principles of equalization will apply to every province in the nation, whether it receives equalization payments or not.

I would like the members of this chamber to take note of the fact that equalization takes the form of a block grant. The spending of the equalization payment is entirely within the discretion and authority of the province receiving the grant. The federal government has never made any attempt to inter-

fere with the way in which that money is spent, nor has it sought to control the direction of the expenditure of the funds in question. This has been so since the equalization payments began. There has never been any suggestion of federal interference or demand for accountability. I will refer to that principle later on in my remarks.

The essential feature of the equalization system, of course, depends upon the measuring rod that is selected, by which the provinces which are to receive equalization will be identified, and by which the equalization payments will be calculated. The Constitution is silent on this point and the federal government, I am sad to say, in the present instance has acted as if it had the sole right to decide on this measuring rod. I must be careful not to overstate the case, because there have been representations made in this respect recently and they have received favourable consideration. However, the Province of Saskatchewan, for example, has been complaining that, along with other provinces, it asked for negotiations to commence as long ago as December 1980, so that the new fiscal arrangements that were to be put in place this year could be decided upon. It was agreed by the federal government that a meeting would be held in March of 1981. The only trouble is, it was never held.

On other later occasions, in April of 1981 and in May of 1981, the provinces again asked for a meeting on the ministerial level. That is the point I want to make—officials can meet until they are blue in the face, but anyone who has any experience in these matters knows that, until the ministers meet, nothing is decided upon.

I repeat, the provinces asked for meetings again in April of 1981 and in May of 1981. Nothing happened until November of 1983, and perhaps that was deliberate. I do not know whether I should make such a charge, but it certainly had the effect, at any rate, of downplaying the negotiating feature of these matters. I bring this to the attention of the chamber because I would not like it to be thought that everyone is satisfied with the negotiating opportunities provided by the federal cabinet to the provinces in order to arrive at a suitable solution.

Hon. Royce Frith (Deputy Leader of the Government): Did you not mean November of 1981?

Senator Roblin: What did I say?

Senator Frith: November of 1983.

Senator Roblin: I thank my honourable friend for the correction. He is right, and I am rather flattered that he is listening so closely. I did mean to say November of 1981.

Bill C-97 does make a very significant change in the equalization measuring rod. I point out that, when this equalization feature was first introduced, the measuring rod was the average of the two highest provinces in the country. Some time ago that was reduced to the average of the ten provinces, based on certain provincial sources of revenue. This bill enlarges the definition of the provincial revenue base, and I have no objection to what it does in that respect. However, it also changes the measuring rod, as has been pointed out. It is no

longer the average of the ten provinces but the average of five selected provinces—British Columbia, Saskatchewan, Manitoba, Ontario and Quebec. This change from the average of all ten provinces to the average of five selected provinces has a significant effect because, as a result of it, equalization is going down now relative to what it would have been under the formula that was in effect up until the end of March.

It is perfectly true, as has been stated, that equalization payments will rise, in dollar terms, over the next five years, and heaven forbid that they should not do so. They will not, however, rise as much as they would rise if the old standard average of ten provinces were maintained. The estimates show that, over the next five-year period, equalization payments under the new formula will be \$3.3 billion less than they would have been under the old formula. To that extent, the impact of equalization policy is being diluted.

• (2130)

It is all very well to talk about increases in the tax base and to bring in all these other forms of provincial and municipal taxation that were not in place before, but when one looks at the ultimate result of the reduced measuring rod applied to that tax base, one realizes that the equalization payments will be lower by a very substantial sum of money over the five-year period than they otherwise would have been.

Manitoba, my own province, is particularly affected by the new equalization measuring rod. The Department of Finance's figures show that the change in the formula hits Manitoba hard, harder than any other province receiving equalization. So marked is the effect of the new formula on the Province of Manitoba that the federal government has been compelled to recognize it, which is proof positive that the formula does not work very well, at least, as far as Manitoba is concerned. The government has recognized that extra transitional payments in certain years are necessary in order to introduce some improvement into the situation in Manitoba. I must say that I am glad that the federal government has taken this step, but even after the transitional payments to Manitoba—and I leave out Quebec because its transitional payment is of a lesser amount—have been taken into account along with the new formula in the five years to come, it still means that Manitoba receives a drastically smaller increase in its equalization payments than other provinces.

The equalization payments to the Atlantic provinces will rise by 81.85 per cent over the five-year period. The equalization payments to the Province of Quebec, which has been making a lot of noise on this subject, will rise by 66.1 per cent over the five-year period. Even after receiving \$165 million in transitional grants, Manitoba's equalization payments will only rise by 37.2 per cent.

On what grounds of common sense, equity or justice can one explain these great differences? I am not here to maintain that each province receiving equalization payments should receive the same amount. That defeats the purpose of the whole operation, and we understand that. However, there must be a relative and comparative relationship between these various

provinces that is just not fair, and, in my opinion, that is not the case with Manitoba.

When you come to the effect of the established programs financing on Manitoba, I think you will find that the situation is even worse. In my opinion, the Province of Manitoba is entitled to better terms in the interest of equity and fairness. Otherwise, either the services or the taxpayers, or both, in that province will feel the effect, in a negative and unpleasant way, of this new equalization policy which the Government of Canada has decided to bring into effect. All "have-not" provinces will suffer because of the new equalization formula, but Manitoba will suffer the most.

I started by dealing with the question of equalization as one of the two important subject matters contained in this bill. I now wish to refer to another system by which federal moneys are transferred to the provinces in order to bind the country together and to provide a standard of service that is reasonably equitable. That, of course, is the established programs financing, by which the federal government over time has developed its policy of supplementing provincial programs dealing with hospitalization, medical care, higher education and, indeed, an aspect of social welfare as well. These programs started out as highly conditional federal grants. Basically, they can be described as a system whereby Ottawa paid half of whatever the bill was in these particular sectors, particularly with respect to hospital and medical care. The arrangement with regard to education was slightly different.

The conditions which applied to hospital and medical care expenditures by the provinces were very close. However, in 1977 a change was made. These conditional grants were converted into block grants which meant that the federal conditions with regard to hospital and medical care were largely reduced or abandoned, although not entirely. There were still the four great underlying conditions about which there is little dispute these days. In any event, the detailed federal auditing of these expenditures was abandoned.

One of the reasons for this was that the federal government was becoming tired of paying 50 per cent. It became clear to them that they were being a little too venturesome in compelling the provinces to match their input into these programs. Under the original plan they, in effect, told the provinces, "You do it our way and pay 50 cents, because if you do not you get nothing." The government decided that this approach was a little too rich, so they decided to put a cap on it. One of the ways they put a cap on it—leaving the surplus, of course, to be handled by the provinces in one way or another—was by abandoning the conditional grants and bringing in the block grant system which, in effect, altered their responsibilities under the program. The provinces liked it because they felt that, as these programs were in their constitutional, if you want to look at it that way, should not be as intensive as it had been. So they brought in the block grants for what are called the established services financing arrangements.

Now, it appears that in this present statute there are some signs that the federal government intends to go back a little bit on the block grant system. In fact, they have issued what one

province describes as an ultimatum that they are going to have some say in education, health and medical matters with respect to provincial expenditures, or they will use the federal money power to penalize those provinces which do not agree. One of the significant features of this bill is that the federal government takes unto itself the power to amend—not to cancel or do away with, but to amend, and "amend" covers a lot of ground—the established programs financing arrangements, if they so wish, without let or hindrance.

In the previous statutes and other statutes before this there was always some arrangement to guarantee to the provinces the federal position under certain timetables. This is missing entirely from this bill. So, we find that when, for example, the federal people say to the provinces with regard to education, "We want a bigger say in what goes on", they also intimate that they have the muscle to make their requirements stick—and perhaps they have. The federal government is signalling, I think, that it means business by this feature in Bill-97. This is a matter that should give us some concern. Even in an area like education, which is clearly in the provincial constitutional field, we may find that there is trouble.

Confrontation was the federal order of the day on the Constitution and confrontation was the federal order of the day on the energy bill, and we all know where that has taken us. It seems very likely to me that unless certain enthusiastic ministers are restrained, confrontation may prove to be the course which they now wish to follow with regard to education, health and welfare and the other services under the block grants. Ottawa seems to be seeking to increase its control while at the same time reducing its relative financial involvement. This is an unlikely proposition. However, if there is a reasonable aspect to it, then surely there must be a reasonable way of dealing with the problem, and we discussed this matter in committee.

It seemed to us that it would be useful if the Senate or somebody else could offer some suggestions as to how we could reconcile the provincial desire for its constitutional elbow room in the field and the federal desire to receive more recognition, or whatever else they are looking for, with respect to money they are putting out. The Economic Council of Canada made a number of recommendations. I find problems with their recommendations because they dodge the main issue, that being, how to get a more disinterested view of these matters than federal and provincial cabinet ministers are likely to provide. The suggestion that appeals to me is that we invoke the powers of the Parliament of Canada to function in this area, and that well before the next five-year period is up we have something like the parliamentary task force that looked into fiscal federalism, or a joint committee, to investigate these matters. Such a body could look into this question and establish the facts.

● (2140)

I could go into this business of the charges that the provinces have been ripping off the federal government in the spending of this money. They were not substantiated by anything that we heard in the committee.

Hon. Lowell Murray: Debunked.

Senator Roblin: "Debunked" is probably the word. Whatever it is, the necessity of getting some impartial view of the facts is an important consideration in reconciling federal and provincial desires in this matter. Surely we should stride towards that, and perhaps we should use the Economic Council of Canada as a tool by which this goal can be reached. I do not suggest these ideas as being the solution to the problem, but I am saying that we need a better system than we have now which seems to boil down to confrontation and unseemly disputes over matters of fact which should be established in an impartial and unbiased way. I suggest that is something that we ought to consider.

I should now like to turn to another aspect of the established programs financing, block grants, which is significantly affected by the provisions of Bill C-97. Compared to the former system, the federal contributions to established programs over the next five years—for instance, to education and health—will be substantially reduced. The new formula compared to the old formula yields a dividend to the federal administration of approximately \$5.8 billion. In other words, that is the amount that they would have spent under the old system that they will not spend under the new system. When you add that to the \$3.3 billion in equalization, you begin to get some big money. That is the effect of the new program for these established activities. The main reason why this is so in respect of the established programs stems from the elimination of that factor of the equation which has been called the revenue guarantee. That has been referred to in this debate already.

The revenue guarantee factor was introduced as a result of a genuine bargain—they did have genuine bargains in those days, I am happy to say—in 1972 when, in order to induce the provinces to agree to Mr. Benson's tax reforms arising from the Carter commission, which affected provincial revenues in a very large way, the revenue guarantee was brought in. In 1977 in order to get the provinces to agree to changes in a health program which was contractual, and to abandon the contract, it was again confirmed for that reason.

It seems to me that the provinces made a bargain about this revenue guarantee aspect of the matter, and they are entitled to have that bargain respected. It was a *quid pro quo* that was negotiated between the parties concerned and, in fact, has been imbedded as part of health and educational financing. It is inseparable from the hospital, medical and educational payments that are now made. The revenue guarantee was confirmed in 1977 and it ought to be confirmed today. Everybody has been saying to the Minister of Finance, "Don't do it; don't do it, Julie," but he did it anyway.

The Economic Council of Canada told him it was not a proper thing to do, that it was part of the grant structure and should be regarded as such. The task force of the House of Commons that looked into fiscal arrangements said the same thing. I have not heard of any other body except the federal government that thinks that this guarantee should be abandoned now.

Senator Frith: The Ides of March have passed.

Senator Roblin: Well, the Ides of March have passed but we know what is going to happen to big Julie. His Ides are coming and the only question is when.

Senator Smith: His hide is nearly off now.

Senator Roblin: Well, he was looking pretty spry today. I think he is a resilient character, but God knows he needs to be.

However, the elimination of this revenue guarantee saves the federal government \$5 billion to \$6 billion over the next five years. Yet in the committee today the minister—I do not know how to say this; I should not say "had the nerve" because he is not an impertinent man, and I would not say "had the gall" because he has intestinal fortitude, but perhaps I could say "had a warped view"—was able to tell us that they were not reducing the grants for health and education under this formula—

Senator Asselin: Shame!

Senator Roblin: —when clearly by every reasonable measure, they are reducing it by \$5 billion or \$6 billion compared to what it would have been had the other policy been maintained over the five-year period to come.

Senator Frith: He is reducing the rate of increase. That is all.

Senator Flynn: That is well put.

Senator Roblin: I thank my honourable friend opposite for the explanation that is precisely right. He is reducing, not the rate of increase, but reducing the increase in an absolute sense. It is not the rate that he is reducing because he has abandoned the old standard and he is bringing in a new one, and that is why it is going down. Therefore, any talk of rate of increase—well, it is the accepted word from the Minister of Finance, but I am afraid that writ does not run on this side of the house.

The effect of this policy is to shift part of the burden of the federal deficit on to the less fortunate provinces of the country. The consequence is that those provinces, especially in the "have not" provinces, are faced with the problem of either reducing the services or increasing the taxes, or both, and that is where we are landed with the bill that is before us now.

Regardless of however that may be, the immediate effect of Bill C-97, in the words of the Minister of Finance, is to effect significant savings for the federal government, and by golly, he certainly does that, because the net significant savings that he is talking about on both equalization and the established programs will amount to about \$8 billion over the five-year period.

He is an intelligent man and he does not do this without a rationale of his own. There is a rationale that is invoked to justify this switch to reducing the relative level of federal support to the provinces for equalization and for the established programs. I think the rationale is decidedly unconvincing, but I intend to share it with the house this evening.

It is all being done in order to reverse, in the words of the Minister of Finance before the task force of the other place,

the "fiscal imbalance" from which the minister alleges Ottawa suffers. As proof of the fiscal imbalance, he points to the large federal deficit and compares it to the surplus position of the provinces as a whole. Of course, there are some provinces that have surpluses—and pretty hefty ones too. Unfortunately, they are not among the "have-nots." Indeed, they do not even include the Province of Ontario. The other provinces, apart from the western three, all have very considerable deficits. In any case, in the words of the Economic Council of Canada, no evidence has been produced in this debate to prove that the transfer of grants to provinces has been a major contributing factor to federal deficits. The parliamentary task force on fiscal federalism reported, and I quote: "Federal grants as a percentage of total federal fiscal spending have been fairly constant since 1970." To quote again: "They grew at a slower rate in the 1970s than in the 1960s." To quote again: "There is, therefore, no ground to suggest that the federal transfers have been getting out of control."

The Economic Council of Canada says the same. They say that there is no meaningful evidence that the increase in the federal deficit in 1975-1980 is linked specifically to federal-provincial transfers. They ask a relevant question: What merit is there in reducing the relative transfers now merely to shift part of the burden of a declining federal deficit, according to the minister's estimate, to the less fortunate governments of this nation, because the federal deficit is programmed to decline no matter what you do with these provincial grants?

That is because there will be a huge increase in the next five years in the federal revenues from oil and gas. Even if the prices do not go up as much as some people have been estimating, there will still be an enormous accrual of money in the hands of the federal government to deal with their deficit problems if they want to. It makes the policy of the reduction of transfers to the provinces quite without justification, and flying in the face of any wisdom or fairness in saying that you are going to solve the federal deficit problems merely by transferring that problem to the provinces, and to needy provinces at that. That strikes me as being no solution at all.

Between 1978 and 1981—and here again, I want to deal with this allegation of the federal Minister of Finance that he is having a hard time—on the basis of the national accounts, which are the government's own figures, transfers to the provinces as a percentage of federal revenue have been going down—not up, but down. They have dropped from 28.4 per cent to 22 per cent. Look at it another way: Transfers to the provinces are a percentage of federal expenditures because revenue and expenditures do not meet these days, as we know. Excluding the public debt, because some people do not like them included when they make these comparisons, they have gone down, dropping from 25.5 per cent to 24.2 per cent. The federal share of government expenditures—that is, the federal share of federal, provincial and municipal expenditures after these provincial transfers—rose in the period from 1978 to 1981 from 40 per cent to 42.4 per cent, and that is the highest level they have reached since 1966.

[Senator Roblin.]

• (2150)

So, if the federal treasurer is pleading financial imbalance, if he is pleading that giving these moneys to the provinces is upsetting the fiscal state of the nation, it certainly does not appear to be borne out by the facts that can be culled from the statistics of the government itself. The federal revenues over the period from 1981-82 to 1983-84, which is the current period, the budget figures, national accounts basis, show that the federal revenue after taxation is going to increase by 38.1 per cent. That is the revenue. The federal expenditures, after transfers and before interest on the debts calculated, will increase by 31.8 per cent, while the transfer payments to the provinces, both cash and tax points, will increase by 17.3 per cent. Where then is the argument that these grants are crippling the capacity of the federal government to do its fiscal job? They do not exist. They are imaginary.

I want to come back to the Manitoba situation, because that will complete what I have to say—and I thank honourable senators for their tolerance in hearing me for this length of time. I come now to the effect of the switch in equalization as a measuring rod. The effect of the switch in the established programs financing formula means that every province in the country is going to get less than it would have received had the old system prevailed—every province in the country. Remember, this is not equalization alone that I am talking about; it is equalization and the established programs. The one exception is the Province of Prince Edward Island, and I am happy for them, but every other province in the country will get less from federal transfers under Bill C-97 than they would have received had the old plan been in effect. And I have to report that my own province, Manitoba, is the one that is hardest hit, even after the \$165 million that we have heard about.

In Manitoba, the total impact of Bill C-97 means that the average family will be worse off to the extent of \$2,786 than if the old system had been in effect instead of the new one—the worst hit province in the country. Look at these astonishing facts. The Province of Alberta, which surely must be regarded as financially capable, loses only \$1,335. Manitoba loses double that amount per family. Saskatchewan, another wealthy province not getting equalization but getting these other transfers, will suffer to the extent of \$1,098. British Columbia, another "have" province, \$551. Those three provinces, all in the have-not area, all suffer far less than the Province of Manitoba because of the impact of this new formula on equalization and of the changes in the established programs financing arrangements that are contained in this bill. That is not equitable, I do not care how you slice it. I do not care what fiscal capacities you refer to, those figures indicate to me that the situation is not equitable, it is unfair, and it ought to be changed.

The Province of Ontario is worse off to the tune of only \$636, but when we compare that amount with the \$2,786 in my own province, the worst hit in the nation, one can understand why men and women who represent that province in any capacity whatsoever have to bring this inequity to the attention

of those who can do something about it. I say to this house that we should not allow this to go unremarked or unimproved.

The federal government has recognized that there is an inequity here because it has given a fiscal transfer equivalent to \$165 million; but it is obvious from the figures I have quoted, which I believe are correct, that it does not recognize the seriousness of the situation facing my own province. In placing these figures before the house, I am coming to my conclusion. Manitoba is the worst case, and something should be done about it. Under the new program, the federal administration will save, on a national basis, some \$7 billion to \$8 billion compared to what it would have spent had the old formula been in effect. The federal revenues for oil and gas will amount to an addition of billions of dollars to the revenues of the federal government, and the restraint on the part of the federal government, about which we hear so much talk these days, is restraint that is being exercised on the backs of the other levels of government.

Some Hon. Senators: Hear, hear.

Senator Roblin: I have given honourable senators the figures for the increase in the revenue, and the increase in expenditures involved in these transfer payments for the next two years, which are more than double. So the provincial services and the provincial taxpayers are those who will be contributing some \$7.7 billion, or thereabouts, to help the federal government deal with its budget deficit, even though it has its extra revenues from oil and even though obviously it has recognized restraint more in the breach than in the observance.

If ever there was a bill on which second thoughts were called for, I consider this is it. The federal government should reconsider its plan to implement a relative reduction in the transfer to the provinces, a relative reduction in equalization payments and the support payments for hospital and medical care and education. While I am reluctant to be considered a

special pleader, I would much rather that the difficulties of the province of Manitoba were dealt with by means of a formula that applied to all provinces, without exception. That is by far the most honourable and satisfactory situation for any province to find itself in. Yet when I think of the difficulties that this new formula is imposing on that province, that by making this transitional payment the federal government has already recognized the fact that it is not fair, it would be remiss of me if I did not say that if we cannot change this formula, if we have to persist with it, then the transitional payments for the province of Manitoba ought to be substantially increased. It would be more consistent with the letter and spirit of the obligations which the federal government has accepted for itself were it to make itself responsible for that clause in the new Constitution of our country which had to do with equalization and fair treatment for Canadians everywhere.

So if the federal government must persist in this matter, then my appeal is for fairness, a reconsideration of the special problems of the province of Manitoba. Indeed, I would like to see a reconsideration of the whole thrust of reducing federal expenditures in a relative sense at a time when federal revenues are so buoyant and are rising, when compared to the transfer payments. When we get a 38 per cent increase in revenues, a 31 per cent increase in expenditures and only a 17 per cent increase in transfer payments in the two-year period that I have mentioned, obviously there is food for thought, and obviously there is room for more generosity to the provinces. That is my appeal, and I believe this body, as a revising chamber, as a chamber of sober second thought, could do the country a service if it made that point perfectly clear to the cabinet and to the federal administration.

Some Hon. Senators: Hear, hear!

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 7, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

QUESTION PERIOD

THE ECONOMY

INFLATION—UNEMPLOYMENT—GOVERNMENT POLICY

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the super-minister.

Hon. Raymond J. Perrault (Leader of the Government): There are three of us.

Hon. Duff Roblin (Deputy Leader of the Opposition): I thought there were four.

Senator Flynn: According to *Maclean's* there is only one, and he is the Minister of State for Economic Development. I do not expect a straight answer, but I just want to test all the qualities that have been described in this article.

The honourable the minister has of late spoken frequently about job creation programs, mega-projects, and like matters.

Senator Perrault: Hear, hear.

Senator Flynn: I am pleased to have the approval of the Leader of the Government in this respect, because it is an encouragement to continue with my question. I was wondering how the honourable the minister can reconcile all these efforts of the government with regard to job creation programs with the general policy of the government with regard to fighting inflation, which is a job-destroying policy.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the answer to that question is very easy. If my honourable friend the Leader of the Opposition had listened carefully to some of the comments I have made in this chamber from time to time he would understand that the rate of inflation, along with the interest charges for new capital investment, and all other economic matters related to that problem that would make Canada uncompetitive, or less competitive, in the international market, is something that any responsible government—and particularly this government—must address itself to, because quite obviously there has been a sharper downturn in the whole international market than was forecast last fall.

What we have to be concerned with, however, is productivity and management's attitude toward what is expected from productivity, and, indeed, other sectors of the economy as well. We have to realize that unless we are able to win, to some degree, the fight against inflation, so that confidence in invest-

ment today and in the future is built up, then Canada may not be able to move up as rapidly as some other parts of the world when the international economy does turn around. We have, I think, still some justifiable hope that there will be an increase in economic activity some time after the second quarter of 1982, and I think it is our responsibility to make sure that we remain competitive, and perhaps even improve our competitive position, so that we can maximize the benefit we obtain from it.

● (1405)

Senator Flynn: Am I to understand that the jobs created as a result of the initiative of the government will meet the objective of productivity better than would the jobs lost due to the fiscal and monetary policies of the government?

Senator Olson: That is, of course, one of those questions based on the wrong premise. The fiscal and monetary policies of the government are not the cause of a lot of unemployment, as was implied by my honourable friend.

Senator Flynn: They are not?

Senator Olson: If we had not made the effort to keep Canada competitive, by means of both the monetary and the fiscal policies that are well-known to my honourable friend, the situation would probably be worse than it is. Indeed, the prospects would not be as bright as they are for Canada.

Senator Flynn: Does the minister really suggest that the government's policy of fighting inflation, the way it is proceeding, has nothing to do with the increase in unemployment and the disappearance of thousands of jobs in Canada? After all, this is the risk that the Governor of the Bank of Canada says we should take.

Senator Olson: I can answer my friend directly. I did not say that. I said that, on balance, we have to act responsibly both on the fiscal and on the monetary side. Otherwise we will not remain a country receiving so much benefit from open, free trade in the world; Canada will be left out in that regard because of the competitive factor. My honourable friend knows that as well as I do. I could repeat it to him with, perhaps, some more good examples, if he would like.

Hon. Lowell Murray: The honourable minister has mentioned private investment. How does he explain the complete avalanche of Canadian dollars which are being invested, in absolutely record numbers, in other countries, if it is not because of a lack of confidence in the anti-business and economically illiterate policies of this government?

Senator Flynn: Hear, hear!

Senator Olson: Honourable senators will realize that a question based on that kind of argument—

Senator Murray: Based on fact!

Senator Olson: No, that is not fact; that is an opinion. Even my honourable friend will realize that opinion and fact—especially on that side of the house—are not synonymous.

Senator Flynn: What about your side?

Senator Olson: My honourable friend makes the kind of comment which, of course, demonstrates the irresponsibility with which the opposition addresses itself to any economic question. My honourable friend uses terms as extreme as “avalanche” and so forth. He will also realize that there has been massive investment—not only by Canadians but by a whole lot of international and multinational investors—in this country.

We have, I think, demonstrated that that investment has been useful to this country. However, we must also face the fact that, if we are going to carry on an anti-inflation battle, which I think we must, as a responsible government, there will be some disturbances or turbulence in the pattern of investment that has developed in Canada over the past few years and which was predicated on an inflation rate that is no longer sustainable.

Senator Roblin: Honourable senators, I must ask my honourable friend whether he is seriously suggesting to this chamber that there is not a problem concerning the flight of capital from Canada. Is he serious in his effort to gloss over the statement made by my colleague to the effect that this is a critical situation? He knows as well as I do that in 1981 there was a direct “disinvestment” of foreigners in Canada—in spite of the recent statement of my honourable friend—of \$5.3 billion. When that amount is added to the direct investments of Canadians abroad, to which my honourable friend refers, it is possible to see that there was a net drain of capital from this country last year of \$10.2 billion.

Senator Murray: Shame!

Senator Roblin: That is five times the usual balance in this respect over the past 10-year period. I regret that my honourable friend appears to be so complacent about what has to be a serious situation.

If my friend wants further reference in this matter, the Governor of the Bank of Canada, in his annual report to the Canadian people, underlined in spades the problem with the flight of capital and the effect that that is having on the Canadian dollar and, as a consequence, the effect it is having on the price of money in Canada and the interest rates we are complaining about. My honourable friend's policies in connection with capital investment in Canada are responsible for these serious matters.

● (1410)

Senator Olson: That is just another dissertation or assertion with respect to the selected statistics my honourable friend tries to bring out.

In answering a question a few days ago I gave him the balance. That is where you look at the other side, showing the amount of total investment in this country. But, of course, my friend, following the normal pattern, makes only those selections that are most suitable to his argument of doom and gloom. That is normal and traditional for the opposition, and particularly for the Conservative opposition.

Hon. Martial Asselin: Answer the question.

Senator Olson: I will take those figures, if you will provide me with their source, and give the right balance to them so that we can have the other side of the picture as well. But none of that takes away from the argument I made a few minutes ago that, if we are to have the ongoing, bright future for which Canada has the potential in terms of both human resources and natural resources, and the potential for economic growth and market demand in the international field for what we can produce and fabricate, I believe we are on the right course now—a responsible course.

I can also tell my honourable friend that I have attended about six meetings with senior businessmen, chief executive officers and others, from almost one end of this country to the other—and there is one meeting in Halifax still before us, I believe. Without exception, they have come to the conclusion that, when they talk about macro-economic policy, the government is indeed on the right track.

Senator Perrault: Hear, hear.

Senator Roblin: My honourable friend expatiates on the prospects of the nation. On that point I certainly agree with him, if there is anything left of our prospects after the country recovers from the fiscal and economic mismanagement for which my honourable friend is responsible. He says he is talking to people all over Canada and that they approve of what he is doing. Well, he certainly does not talk to the people who are making their views known in other quarters these days. When did he last talk to the labour unions? When did he last talk to small business? When did he last talk to the people who are losing their homes and their houses?

Some Hon. Senators: Hear, hear.

Senator Roblin: It is all very well to talk about macro-economics and what big business thinks, but what about the people who are suffering?

If we have to suffer, and perhaps we do, at least we ought to give the people who are carrying the burden some credit, instead of trying to gloss over the matter.

My honourable friend asks me for the source of my figures. I say to him: Check the report of the Bank of Canada for 1981. He will find them in there, and if he has not read them, it is time that he did.

Senator Olson: I read them very carefully, but I did not select the statistics that my honourable friend did.

Senator Flynn: No, you selected something else.

Senator Olson: There is a better balance to it than he is suggesting. He is doing what I said before, and I don't need to

repeat myself. I have a more balanced outlook on what is happening there.

Despite all this artificial blowing that goes on, I have not heard any suggestion from my honourable friends opposite as to how they would manage the macro-economic, fiscal and monetary policy of this country.

Senator Asselin: You are the boss. Are you asking us for solutions? You are the one who said you had the solutions. You are the boss.

Senator Perrault: Don't get so excited.

Senator Asselin: It is up to you.

Senator Olson: My friends opposite take the same old attitude. They oppose everything, propose nothing and spend the rest of their time just babbling away.

Hon. G. I. Smith: That kind of answer is the refuge of any minister who does not dare to answer questions.

● (1415)

GENERAL AGREEMENT ON TARIFFS AND TRADE

CANADA-UNITED STATES NEGOTIATIONS

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development with regard to the GATT negotiations between Canada and the United States which have broken down within the past few weeks. The minister will be aware that the United States government was complaining about certain Canadian policies as being unduly nationalistic, narrow-minded, parochial, inward-looking and illiberal. Would the minister bring us a statement as to the issues on which the negotiations foundered, and what Canada's position is in the broader hearings on Canada's trade and investment policies currently under way within the GATT organization?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I suspect that rather than attributing those adjectives used by the honourable senator to the Government of the United States, he ought to attribute them to his own imagination. However, there have been some discussions because of the lack of agreement, and I believe there has been a reference to GATT. I shall obtain some information on that matter and provide it to my honourable friend.

Senator Murray: I thank the minister for that answer. I would simply tell him for his information that when I and a number of other senators were in Washington some months ago with the Standing Senate Committee on Foreign Affairs, we heard every one of those adjectives, and others that I would not care to repeat in such polite company, applied to the policies of this government.

Hon. Royce Frith (Deputy Leader of the Government): Well, of course, if the Americans don't like it, then it must be wrong.

[Senator Olson.]

NEWFOUNDLAND

OFFSHORE JURISDICTION—RE-ELECTION OF CONSERVATIVE GOVERNMENT—EFFECT ON FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government in the Senate dealing with the election in Newfoundland. Yesterday, the people of Newfoundland resoundingly endorsed the policies of Premier Peckford, particularly as they apply to offshore jurisdiction.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): So say you all.

Senator Doody: Last evening in very conciliatory comments after the election, Premier Peckford graciously asked the Government of Canada to come forward again and resume the negotiations on this subject. Are the comments to the contrary made by the federal Minister of Energy, Mines and Resources last evening the definitive position of the Government of Canada, or will they at least come half way in meeting the reasonable proposals of Premier Peckford?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, last night the minister, in what I understand was an informal statement, expressed the position of the federal government, reminding us that the same Conservative government is in place in Newfoundland as was in place before the election.

Hon. Richard A. Donahoe: It's informal all right.

Senator Perrault: And the Honourable Marc Lalonde stated the federal position with respect to offshore resources, citing the agreement with Nova Scotia as an encouraging model. At all times, the government stands ready to discuss matters of national and provincial interest with provincial governments. I will reiterate, however, what the minister said in the course of his statement, that some of the oratory by Mr. Peckford during the campaign did not accurately reflect the position of the federal government.

Hon. Jacques Flynn (Leader of the Opposition): He was not speaking on your behalf.

Senator Perrault: It seems to many Canadians rather unfortunate, particularly at a time when it is of great importance to the unity of this country, to have any Canadian, any provincial spokesman—

Senator Donahoe: Or federal spokesman.

Senator Perrault: —speaking in tones of shrill, divisive demagoguery.

Senator Flynn: How can you say that in light of the 1980 federal campaign?

Senator Doody: The Leader of the Government can insult one of the premiers of Canada as much as he wants to in the sanctity of this house, and there is very little I can do about it. However, some 62 per cent of the population of Newfoundland

endorsed Premier Peckford last evening. If the honourable gentlemen opposite had anything close to that kind of endorsement in Canada, I shudder to think how arrogant and overbearing they would be. I simply and politely asked the Leader of the Government if the Government of Canada will consider sitting down, at the invitation of Premier Peckford, and discussing in a sensible fashion the offshore situation. I did not invite a hail of insults on the premier about raillery, demagoguery and that sort of nonsense. The people of Newfoundland have had enough of that, and they answered it last night. I am asking now for a reasonable and conciliatory approach to the problem.

Senator Perrault: Honourable senators, the Minister of Energy, Mines and Resources made a statement last night, and that statement stands. I shall take the question as notice.

Hon. Martial Asselin: That is a better answer.

Senator Perrault: But, again, it is the view of the federal government that some of the speeches made by Premier Peckford during the course of the campaign did not accurately reflect the federal position with respect to offshore resources. I think it is to be regretted that that was the case. It is simply a matter of fact.

● (1420)

As a purely personal assessment, I have expressed my concern about the quality and nature of certain of the statements concerning the federal government made recently by the Leader of the Conservative Party in Newfoundland. However, the federal government is certainly willing, at any time, to discuss with the premiers constructive initiatives.

Senator Doody: Can I take it, then, that the answer is that the Government of Canada is willing to sit down at the table and discuss offshore jurisdiction and the other problems that Premier Peckford has put forward?

The people of the province of Newfoundland have resoundingly made known their position. Last evening the Premier of Newfoundland put forward an invitation to the Government of Canada. The Honourable Marc Lalonde, perhaps in the heat of the moment, was a little embarrassed seeing the results of his efforts over the past few years being answered by the people of Newfoundland. Their answer to the provincial Liberal Party, which was financed by the national Liberal Party, was rather decisive.

Hon. Lowell Murray: It cost \$500,000.

Senator Doody: \$500,000 of federal Liberal Party funds went down the drain; the Leader of the Liberal Party has gone down the drain; and the New Democratic Party has been reduced to three per cent of the popular vote.

An Hon. Senator: Question!

Senator Doody: The question has been asked on several occasions, and I will ask it once again now: Is the policy of the Government of Canada one of conciliation and negotiation—

Senator Frith: It always has been.

Senator Doody: —or is it the one put forward last evening by the Honourable Marc Lalonde?

Senator Perrault: Recent events in some Canadian provinces have demonstrated, beyond a doubt, that Ottawa-bashing, fed-bashing and national government-bashing, is no route by which to achieve useful accords and agreements.

Senator Frith: But it is good for winning elections.

Senator Perrault: There is no future for this country and its unity if we are to suffer the continuing provincial political tactic of singling out Ottawa as the main provincial campaign opponent rather than to deal with provincial issues and the other provincial parties. In addition to Newfoundland, this process is under way in certain other provinces at this time.

Senator Flynn: Name them.

Senator Perrault: I am not going to particularize, but in some cases there appears to be a cynical attempt, by certain provincial politicians, to consolidate their political positions at the expense of national unity; and that is not to their credit.

Some Hon. Senators: Hear, hear.

Senator Perrault: If Premier Peckford has some constructive ideas with respect to helping Canada and his own province, of course, the federal government is at all times willing to discuss those ideas with him.

Some Hon. Senators: Hear, hear.

Senator Doody: Honourable senators, that is a very pleasant change. It is encouraging, indeed, to hear the Leader of the Government in the Senate repudiate the position of the Honourable Marc Lalonde. I take it that the federal government is willing to sit down and negotiate at any time, and that is indeed encouraging.

In the past, a couple of misconceptions have been put forward by the Leader of the Government in the Senate. He has stated that one of the problems arises from provincial governments Ottawa-bashing. It is time the honourable minister and his colleagues realized that what these particular provinces are doing is not Ottawa-bashing; they are federal Liberal government-bashing.

Some Hon. Senators: Hear, hear.

Senator Doody: They are fed up with the kind of treatment they have been getting from the federal Liberal government, not with Ottawa. There are a great many people across this country, from coast to coast, who have every bit as much respect, and perhaps more respect than the honourable minister has, for Ottawa, the nation's capital and the people who live here. The provincial governments are bashing the Liberal policies of the Government of Canada.

Sixty-two per cent of the population of Newfoundland have put forth their position. I am pleased, indeed, to hear that the government is willing to sit down and talk with these people.

Senator Perrault: In view of the honourable senator's Question Period oratory, I am inclined to move the adjournment of the "debate."

● (1425)

Senator Doody: The honourable minister can move the adjournment of the debate, and we will ring the bells.

Some Hon. Senators: Hear, hear.

NOVA SCOTIA

BAY OF FUNDY—TIDAL POWER—EXPORT PERMITS

Hon. Robert Muir: Honourable senators, I should like to ask a question of the Minister of State for Economic Development. I would hope that since his exchange with Senator Murray and Senator Roblin his blood pressure has subsided and he is in a cool, calm and collected mood.

This question has no superficiality or selectivity attached to it, such as the minister has attributed to the questions raised by Senator Murray and Senator Roblin. I do not think there was any superficiality or selectivity attached to those questions either.

The report of the Nova Scotia tidal task force demonstrates that tidal power is both economically viable and financially feasible.

Hon. Jacques Flynn (Leader of the Opposition): That sounds like a Social Credit statement.

Senator Muir: Premier Buchanan has indicated that he will seek early approval for export permits for Fundy power.

Recognizing the boost that this project would give to Nova Scotia's economy, can the honourable minister indicate whether the federal government will act in an expeditious manner with respect to approval of these export permits?

Hon. H. A. Olson (Minister of State for Economic Development): I am not quite sure what the honourable senator is asking for when he uses the word "expeditious" in his question. When we receive a request from Premier Buchanan, we shall deal with it in a careful and serious manner.

I can say that my blood pressure and temperature are exactly the same now as they were when I replied earlier to Senator Murray and Senator Roblin.

Hon. Duff Roblin (Deputy Leader of the Opposition): He has ice water in his veins.

Senator Flynn: He's a cold fish.

Senator Muir: I am pleased to know that the honourable gentleman's health is so good, and I hope that it remains that way for a long time to come. Perhaps there is the odd occasion when he requires diazepam or, to use the trade name, valium, because he was in a bad state earlier this afternoon, especially when Senator Roblin asked him whether he had met with officials from the unions of this country and others, a meeting which I fully approve.

Senator Olson: The temperature is going up, but not on this side of the house.

Senator Muir: I thank the honourable gentleman for his kind response. I believe that he will do what he can.

[Senator Perrault.]

Assuming he has in the back of his mind that nothing can be done on this by the government, but only by the National Energy Board, may I recall to his attention—in the event that he brings back a reply to the Senate indicating that the National Energy Board makes these decisions—that on page 10 of the 1980 budget—after the National Energy Board had initially rejected an application by the TQ&M pipeline—the government stated that, as a matter of priority, the pipeline would be extended to the maritimes.

Is the minister and the government prepared to make a similar prior commitment to expedite export permits for Fundy power, hence making the project possible?

The minister may be thinking that I am stepping ahead of him, but I should like him to keep in the back of his mind the fact that the government can expedite these matters when it wishes to, and it has done so.

Senator Olson: Honourable senators, I do not have anything to add to what I have already stated. When we receive that request from the premier, we shall give it careful and serious consideration.

My honourable friend knows that this government meticulously abides by the law. He probably also knows that there are certain requirements that have been put on the government and the whole federal system with respect to laws that have been passed by this house and the other house respecting applications for export permits.

Senator Muir: I have a further supplementary question to ask. In any event, may I ask the honourable gentleman whether it would be appropriate for me to look forward to an encouraging reply regarding this matter?

● (1430)

Senator Olson: You can be certain that this government will respond to the best economic benefit of that and other parts of Canada whenever it has an opportunity to do so.

ECONOMIC DEVELOPMENT

TQ&M PIPELINE—COMPLETION DATE

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development arising out of his reply by way of a delayed answer to me last evening concerning the completion date of the TQ&M pipeline. However, I find myself in the unusual circumstance of having to ask him to assist me in asking the question, for the very good reason that the answer he gave last evening is contained in yesterday's *Hansard*. I am informed that *Hansard* is not yet available and, therefore, I cannot quote exactly what he said. I must acknowledge that I was offered an opportunity last evening to ask any questions I wished to ask about it, but I did not then have before me the references to the estimated date of completion which I thought, and have now confirmed, varied substantially from the estimate given last evening. Perhaps the honourable gentleman would be kind enough to indicate what his response was

last evening, and I will then be able to proceed with my question.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not have a copy of that reply in front of me either, but, as I recall, it was indicated that construction in New Brunswick would begin in May 1983, and in Nova Scotia in January 1985, with a target for all of it to be completed in 1986.

Senator Smith: I thank the honourable gentleman because that coincides with my memory of what he said. The references which I did not have before me last evening, but which I now have before me, indicate a somewhat different and earlier date than my friend indicated.

In particular, in *Hansard* for November 18, 1980 the Deputy Leader of the Government, when giving a delayed answer to a question asked on October 30 of that year by Senator Donahoe, said, in part:

—if a positive board decision is reached—

Meaning the National Energy Board.

—by spring of 1981, the pipeline could be delivering gas to Halifax by late 1983 and to Cape Breton Island by 1984.

Further, in the document setting out the National Energy Program, at page 58, it is indicated that the objective is to make gas available in the maritimes in 1983, and that is also set out at page 82 of the same document, with the target of having gas available to maritime consumers by 1983.

My question to the honourable gentleman is: What is the reason for the obviously much later target date, as indicated in his answer of last evening, compared to what I have just noted?

Senator Olson: Honourable senators, I shall take that question as notice and try to get a more detailed answer, but Senator Smith is correct that there has been some postponement of completion and, indeed, in some cases, starting dates, but I will try to get the best reasons I can for it.

Senator Smith: I thank the honourable gentleman. I am reminded of the hope expressed, I believe, by the Deputy Leader of the Government last evening, about future sittings of the Senate, and I am wondering if I could hope to have those reasons before the date indicated by the deputy leader as a possible date of resumption.

Senator Olson: I will give an undertaking to try to get that answer.

EMPLOYMENT AND IMMIGRATION

WORK-SHARING PROGRAMS

Hon. Robert Muir: Honourable senators, I should like to direct a question to the distinguished Minister of State for Economic Development. Would he confirm that Employment Canada officials concluded two years ago, after a work-sharing program comparable to the current one was put in place, that:

There is insufficient evidence . . . that the benefits of a full-scale program would be sufficient to warrant the additional cost—

● (1435)

Hon. H. A. Olson (Minister of State for Economic Development): Yes, I can look into it. It would be helpful if my honourable friend would give me the date of the quote and its source. He should not overlook the ingenuity with which this government attempts to maximize the use of these kinds of programs, and we may now be able to do it better as a result of some study and the application of the ingenuity that I have mentioned.

Senator Muir: I agree with the minister. It is quite true that we learn by doing and repeating and getting a little better as we go along. However, in certain cases sometimes that does not happen.

I should explain that I was quoting from an article in the *Toronto Globe and Mail* of April 7, 1982, which many regard as the great bible of Canada, although I do not fully agree with that.

I have a supplementary question for the minister. It has recently been estimated within the government that the current program would cost up to twice what the unemployment insurance benefits would be if work-sharing were not used to prevent lay-offs. Would the minister obtain from the Department of Employment and Immigration any calculations it has made on the relative costs of the work-sharing program and the paying of unemployment benefits?

Senator Olson: We will check that out.

SASKATCHEWAN

PROVINCIAL ELECTION CAMPAIGN

Hon. Jacques Flynn (Leader of the Opposition): I should like to remind honourable senators of the presence in the chamber of Senator Argue. Speaking of Ottawa-bashing, and in view of the election called by Mr. Blakeney in Saskatchewan to express opposition to the position of the present federal government on the Crowsnest rate, I wonder what the minister is going to do about that. Is he going to enter the campaign? If so, on which side will he be—on the side of Mr. Goodale or on the side of Mr. Blakeney?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have already entered the campaign, and I hope to continue to participate in it. The election campaign in Saskatchewan, as has often happened in the past, is being fought on an issue which is beyond the constitutional jurisdiction of the province and the government involved, and when a government is in rough shape and has important issues to defend, that is probably the only way one can go.

Hon. Martial Asselin: You are fighting against your former party.

Senator Flynn: Will your participation have any effect?

Senator Argue: Which way?

ENERGY

OIL IMPORT COMPENSATION PROGRAM —COMPLAINTS OF
CANADIAN PRODUCERS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on March 17 by Senator Roblin concerning the oil import compensation program. On April 1 my colleague, the Minister of Energy, Mines and Resources, announced a series of measures designed to improve markets for, and to increase the production of, western Canadian light and heavy crude oils.

I would like to give the highlights of those measures, but no doubt the honourable senator can assist me because he may already have this information. If he has, that is fine, but to complete my reply I should perhaps place a summary of the highlights on the record so that those who read the record and who may be looking for the answers will find them there. I can then supply further details for the benefit of my honourable friend.

Hon. Duff Roblin (Deputy Leader of the Opposition): If my honourable friend is referring to the Honourable Marc Lalonde's statement of April 1, then, of course, I have it. I must leave to the minister what he wishes to read into the record.

Senator Olson: That helps me a great deal. I will be brief.

The measures that were announced include, first, an assurance that Canadian heavy oil exports to the United States will continue to be competitively priced by adjusting the export charge as required. Secondly, applications to the NEB for the export of heavy crude oil for terms of up to one year will be welcome. The policy remains to export crude oil that is surplus to domestic needs. Also, exchange of light and heavy western Canadian crude oil via the United States into eastern Canada, without export charge, will be considered by the NEB.

● (1440)

The board will review its own system for allocating light oil into eastern Canada and consider separate treatment of crude oils that are chronically shut-in such as light Saskatchewan sour crude. The National Energy Board will also evaluate whether chronically shut-in crude oil could be considered surplus to domestic needs and be exported.

May I add that we anticipate some improvement in the market for heavy oil to develop in the third quarter of 1982 and become more marked in 1983. I will not give the reasons for that here, but there are a number of reasons related to maintenance, and, indeed, some inventory that is built up for this time, and for about two or three months to come, namely, April, May and June.

With regard to the honourable senator's second question, eastern Canadian refiners may have more offshore crude than required in 1982, but they want to honour offshore purchase contracts undertaken when Alberta crude deliveries were restricted in 1981. I understand that the refiners also want to protect future purchase positions to supply our own require-

[Senator Argue.]

ments in the event of an international crisis occurring before Canada achieves oil self-sufficiency.

I should also point out that the minister has also asked the eastern refiners to minimize the amount that they would be taking under the contracts that were entered into when there was a partial shutdown of the flow of oil from western Canada.

Senator Roblin: I would ask the minister to elaborate a little further on his answer, because he knows just as well as I do that the program proposed by the Minister of Energy, Mines and Resources has not received a very warm reception from the oil industry in western Canada. It is estimated that in spite of what he has done 25 per cent of the conventional oil of Canada is now shut in.

How can the minister explain to the people of Canada that they are being taxed on heating oil and gas, and taxed on their fuel requirements, in order to support this subsidy that is going to foreigners outside the country because some refiners in Canada are able to buy on the spot market as opposed to the OPEC market? How can we justify this idiotic situation, in the light of our foreign exchange problem, and the problem of high taxation and inflation in the country, when we are continuing to persevere with a system of oil compensation and of market allocations, which gives the worst of all possible worlds, instead of taking advantage of market flexibility and cheaper supplies?

Senator Olson: Honourable senators, my honourable friend is expressing an opinion, and I, as usual, will stick to the facts.

The facts are that some alternative arrangements had to be made when there was a restriction in the supply of oil flowing from western Canada. That is not something that this government created; it was created and initiated by some of the western provinces. I am sure my honourable friend understands that we have to honour those contracts, because certainly neither he nor anyone else was expecting refineries to go without oil during that period. They did, in fact—and this is acknowledged—enter into contracts that have not yet spun themselves out. The Minister of Energy has asked those refiners to minimize the take of offshore oil within those contractual arrangements.

There is an over-emphasis in the opinion expressed by my honourable friend with respect to the effects that spot oil purchases have had on this. I am not saying that there is no effect, but my honourable friend is not in tune even with the industry. This has been a major contributor to this situation.

One other thing that he knows, and knows very well, is that at this time of the year there is a build-up of inventory of all types, so that the largest number of refineries at any time of the year rely on those inventories so that they can do maintenance while they change over to a different product—such as changing from heating oil and a higher level of diesel fuel to gasoline—that will come out after they have made the changeover.

There is always a downturn at this time of the year, not so much in the supply going into the tanks, but in the actual amount that goes through the refining process. That is why I

suggested that it will probably be some time after the second quarter of 1982 before there is an upturn. We have given an indication that we expect this to improve the percentage of oil taken from Canadian supplies.

There is another statement made by the Minister of Energy, Mines and Resources, and that is this, that if the admonition, if you like, given to the refineries to try to make this adjustment is not effective, or not sufficiently effective, he is prepared to take other measures, which would include an adjustment to make it even more attractive to take Canadian-produced crude.

Senator Roblin: I really do not think the house can be expected to accept the excuses offered by the minister.

Hon. Royce Frith (Deputy Leader of the Government): They are not excuses; they are facts.

Senator Roblin: He says that I do not know the facts, and that I am expressing opinions. Well, I do not pull them out of thin air. The Alberta Petroleum Marketing Commission is the source of the estimate, and it is widely supported by the industry. Ask the people in the industry who are concerned about cash flow, already slashed by the NEP policies that my honourable friend is responsible for, and what is happening to it now, with 25 per cent of their productive capacity being effectively shut out of the market because of these policies the government is operating.

Senator Olson: What about the interruption of the oil flow that occurred last summer? That has to be taken into account, too.

Senator Roblin: Certainly, let us take that into account, but that is not the sole or major factor.

Senator Olson: You are just giving an opinion, and I disagree with your opinion.

Senator Roblin: All right. If my honourable friend is going to try to hang it on that, he is going to hang it on a very insubstantial excuse indeed.

Senator Olson: Honourable senators, sometimes you have to learn that you have to live with the consequences of what you do.

Senator Roblin: We are learning that all right. We have got to live with the consequences of electing this government, and we have to live with the consequences of the National Energy Program. You can find very few people in this country today who will call that an unqualified success.

My honourable friend complains to me that this is the time of year when refineries shut down, and we knew about it all the time.

Senator Olson: It happens every year.

Senator Roblin: Certainly, and my honourable friend knows that, and if he knows it, why did he not take it into account when he was setting up his policy with respect to the import of oil to adjust to this? Does he want to tell us that because the refineries are closed down the Canadian refineries should shut down to suit, but that imports should not? That is the policy he has been suggesting to us.

Senator Olson: It is not.

Senator Roblin: Well, that is the effect of this policy.

Senator Olson: No, it is not.

Senator Roblin: Well, that is the conclusion that one can reasonably draw from the very weak excuses that my honourable friend is putting forward.

The fact is that the government's response to this problem is inadequate, and I want my honourable friend to do something about it.

Senator Olson: That is not a fact at all, honourable senators. That is an opinion. I think the responsibility of the national government in this country is to make sure that there are adequate supplies of crude oil for all purposes in all parts of the country all the time. If the producing provinces chose to apply leverage—and they did it for whatever purpose they had in mind—they have to live with the consequences of making those decisions, and, you know, sometimes it takes a few months, or even longer, for all of that to spin out. This government has acted in a responsible way, attempting more than once to persuade the producing provinces not to upset the flow of oil that goes into this.

This principle does not only apply to oil. I have been in business long enough to know that when you shut off either your customers or your sources of supply you usually have a whole lot of problems for much longer than you anticipated.

There are some particular factors in the oil business. I am referring to the cracking process, and various other processes that are usually set up for a certain grade and quality of crude. If that has to be changed, it takes more time than my honourable friend is willing to admit in order to get it back into the flow, and, indeed, the distribution of the product mix that comes out at the other side. That is not so easy.

My honourable friend also knows that if you shut off 180,000 barrels of sweet crude oil per day and substitute for it some other types of oil, for example, that produce a high percentage of some other product, and you have to find a home for that that you did not have in your marketing pattern before, it takes a little more time. You cannot just throw it away; you have to dispose of it.

Senator Roblin: My honourable friend keeps on blaming the shut-off in Alberta—and I, for one, am quite willing to agree with him that this is a factor in the equation. I do not dispute that. I tell him, however, that the estimate is that the shut-in quantity will exceed 300,000 barrels, which is far in excess of the shut-off that my honourable friend refers to. He talks about the dislocations that will result if you shut off the supply. How right he is. The dislocations that will result from the present shut-off of the supply of one-quarter of our conventional crude in Alberta are something that will take a long time for that part of the country to recover from. It defeats the whole purpose of national self-sufficiency that my honourable friends have enshrined as the goal of their policy. They will talk about it, but I predict that they will never, never make it within the time limits they have prescribed.

● (1450)

Senator Olson: That is another opinion, but it is not necessarily a factual one.

Senator Roblin: Yes, it is an opinion, and a good one.

FOREIGN AFFAIRS

EL SALVADOR—PREVENTION OF RIGHT WING COUP

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Stollery on March 31 concerning the prevention of a possible right wing coup in El Salvador.

The answer I have is as follows: It is not Canada's role to tell the Salvadorans how to form their government. Democratic elections have been held in El Salvador and it is up to the Salvadorans to form a government of their choice.

The Prime Minister and the Secretary of State for External Affairs, in public statements, have made clear Canada's concerns about the continuation of the reform process in El Salvador. It should be clear to any Salvadoran government that Canada will only support it if it continues to implement such policies.

ST. PIERRE AND MIQUELON—CANADA-FRANCE MARITIME BOUNDARY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on March 31 dealing with the visit to Canada of President Mitterrand.

The information I have is as follows: During the meeting to be held with Premier Mauroy of France, many bilateral issues will be discussed. However, the purpose of the meeting with President Mitterrand is not to discuss bilateral issues, but is solely to discuss the issues of the upcoming summit.

President Mitterrand has been meeting his colleagues one by one to discuss these issues. In this context, President Mitterrand has already met with his European colleagues, has visited Washington, and is meeting the Prime Minister on his way back from Japan.

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA—GOVERNMENT POLICY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, some information has come to me with respect to the Falkland Islands invasion. This may be of particular interest to Honourable Senator Asselin, who, yesterday, was speaking about sanctions and restrictions.

In addition to condemning the unjustifiable Argentine occupation of the Falkland dependencies on April 5, the government announced several measures, including the recalling of the Canadian ambassador from Buenos Aires and an embargo on exports of military material to Argentina. The government has ordered a complete review of Canada's relations with Argentina. It would be inappropriate at this time for me to

[Senator Roblin.]

speculate on any additional measures that the government might undertake.

Although there have been rumours of Soviet submarines in the area of the Falkland Islands, we have no evidence which would substantiate this report. We are, of course, following the overall development of the Falkland Islands crisis very closely.

With regard to the safety of Canadians who are living in Argentina, I have this information. There are approximately 1,000 Canadians living in Argentina who are registered with our embassy in Buenos Aires. We are following the situation closely with a view to assisting Canadians there, should a need arise. We are not discouraging travel at this time.

We are, as I stated yesterday, aware of the presence of nine Canadians on the Falkland Islands. We have asked Argentina to take all necessary measures to ensure their safety and to facilitate the departure of any Canadians who wish to leave.

This morning, the Argentine chargé d'affaires, in responding to our earlier requests, informed us that his authorities were prepared to co-operate with Canada in providing assistance to Canadians who wish to leave. Our embassy is now in the process of advising Canadians to consider leaving if they have no compelling reasons to remain.

In his call this morning, the chargé told us that all residents of the Falkland Islands may leave whenever they wish, and that the Argentine authorities will facilitate their transport and will eventually compensate them for any damage sustained in hostilities.

There is a tenth Canadian, who is a member of a British scientific team, working on South Georgia Island. According to his father in Montreal, the British authorities are trying to arrange for the team to be picked up by a British research vessel in the area.

THE CONSTITUTION

PROCLAMATION CEREMONY—SEATING IN SENATE CHAMBER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, yesterday, April 6, a question was asked with respect to the forthcoming visit of Her Majesty the Queen to Parliament Hill on Saturday, April 17. Details of the visit are being discussed and negotiated this afternoon. It can be said, however, that, in order to allow Canadians in all parts of the country an opportunity to join in patriation celebrations, the Prime Minister has announced that the proclamation ceremony of the Constitution Act, 1982, by Her Majesty the Queen will be held outdoors on Parliament Hill, weather permitting.

Hon. Duff Roblin (Deputy Leader of the Opposition): Won't that be fun?

Senator Perrault: In view of the rather late spring, the ceremony could well revert to the original site in the Senate chamber. Honourable senators will, however, be kept posted.

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Leader of the Government with regard to the ceremonies to be held on April 17. I understood him to

say that, if the weather is inclement, the ceremony will be held in this chamber. At least, I thought that was the effect of his answer.

Senator Perrault: Yes, Senator Smith is quite right.

Senator Smith: I would like to ask him what arrangements, if any, have been made for the accommodation of the spouses of senators and members of the House of Commons if that ceremony should not be held outdoors.

Senator Perrault: Honourable senators, this is a matter that is to be discussed at a meeting later this afternoon. Of course, if the ceremony is to be held outdoors, there will be adequate space for everyone. If the ceremony is held in the Senate chamber, a number of people, including the premiers, have to be accommodated, and the spouses have to be given adequate accommodation. This is one of the matters on the agenda of this afternoon's meeting, and that information should be available shortly. There is Senate representation at that meeting this afternoon.

Senator Smith: I have a supplementary question. If my recollection is correct, during the visit of President Reagan, for example, there was accommodation provided for spouses in this chamber. I wonder just what type of invitee would displace the spouse in the chamber on this occasion as compared to the occasion that I have mentioned.

Senator Perrault: Honourable senators, it should be understood that the ceremony which will be held either outdoors or in this chamber is not a normal parliamentary event. In fact, the details are under the direction of the Secretary of State. There are really no precedents for this type of ceremony. Thus, it is not the exact equivalent of, for example, the opening of Parliament or a presidential visit. Therefore, the answers to these questions cannot be provided at this time. A number of options have been developed, but it would not serve a useful purpose to present that information because, as I have said, discussions will be held later this day.

If the ceremony is held in the Senate chamber, it is certainly the intention to have present all members of Parliament, possibly members of the judiciary and the premiers. There is a great cross-section of Canadians who would like to attend this ceremony. This presents an accommodation problem of some formidable dimensions.

I can say that full consideration will be given to the position of spouses. I know that, in the preliminary plans which have been discussed, there is at least some accommodation for spouses which will be provided in this chamber and in the galleries. I do not, however, believe that at this time it would be useful to go beyond that.

Senator Smith: I thank the honourable gentleman for his answer. While it might not be useful to go beyond that, perhaps I would ask him to confirm whether there is any truth in what I thought was more than a rumour that spouses were to be asked to sit in some such room as the Railway Committee Room and to watch the proceedings on television.

Senator Perrault: Honourable senators, a number of options are being discussed. Precisely because so many Canadians

wish to attend this ceremony, the Prime Minister has advanced the very useful idea that it be held outdoors so that spouses may be in a position to accompany members of Parliament. I repeat that a number of options have been discussed, including that which has been mentioned by Senator Smith.

• (1500)

Senator Smith: Honourable senators, if I might direct another question to the Leader of the Government concerning the matter of the visit we were discussing, I thought I heard him say in answer to one of my questions that there is representation from this body in the discussions about the program which he said are to take place this afternoon. Did I misunderstand him?

Senator Perrault: I had in mind representation from the office of the Speaker. The Honourable the Speaker will be represented at the meeting, and so will Black Rod.

FARM CREDIT ACT FARM LOANS INTEREST REBATE BILL

BILL TO AMEND AND TO ESTABLISH—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-88, respecting loans to farmers.

He said: Honourable senators, when we agreed to have Bill C-88 sent to committee, we also agreed that at third reading the opposition would be given the opportunity of intervening. I believe Senator Phillips wishes to speak on third reading.

Hon. Orville H. Phillips: Honourable senators, my remarks can hardly be called an intervention, because they will be quite brief.

Bill C-88 provides additional financing for the Farm Credit Corporation. No one denies the urgent need for that additional financing, because there is an unfortunate requirement for it. My concern is that the government, having provided additional funds, will now feel that the problem of the farm communities is solved. It is not. In the last several years, honourable senators, farm indebtedness has been increasing at about the rate of 20 per cent each year. Interest rates have also been increasing, and the situation has now become intolerable. At the same time as the farm indebtedness has been increasing, the net farm income has been declining at about the same rate—that is at about 20 per cent each year.

The Minister of Agriculture has forecast that the net farm income will decline by 30 per cent this year. It does not make sense to me, honourable senators, to say to a farmer, "You have been unable to meet your payments at 11 per cent interest on a debt of \$200,000; but we will now lend you \$300,000 at 16½ per cent at a time when your income is declining by 30 per cent." That, in my opinion, just does not make sense.

By lending additional funds we may keep the farmer on his land for another year or two, but we will have done nothing to prevent the financial doomsday that is almost at hand. I urge

the government to come up with some other policy, one designed to increase farm income and to allow farmers to repay their indebtedness. According to what the minister said in committee the other day, 10.6 per cent of the farmers are already on their loans.

Honourable senators, clause 8 permits the Farm Credit Corporation to borrow funds in the form of debentures or other certificates of indebtedness and to lend that money to farmers for a fixed term at a low interest rate. I have no objection to that idea. I am rather pessimistic, however, that it will occur. I wish the minister every success in his efforts, and I give him credit for trying. In committee the other day he was adamant in his view that the funds existed and could be obtained.

Honourable senators, if the Minister of Agriculture can succeed in this effort, I suggest that he be appointed Minister of Finance, and then he will be able to bring down the interest rates for all of us. There is just one problem in that suggestion, however, and that is that they may want to move the present Minister of Finance to the Agriculture portfolio. I hope that never occurs. The farm community is already in enough trouble.

Senator Frith: Honourable senators, with reference to the speech Senator Phillips has just made, I am sure I can say on behalf of the government that it does not consider that Bill C-88 solves all of the problems of farming, of agriculture, or, in particular, of financing farm operations. It is intended, however, to be a contribution towards the solution of those problems. I think he and I agree on that much, at any rate.

Motion agreed to and bill read third time and passed.

NATIONAL HOUSING ACT CANADA MORTGAGE AND HOUSING CORPORATION ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator McIlraith for the second reading of Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act.

Hon. Orville H. Phillips: Honourable senators, first I wish to thank the sponsor of the bill, the Honourable Senator McIlraith, for his expert explanation of the bill and the varied and detailed information he supplied through his introduction. We are rather fortunate to have someone of Senator McIlraith's experience and calibre to introduce this bill. Throughout the depression of the 1930s Senator McIlraith practised law and was familiar with both the problem of those losing their homes and the problem of those concerned with the money they had invested in mortgages. His experience of the depression in the 1930s could well be of benefit to us in the depression of the 1980s. I only hope the government is wise enough to take advantage of his advice.

Honourable senators, on reading Bill C-89 one has the impression that the minister and the officials of the Canada

Mortgage and Housing Corporation do not understand the problems facing approximately 750,000 Canadians who have to renew their mortgages at higher rates this year. The majority of the changes proposed in this bill are designed to assist and protect the Corporation, to facilitate its operation and to make it unnecessary for the Corporation to return to Parliament. There are very few amendments to assist the homeowner. In other words, it is a corporation bill; not a homeowner bill.

Yesterday, when Senator McIlraith introduced the measure, he made several references to the adverse effect of high interest rates. He kept referring to them as "volatile rates." The word "volatile" brings two thoughts to mind: First, that a volatile substance evaporates quickly; second, that it is explosive like a volcano. Well, I see no indication or likelihood that the problem of high interest rates will presently evaporate. But with respect to volcanic eruption—and for some strange reason that is the sense of "volatile" that most readily comes to mind—that is probably what Senator McIlraith had in mind, because the interest rates are somewhat like a financial Mount St. Helens. The ashes and the fallout from the eruption have caused damage to a great many plans of Canadians. The higher interest rates will cost between \$2,500 and \$3,500 per annum. If we add to that the higher cost of home heating fuel—and the government seems determined that the price will increase—increased municipal taxes, and the higher costs of insurance, repairs and painting, it now costs approximately \$4,000 to \$4,500 more to run a home each year. As a consequence, Canadians are cutting back on purchases of cars, clothing and their grocery budget, further adding to the depression.

● (1510)

The cost of purchasing a home today is beyond the average Canadian income. The family income required to purchase an average home is \$38,000. The average Canadian family income is \$27,000, or \$11,000 short of that required to purchase the average home. I know a young man who was employed as a trust officer with a trust company. He felt that he was very fortunate to have the responsible position of reviewing applications for mortgages that came to the trust company. One day he saw a property that he thought was reasonably priced and decided that he would like to buy it. However, upon applying for a mortgage to the trust company for which he worked, he was very chagrined to learn from that company that he was deemed unacceptable because his income was not high enough.

I feel that the Canada Mortgage and Housing Corporation, in preparing this legislation, has concentrated too much on its own problems or difficulties. There is more to the housing problem than those problems that are concentrated out on Montreal Road. I would like to see the corporation take a new look outwards at the problems faced by the average Canadian.

The sponsor mentioned the Interest Deferral Plan. I notice in reading the *Hansard* of the other place that my colleagues over there have said that this plan originated with the banks of this country. Actually, I do not think that is correct. Deficits

are now taken as the normal course of events in Ottawa. It is only a short step from that idea to say, "If the government can operate on a deficit and defer payments, why can't a mortgage holder do the same thing?" If interest deferral is such a good idea, can Senator McIlraith tell me why we do not apply it to our income tax? Those of us who find our income tax too high could, say, defer our payments for two years. I wonder what the attitude of the government would be if that were to happen.

Hon. Lowell Murray: They would charge interest.

Senator Phillips: Yes, they would charge interest at 18 per cent.

Those who require more than 30 per cent of their pre-tax income to pay the principal, interest and taxes on a home will be able to defer up to \$3,000 per year. This seems like a good idea, until you remember that that \$3,000 is then added to the other end of the mortgage. This same idea was used in the AHOP program. Under that program, many of those who purchased a home made payments for five years only to find upon renewing their mortgage that they had a larger mortgage than that they started out with. Many of those people, of course, said, "What's the use?"—and just walked away.

I do not think this program will be as successful as the government anticipates. There should be some indication that the economic situation will improve in a year or two years to give reason for the deferral. It is all right to say, as Senator Hayden did in his verbal report the other day, that the situation down the road may be different, but that is not sufficient. There should be some concrete evidence that the situation will improve. The interest rates are not the only source of difficulty for the homeowner with a mortgage. Unemployment is another reason. What is the use of an unemployed person deferring \$3,000 a year in interest payments if he has no income to pay when it comes due?

The bill has a specific provision for those who have less than 5 per cent equity in their home. As Senator McIlraith will tell you, very few people buy a house with less than 5 per cent equity. There is, however, a form of rank discrimination here against the individual who works, saves and attempts to put into a home a larger equity. You can imagine the situation where someone is, for example, \$5 over the 5 per cent equity, and his neighbour is \$5 under. The neighbour, of course, would receive the \$3,000 grant whereas the person who had put in the \$5 extra would not, and would probably feel that he was discriminated against.

I suggest that the only people who will benefit from this program are those people who purchased their homes under the AHOP program. I ask the sponsor of the bill how many of those qualifying for the one-time grant of up to \$3,000 purchased their homes under AHOP. These people have already received assistance on one occasion. Are we now to assist them again while the vast majority of Canadians receive no help whatsoever?

The sponsor stated that only 50 per cent of those eligible for the interest deferral plan would make applications. Surely that

should tell us something. If that program were effective and of any value, more than 50 per cent of those who are eligible for it would apply. It is small wonder that the deputy leader did not wish the minister to appear before the committee. A member of this chamber, possibly even a Liberal, might have asked him an awkward question, and that would never do. Also, I suppose the Deputy Leader of the Government really did not trust the minister to give a proper reply, and that probably has more to do with his non-appearance.

● (1520)

In the now deceased November budget there was provision for assistance for the construction of 15,000 rental units. At the time of the budget cabinet ministers were boasting that this was a wonderful achievement. It was stated that these 15,000 units would flood the market and that we would probably have a surplus of rental units. However, a few days after the budget was presented the honourable member for Vancouver Centre, Miss Pat Carney, advised the government of difficulties that would be created in respect to MURBs. This instigated the first change in the budget. The construction of 10,000 MURB units began in Vancouver.

I will digress for a moment, honourable senators, to point out that if one Conservative member from Vancouver could be responsible for 10,000 MURBs being built, think what three or four Conservative members from Montreal could have done for the situation in that city. That could have been the best solution to the housing problems in Montreal.

The federal minister refused to attend the housing conference in Vancouver on February 8. At that time, a Canadian Press story came out with some very interesting facts. The regional manager of the CMHC in British Columbia said that because of the building of MURBs there was too much activity in Vancouver and that the construction of rental units would be delayed. Anyone who has looked at the rental situation in Vancouver will know that that city has the highest rents in Canada and has the lowest vacancy rate. The government picked this centre to delay the construction of rental units. Honourable senators, whoever came up with the idea to stop construction of rental units should receive some type of award—and I am not thinking of a monetary award.

The same article stated that, due to construction costs in British Columbia, the Government of British Columbia was asking that the loan per unit in that province be increased from \$7,500 to \$12,000. It said that this matter was under negotiation between the two governments. Would the sponsor of the bill tell us where the negotiations stand in that regard?

A recent announcement indicated that the number of assisted rental units had been increased from 15,000 to 30,000. I am inclined to wonder, honourable senators, who prepared this rather unusual announcement which emanated from the minister responsible for housing. Great emphasis was placed on the number of jobs which would be created, but the writer almost forgot to mention the number of housing units that would be built.

What happened between February 8 and March 23 that we now have a need for an additional 15,000 units? Was the problem there all the time and the government failed to recognize it? That is a distinct possibility.

I suggest, honourable senators, that this announcement was in response to an open letter from the "Gang of 10" in Montreal. That open letter was not addressed to the minister responsible for housing; it was addressed to the top guru, the Prime Minister. The letter itself was unusual, but even more unusual when we consider who signed it. It was signed by the Minister of National Health and Welfare, a senior cabinet minister. One would expect that occasionally, in the corridors, she would meet the minister responsible for housing. It was also signed by a Minister of State without responsibility, Mr. Joyal, and a number of hard-core Liberals from Montreal, who are every bit as hard core and inward looking as the Deputy Leader of the Government in the Senate.

Hon. Royce Frith (Deputy Leader of the Government): What have I done now? I go to a dentist in Perth. Perhaps the honourable senator's practice is falling off.

Senator Phillips: Obviously, these members of Parliament felt that the situation was so serious that they had to do something about it.

Then the leader of the Liberal caucus in Ontario and numerous other Liberals joined in, and we received this announcement in response.

Honourable senators, the response seems to convey the idea that housing and unemployment are synonymous. They are both serious situations, but they are not synonymous. There are at least 1.25 million unemployed, and we are providing assistance for 30,000 rental units; therefore, they cannot be synonymous. We should deal with the problems separately.

The announcement then went on to link the new program, the Canada Home Renovation Plan, to unemployment. This passes on to the unemployed the fight against unemployment. Imagine this situation, honourable senators: An unemployed worker having difficulties meeting his home payments and in feeding and clothing his family. Along comes the minister responsible for housing and says, "Ah, we've got the solution for you. Go down to the bank and borrow \$10,000 to renovate your kitchen. Never mind the fact that you cannot afford to keep any groceries in the cupboard; renovate the cupboard and put oak doors on it or go down to your rec room and build a new wall unit and install a large TV screen; you have lots of time to watch television while you are unemployed. The government will come to your assistance. For every \$7 you spend, we will lend you \$3, and we will forgive that over a five-year period. Increase your house payments from \$500 to \$700 a month; what difference does it make? We will probably come up with another deferral program in the future."

That is not going to do very much for the unemployed worker who is laid off from the CNR or Canadair, or, for that matter, the unemployed automobile worker. Those people could not get jobs as carpenters even if they did have a

hammer and a saw; the carpenters' union is not going to let them in.

The response went on, further to compound the situation, to state that the government was going to tie the assistance to the unemployment in the area. The need for units is in Vancouver and Calgary, but those cities cannot qualify. The units must be built in areas of high unemployment such as Windsor and Montreal. I do not think that will do very much for those who need rental units in Calgary or Vancouver. It is a long way to commute from Montreal to Vancouver in order to go to work every day. For that reason, I think the program will fail.

● (1530)

Honourable senators, the next item I should like to touch on is the Mortgage Insurance Fund. I am not going to go into the establishment of that fund and its purpose, because the sponsor of the bill did an excellent job of doing that yesterday. However, in the late 1970s that fund had \$600 million in excess funds. That is where the problem arises, Senator McIlraith. No one around here ever heard of a fund having an excess before. Therefore, the situation was intolerable. That fund had to be raided, and it was raided for AHOP. Now the fund is becoming depleted because of that.

In his explanation in the other place, the minister said that if the insurance had been done on an actuarial basis, the premium would have been 8 per cent instead of one per cent. I asked the minister what the new premium would be now that the corporation has the sole responsibility for establishing the premium. I asked him whether it would be 8 per cent or 10 per cent.

AHOP was supposed to be a social housing program. Will those buying homes in the future be required to pay for that social housing program, as well as the cost of their own home?

In his explanation in the other place, the minister gave a sort of whispered hope that the additional flexibility granted to the corporation would, in some mysterious way, afford some help for first-time home buyers. There were no specifics given, just that whispered hope. I presume that that was only given because it was politically expedient to do so.

It has been two months since the minister made the suggestion that there would be help, so can the sponsor of the bill give us some specifics on the type of assistance planned for those first-time home buyers?

In my brief remarks, I have referred to the method used to raise funds by the Farm Credit Corporation. I presume that the Farm Credit Corporation received the authority to do so with the blessing of the government. I find it strange, though, honourable senators, that one corporation has received authority to raise low-cost, long-term funds, yet another corporation has not received such authority.

The Farm Credit Corporation received authority, which should be of assistance to its clients, yet Canada Mortgage and Housing, which has not even asked for that authority, has not even considered the idea, according to this legislation. I ask the sponsor of the bill to tell us why it has not received that authority.

Senator Frith: Honourable senators, before Senator McIlraith closes the debate, I just wish to make a comment regarding the attendance of the minister before a Senate committee.

Senator Phillips has perhaps forgotten that the minister appeared before the Standing Senate Committee on Banking, Trade and Commerce. So, the minister did make himself available to the Senate by way of appearing before the committee pre-studying the subject matter of the bill.

That was during the week we managed to get along, with difficulty, without Senator Phillips' being in attendance. Perhaps that is the reason he did not realize that the minister did make himself available to the Senate committee.

Senator Phillips: You have difficulty, even when I am here.

Hon. George J. McIlraith: Honourable senators—

The Hon. the Speaker: I wish to inform honourable senators that if the Honourable Senator McIlraith speaks now, his speech will have the effect of closing the debate on second reading of this bill.

Senator McIlraith: Honourable senators, because of what I understand is the wish of honourable senators to get on with dealing with the rather important Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 Bill, I shall be brief in my remarks in closing the debate. So, if I fail to deal with some aspects of Senator Phillips' remarks, that I would normally deal with at some length, I hope honourable senators will understand.

I shall also try to confine myself to those parts of Senator Phillips' remarks that are relevant to the bill now before the Senate. I say that because some of his remarks, although very interesting and on important aspects of national housing and housing subjects, were not related to this bill but derive their authority from the act that is being sought to be amended. I shall not go into those programs.

I should clarify a couple of points at the outset. The Canada Home Renovation Plan, to which the honourable senator made reference, is totally unrelated to this bill. The authority for that is in the existing act. An announcement was simply made to indicate an allocation of \$30 million under the existing act. That is not related to this bill, in any way, as I said.

There was reference made to those homeowners who have been assisted under the Assisted Home Ownership Plan, and a question was raised as to whether or not they could also receive benefits under the new plan that does become operative under this bill, namely, the Canada Mortgage Renewal Plan. The answer is, quite specifically, that those who were assisted under the Assisted Home Ownership Plan by way of grants are not eligible for assistance under the Canada Mortgage Renewal Plan. Those who received interest reduction loans—which loans are repayable in the ordinary way—may apply under the new plan, but will not be differentiated from any other mortgagor who wishes to apply. I think that that is the answer to that question.

There were also remarks made about the deferral plan, and a question was asked as to if we were granting a deferral of

payments by mortgagors, why should we not grant income tax deferrals? The answer to that question is rather simple and specific. Income tax is assessable against people who have incomes, and the interest deferral plan is designed—and I will not go over its provisions—to assist those who have little income and who are paying more than 30 per cent of their household income for mortgage interest, taxes, and so forth. Perhaps I do not need to elaborate on that.

Senator Murray: The Tory program would have been better.

Senator McIlraith: On the question of unemployment, I do not think I should open up that subject, other than to say that the building of an additional 30,000 units, as will be provided for in this legislation, certainly is going to provide a great deal of employment. I will not argue how much employment that will create, but it will be of considerable assistance to those who are unemployed. I am sure that is of concern to every honourable senator.

● (1540)

Reference was made to the Mortgage Insurance Fund, as to why it did not receive similar authority to the Farm Credit Corporation. I cannot answer that question because they are two different situations and have no relationship to this bill.

Before concluding my remarks, I should like to thank Senator Phillips for his co-operation in abbreviating the proceedings perhaps more than he would have were we not pressed for time.

Honourable senators, at this point I will conclude my remarks so that honourable senators may pass on the bill as they see fit and so that we can move on to consideration of the next important bill.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Senator McIlraith: With leave, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

[Translation]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Buckwold for second reading of Bill C-97, to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and to provide for payments to certain provinces.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, when I moved the adjournment of the debate yesterday after Senator Roblin's speech, it was because no one on the government side had risen to take the floor. I assumed that none of the honourable senators wished to speak, and therefore, if there are any honourable senators who would still like to comment on Senator Roblin's speech, I am prepared to step aside now and speak to this subject later on. If no one wishes to speak, I shall give you my comments right now.

Hon. Martial Asselin: The senators on the government side all agree with Senator Roblin, that is why.

Senator Flynn: I suppose it is because they are at a loss as to what to say after Senator Roblin's comments.

Honourable senators, all previous speakers in the debate on this subject have said, and it was said in the committee that made a preliminary study of Bill C-97, that it is a very important piece of legislation, since it concerns the renewal of fiscal arrangements concerning both equalization payments and payments to the provinces for what is referred to as established programs financing. The bill also contains further provisions, which, I feel, are of fairly minor importance. I would like to say, as an introductory comment, that equalization payments and established programs are closely interrelated.

We are discussing the subject of equalization payments in this bill at a time when we are expecting a visit from Her Most Gracious Majesty, who is coming to give royal assent to what is called our Constitution, our own Constitution, although the decision was made elsewhere. In section 36, the Constitution refers to equalization and regional disparities. When the new Constitution, or that part of the Constitution that is contained in the Canada Act which was passed by the House of Commons and the House of Lords at Westminster, is proclaimed, section 36 will apply to the legislation we are being asked to pass today. Section 36 reads as follows:

● (1550)

Without altering the legislative authority of Parliament or of the provincial legislatures, or the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to

- (a) promoting equal opportunities for the well-being of Canadians;
- (b) furthering economic development to reduce disparity in opportunities; and
- (c) providing essential public services of reasonable quality to all Canadians.

Clearly, this part of the section consists of pious platitudes. There is a host of such pious platitudes throughout this constitutional document. The second paragraph is specifically concerned with equalization, and reads as follows:

Parliament and the government of Canada are committed to the principle of making equalization payments to

ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

I must say that the French version is very poor. I fail to understand what is meant by "niveau de fiscalité". It says:

—pour les mettre en mesure d'assurer les services publics à un niveau de qualité et de fiscalité sensiblement comparables.

Now, "niveau de fiscalité" and "niveau de qualité" should not be combined. In any case, we know quite well what is meant. This document, which was prepared against a background of political intrigue, is a stylistic disaster. In any event, it will soon be part of our new Constitution.

The public services referred to are public services that fall under provincial jurisdiction. Clearly, health and post-secondary education are in this category. That is why I said earlier that equalization payments concern not only all other services that fall under provincial jurisdiction, but also those that are part of the established programs financing referred to in Bill C-97, namely, health and post-secondary education. With the new Constitution, the question arises, first of all, whether the bill passes the test in section 36(2) of the Canada Act. If the provinces do not agree, since, after all, the bill constitutes a unilateral decision by the federal government, the question arises whether at some time a given province could challenge the act's constitutionality. Manitoba might wish to do so, since from what Senator Roblin said yesterday and from comments by Senator Everett, it seems the province considers it is not being treated fairly compared with the other provinces. In any case, all these points of law raised by our new Constitution are going to be put before the courts. The government has purposely avoided giving Parliament and the legislatures too much leeway. Perhaps there is a lack of confidence in the stability of parliamentarians at all levels, in view of certain recent events, but at any rate, this is the first question that might arise. Does the bill meet the test in section 36 of the Canada Act?

Let us consider what equalization means. The concept was first defined by the Rowell-Sirois Commission, which recommended at the time, in 1940, that the federal government introduce a system of subsidies aimed at achieving the following:

Their purpose is to enable each province to provide services to its citizens according to a national standard, and thus remedy poverty and other regrettable conditions that are a threat to national unity and a handicap for many Canadians. They are an expression of the Commission's concept of a federal system that is capable of ensuring sound local autonomy and building a stronger and more united country.

The report was published at the beginning of 1940; the war had just broken out in September 1939 and evidently it was impossible at that time to implement that recommendation immediately. Moreover, the imperatives of war had led the government to ask the provinces to surrender their main

taxation rights, such as income tax, taxes on corporations, succession duties, in exchange for automatic payments while the provincial taxation authority was granted to the federal government for the duration of the war. Evidently, once those powers were transferred, the federal government and Parliament were not prepared to let them go after the war. They had such good results and enjoyed a rather unusual freedom of action. The central government then proceeded in peacetime to renew those arrangements which had been concluded on account of the war. Finally, what happened is that rather than relinquishing these powers completely, an equalization system was proposed in 1957, based more or less on the principle to be found in the quotation I made from the Rowell-Sirois Commission, and more specifically in the second paragraph of section 36 of the Canada Act that I also quoted. I remember that at the time, Mr. Duplessis, who had opposed this takeover of provincial taxation powers by the central government, pointed out that equalization was a step in the right direction.

Of course, the problem of the have-not provinces has always been that they have not really objected when the central government has tried to solve their budgetary problems. Revenue guarantee has always been a very strong argument used by the central government in its dealings with the provinces. If anyone can tell us about that, it is certainly Senator Robichaud, a former premier of New Brunswick, a province which has always been very interested in obtaining these equalization payments and did not have to complain of having rented its taxing powers to the federal government during the war.

The equalization system was therefore established and in nearly every case it was subject to arrangements every five years, in 1957, 1962, 1967, 1972 and 1977. We finally come to March 31, 1982, the date of expiry of the latest arrangement.

In 1957, the system was based on rather simple rules which were adjusted every five years following negotiations, and in nearly every case they were subject to an arrangement. However, there is no agreement this year.

Of course, it must be said that there have been negotiations. I do not deny this; there have been studies, there have been reports, including an excellent one from that parliamentary task force and the report of the Economic Council of Financing Confederation. This matter has been the subject of reviews for over a year, but there has been no arrangement, mainly because the purpose of the present federal government was to reduce its payments under the equalization program and for established programs financing, or at least to limit the increase in these payments. This is undeniable. Of course, the provinces deeply regret this. The Minister of Finance had first said: We shall use the province of Ontario as a basis for the formula, that is Ontario's average fiscal capacity. Since this was not acceptable, the minister then said: I shall take the five provinces already mentioned during the debate, namely, British Columbia, Saskatchewan, Manitoba, Ontario and Quebec, leaving aside, of course, the richest province, Alberta, and the Atlantic provinces. But we still find, as Senator Manning indicated in committee, that while the formula itself can be discussed in the context of the bill, it has been chosen with one

objective in view, and that is to reduce the payments for equalization and other programs. In other words, the rationale behind this government's selection of the formula is not so much its logic but the fact that it enabled the Minister of Finance to reach his goal. The minister said to himself: I will give the provinces such an amount—what formula should I use to avoid giving more than what I feel should be the right proportion of my budget?

Concerning equalization payments we should ask ourselves: Are the payments adequate to ensure that all provinces have the same level and standard of services? Clearly, when we link that to equalization payments only, we could entertain doubts. But there is also the established programs funding. It must be remembered that the majority of established programs stem from the fact that after the war the federal government had such large revenues, after invading taxation areas of traditional provincial jurisdiction, that it wanted to get involved into more things, especially education. It is a fact, for instance, that the Arts Council of Canada was established because the federal government, thanks to estate duties, had received large sums of money from the estate of Sir James Dunn and another multi-millionaire.

Senator Goldenberg: It was Mr. Killen.

Senator Flynn: That's it. The government did not know what to do with all that money; they had an enormous surplus, so, on the one hand, they established the Arts Council and, on the other hand, they offered grants to universities. That caused a lot of problems at that time, but eventually this was resolved in 1959-60, with the Province of Quebec in particular, because other provinces did not object. But the Province of Quebec, of course, was right, because it is very jealous of that field, as being specifically its own. It did not wish the federal government to get involved, and opposed that.

That was the first factor, the first involvement in the area of post-secondary education.

Then came the issue of medicare. They said: If you want to establish medicare according to your own standards, we, the federal government, will give you monies. So the provinces had no alternative, for they said to themselves: If we do not do so, they will hand out grants to the others and we will not get anything, but we will still be responsible for the services we are now providing while trying to improve on them as best we can.

● (1600)

This is how the federal government came to be involved, first in health and, later, in hospital insurance, through medicare. Those were then provincial responsibilities, but no reference was made to equalization, that is, the equality of resources. The idea was to involve all provincial governments on practically the same basis. The government was saying: We are going to share with you, Ontario, as we are sharing with Newfoundland, 50 per cent of medicare. Then, it was clearly no longer the equalization principle—

Hon. Louis J. Robichaud: No.

Senator Flynn: Yes. At first, it was 25 per cent for medicare, then they made it 50 per cent if the provinces exceeded

the four standards they were using at the time. This was adjusted gradually with percentage points, but, initially, that is what it was. They were saying to the provinces: We are going to give you the same amount per capita. Later on this was rearranged. That is why I am telling you that the implication now is quite different, even if there are corrections to compensate for the varying fiscal capacities of the provinces.

It remains, however, that Ontario, under the Established Programs Financing Act, is receiving \$4 billion a year and that Alberta, I think, is receiving nearly \$1 billion a year. Yet, these provinces can certainly afford to assume the burden of their responsibilities for health as well as post-secondary education.

Whatever the case may be, these are the facts.

Now, for lack of an agreement, the federal government is foisting this solution on the provinces, and then it suggests that it wants the provinces to be accountable for these funds. On the equalization payments, sure, it is no. It says: We are giving you this money and you can use it as you please, and that is your responsibility. As to the others, which were introduced subject to certain standards, there are rumours that the provinces will be made responsible for the spending of those funds.

In my opinion, this is one aspect of a tendency which came to light following the Rowell-Sirois Report and the wartime tax arrangements, when the federal government insisted on keeping the taxation power in order to achieve a sort of fiscal centralization. It wanted a strong central government, which it felt was in a better position to know what was to be done in virtually all areas, and which could prescribe standards in the areas of education, health and many others.

There are other areas; let me mention, for instance, unemployment insurance. The Rowell-Sirois Commission stated that the federal government should handle it, and the provinces agreed. So, the Constitution and the British North America Act were amended accordingly and that responsibility was entrusted to the federal government. Very well! But, with those new agreements, the will of Ottawa to intervene in areas that are strictly of provincial jurisdiction continues to assert itself—

Hon. Royce Frith (Deputy Leader of the Government): That is not what the Rowell-Sirois Report said.

Senator Flynn: No, when I mentioned the Rowell-Sirois Report I was referring mainly to the fact that it laid down the principle underlying the equalization payments. I did state that in the case of those payments, the federal government asks no questions. It merely says to the provinces: According to such-and-such a rule, we will hand you over this amount so that you can discharge your responsibilities. However, such is not the case with the grants for the financing of established programs in the areas of health and post-secondary education.

As I say, in those areas, the government wants to move in and operate very differently; it wants to set itself up in such a way that it can see exactly what goes on, and have its say. That situation is now taken for granted. We heard Mr. Slater, Chairman of the Economic Council of Canada, tell us in committee that he, naturally, took the situation for granted,

[Senator Flynn.]

but that the Council having looked into the problem had decided not to commit itself. Still, he did acknowledge that point of view through the dissenting opinion of one of its members, Mr. Pierre Lortie.

Mr. Lortie, in his dissent on the matter, states very clearly, and I quote from page 133 of the English text:

In my view, nothing has happened during the ensuing period—

That is, since 1977.

—that would call into question this fundamental policy direction. In fact, the evidence contained in the Council's research indicates that Established Programs Financing has worked well.

Obviously then, the provinces were not accountable to the federal government. I go back to my quotation:

With respect to the options available, I would have preferred consideration of further substantial disentanglement of federal-provincial programs.

The English text uses the word "disentanglement". In short, what is wanted here is more than a disentanglement; the federal government is to get out, so to speak, of the administration, while doubtless continuing the financing, through equalization payments, however. If I may, I shall finish quoting the paragraph:

This disentanglement could be achieved through replacement of some of the present cash payments by an unconditional transfer of tax points, supplemented by adjustments in the Equalization Program.

If the equalization formula was intended to enable the provinces to provide a nationally comparable level of services in the field of health care and post-secondary education, we could simply have improved the existing equalization formula or added to it rather than developing this other formula through which the federal government intervenes directly and is now asking that the provinces be accountable for their administration of the subsidies.

For my part, I do not consider that this bill improves the situation; it simply shows that the federal government still wishes to act unilaterally every time it sees fit to do so, whether or not the Canada Bill or the new Constitution is in effect. The trend toward centralization which began before and during the war and which now covers areas of exclusive provincial jurisdiction is still being followed.

I believe that this is extremely unfortunate and that it will cause conflicts. We shall see what happens.

This is why, personally, I shall vote against this bill.

● (1610)

[English]

Hon. Sidney L. Buckwold: Honourable senators—

The Hon. the Speaker: I draw the attention of honourable senators to the fact that if the Honourable Senator Buckwold speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Buckwold: Honourable senators, first I should like to say that I feel enlightened by the presentation made by the Leader of the Opposition, who has a great knowledge of the historic development of the fiscal relationships between the federal government and the provincial governments. I am sure that it was enlightening to all of us to hear about the development of the relationships and the changes that have taken place over the years. The honourable senator made two or three points to which I should like briefly to respond, keeping in mind that we have had a fairly extensive debate, in this series of speeches, upon this particular subject.

The first question raised by the honourable senator concerns section 36 of the constitutional resolution, wherein the federal government commits itself to providing sufficient revenue to the provinces to ensure the provision of comparable levels of public service at reasonable levels of taxation—or words to that effect. One of these days, I presume, we will all know the Constitution off by heart. I think this is a valid point and one which can be responded to reasonably well.

In my opinion and, I believe, in the opinion of the government and, indeed, of some provinces, the formula that has been developed, the program that has been established, and the financing that has been made available do meet the criteria set out in section 36. These criteria do provide for the kinds of services that are reasonable and sufficient funds that are available so that levels of taxation will also be reasonable. With all due respect to my learned friend, I sincerely believe that the federal government has made a real effort to meet the objective, which is a very high one, of providing these kinds of services to all of the people of Canada.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Buckwold: The Leader of the Opposition then moved on to the point that the federal government imposed this particular bill upon the provinces and that the formulas were developed in a unilateral way. He did agree that a good deal of consultation took place. I think he would also agree that it is extremely difficult, these days, to reach agreement with all of the provinces. However, as I have indicated, most provinces have found the new arrangement quite acceptable.

I think it should be kept in mind that, yes, the federal government did require some fiscal restraint. I do not think that anybody can apologize for that part of the exercise which was aimed at holding down, although not reducing, the growth that we have seen develop over the years in terms of equalization payments. This has come about because members of government and people all across the country are demanding some restraint in government expenditures. Twenty per cent of the federal expenditures will go to the provinces by means of federal-provincial transfers. It is true that there will be some reduction—although it does not run into a large sum of money—in the growth of equalization payments. I do not think that this growth is unreasonable, keeping in mind the financial situation this country faces.

I can say to my learned friend across the way, and to the provincial governments, that any responsible federal government must look at this aspect of its expenditures. This is the kind of thing that I believe Canadians will have to accept, not only with regard to this program, but, perhaps, with regard to a wide variety of programs. There may have to be some changes made. However, we still want to provide reasonable and sufficiently high levels of services.

The Leader of the Opposition then moved on to the subject of the established programs financing and, linked with it, equalization. He presented a good argument, but the point is that the two have been kept separate. It may be possible to lump them into a basket and present them to the provincial governments, saying, "There you are; take it all; don't account for anything." I can find some sympathy, personally, for the federal government's request that there be some reasonable control over the funds of the established programs and how they are spent by the provincial governments. I do not know whether this constitutes a terrible interference with provincial rights, keeping in mind that, historically, the hospital and medicare programs, as well as the university programs, were accountable.

When the federal government was making 50-50 payments, the financial results of these programs were examined. The federal government saw what the provincial governments were doing. The provinces did not really like to be held accountable, and that was changed. Therefore, we see some effects upon universities and upon medical and hospital expenditures in a variety of provinces, which utilized, in many cases, federal funds for other provincial purposes. I believe that this point was explained thoroughly in some of the previous speeches that we have heard here in the Senate. It is for this reason that I do not find it reprehensible that the federal government should ask for some reasonable standard, some means by which to talk to the provinces about how the money is being spent.

I again thank the Leader of the Opposition for drawing these matters to our attention. It is to be hoped that, as a result of the discussions which he has referred to, there will develop the kind of relationship that will give the best value for our dollars across the country in all of the programs that are financed under what we call the established programs financing.

If I may, I will refer briefly to the speech of Senator Roblin, who certainly presents a very good case for Manitoba, which is understandable, from his point of view. I know that Senator Roblin is a very sober man; he is known for his sobriety.

Senator Asselin: What about a solution? You are just talking about sobriety.

Senator Buckwold: Yes, I am just talking about sobriety. If you would like a solution, I can take you upstairs, where we have some of that kind of solution.

I would like to refer to the use of statistics. There is an old adage which goes something like this: Some people use statistics like a drunk uses a lamp-post; more for support than for illumination.

Senator Flynn: They use a lamp-post for other things, too, occasionally.

Senator Buckwold: Well, you should know; I am sure you have had lots of experience.

As I was saying, I am not blaming the sobriety of Senator Roblin; certainly not. I will say, as well, that the government, on its side, uses statistics to its advantage.

● (1620)

As I say, Senator Roblin made a good case, particularly for the province of Manitoba, saying that the problem that was created because of the changes involving the determination of the equalization formula did, in some way, adversely affect the province of Manitoba. But that was recognized by the federal government. It was recognized to the extent that an additional \$165 million was given to Manitoba over the next three years to help them during that particular period.

On the other hand, from the point of view of the Manitoba situation in relation to the other provinces, we should recognize that the federal government's approach has been most fair. When we applied this new system of 33 different revenue sources to 1982-83 we arrived at a standard based upon the average per capita yield of the representative tax system in five provinces of \$2,541. I am giving these statistics because I think we should have them on the record.

What do these figures mean, honourable senators? They mean that the average yield of the system in these provinces is \$2,541 per person living in the province. Those provinces whose yield is below that amount are entitled to equalization to bring them up to that level. However, in the case of Manitoba, whose per capita yield under this formula is only \$2,201, the amount will be raised not to \$2,541 but, because of the transitional arrangements, to \$2,620. In other words, Manitoba will be raised to a level higher than that of any other province receiving equalization. Incidentally, I don't call that discrimination, honourable senators.

It is instructive as well to note that after equalization Manitoba's yield of \$2,620 per capita will be even higher than that of Ontario, whose yield is estimated at \$2,596. In other words, not only will Manitoba be raised to a level higher than that of the other five provinces receiving equalization, but it will be raised to a level higher than that of Ontario, one of the rich provinces not receiving equalization. Again I say that that is surely a generous provision. Manitoba's equalized yield will continue to be above that of the other equalization receiving provinces in 1983-84 and 1984-85. It will remain above that of Ontario in 1983-84.

Honourable senators, those figures indicate the extent to which the government has gone, at a cost of \$165 million, to protect Manitoba. Only one conclusion can be reached, and that is that the province of Manitoba is being treated in a fair and generous way.

Senator Flynn: Obviously!

Senator Buckwold: Thank you for agreeing.

[Senator Buckwold.]

Honourable senators, I should like to read into the record the share of total equalization paid to Manitoba, by fiscal periods, since 1957, when the equalization program began, as referred to by the Leader of the Opposition. Perhaps the opposition is not interested in these statistics, but I think they should be on the record.

Senator Flynn: Certainly we are interested in them.

Senator Buckwold: In the forthcoming five-year period, the equalization for Manitoba is projected to be 8.15 per cent. That percentage is higher than the percentage of 7.22 that applied from 1957 to 1962. It is higher than the percentage of 7.82 that applied from 1962 to 1967. It is also higher than the percentage of 6.83 that applied from 1967 to 1972, or the percentage of 7.44 relating to 1972 to 1977. It is lower than the percentage of 9.73, which applies to the last five-year period from 1977 to 1982, and that is where the problem arises. The point is that what they will be receiving is historically higher than they have been receiving, except for the last five-year period. By historic standards, Manitoba is receiving an above-average share of total equalization, and once again we have evidence of the very fair treatment being accorded to that province.

Perhaps I may be permitted to move on to some of the other points raised by Senator Roblin. He touched on what is probably the most argumentative procedure in the bill, the revenue guarantee element. A great argument is taking place with respect to whether or not this is in fact part of the established programs financing. Again it comes down to the way people use statistics. It is interesting to note that at the provincial premiers' meeting last year, 1981, a communiqué was issued stating emphatically that as far as the ministers were concerned the revenue guarantee element and the funds received from that revenue guarantee had nothing to do with the established programs financing.

The established programs financing comprises a substantial amount of money which, as we have heard two or three times during this debate, was put in to ease the position of provinces as we changed some taxation relationships. That financing was there as a transitory measure, as I have said before. It was never intended or expected to be a permanent program. Well, if you remove that financing, which amounts to \$5.8 billion—and that is where the major financial saving to the federal government is—then you really should not argue that the government is reducing its support for established programs. In fact, that support will continue at the same level as it has, related to the gross national product. If the argument is that it is the guaranteed revenue aspect of the whole package that is upsetting the provinces, then I must repeat that just last year the premiers indicated that the revenue guarantee had nothing to do with the established programs financing.

So that is where the federal government does in fact make its major saving, its major economy in this restraint program which all of us know is expected of us. The universities, the hospitals, the medicare program will all benefit from the same amount of money, the same growth, as they have had traditionally in the past, related basically to the gross national

product. No doubt we will hear arguments on both sides, but I think the federal government has a reasonable case there.

Senator Roblin, I believe with some objection, also spoke about the right of the federal government to amend. I referred to that earlier in response to Senator Flynn, and I say again that I feel that, although some people might object, the federal government, in passing on the kind of money it is doing, should have the right to expect the provinces to perform. That is really what we are talking about here. I do not find it offensive at all that the federal government has suggested that it should have the right to make changes, if necessary, if the programs are not being carried out in a responsible manner, in order to meet the national standards that have been laid down.

Senator Roblin also endorsed the idea of the Economic Council of Canada that there should be some pre-study for the next round of federal-provincial negotiations in respect of fiscal policy. I agree with him 100 per cent. I should like to see that done by a joint committee of the Senate and the House of Commons. I do not think we should wait until we are close to the expiry date of the present arrangements before we make a major study of fiscal federalism. Such a study would be effective, and the Economic Council itself might play a role in that. I am pleased that Senator Roblin saw fit to endorse that particular program.

Senator Roblin said that the federal government is shifting the burden of the federal deficit on to the less fortunate provinces. To a degree there is a shifting of the burden because of the nature of the deficits and the financial restraints, but I think Senator Roblin was ill advised to use the term "less fortunate provinces." It is being spread over all of the provinces and part of it is being paid for by everyone.

Senator Flynn: Well, "all of the provinces" includes the "less fortunate provinces."

Senator Buckwold: Again, I can only say that when we have fiscal restraint being demanded by the people of Canada, then certainly there will be some burden on all of the provinces and on the federal government itself.

● (1630)

Finally, he talked about energy revenue and said something to the effect that the federal government would have so much money coming in that it should not be too niggardly with funds for the provinces. Let me remind honourable senators that even with the optimistic—and, in my opinion, they are optimistic—revenue figures that may come out of the new energy programs, there would still be a significant deficit right up to the fiscal year 1985-86. Certainly, we need those revenues, but they in themselves are not enough to eliminate the need for the fiscal restraint which I have talked about.

Honourable senators, I think I have answered the points raised by Senator Flynn and Senator Roblin. I commend this bill to you for second reading.

Before I sit down, I wish you all a very happy Easter, and I wish those of my faith a joyous Passover.

Hon. G. I. Smith: Would the honourable senator permit a question?

Senator Buckwold: Certainly.

Senator Smith: The honourable senator made reference to the possibility of a pre-study of the equalization problem before it comes up for review the next time. Is the honourable senator aware that the whole basis of this kind of equalization calculation was worked out by a committee called the Tax Structure Committee, appointed by a federal-provincial conference presided over by the Prime Minister of the day, the Right Honourable Lester B. Pearson, approximately 20 years ago? Would the honourable senator endorse that kind of study as one that is suitable for the pre-study which he mentioned?

Senator Buckwold: I would have to say in response that I cannot answer in the affirmative or in the negative. I really do not know how conditions may have changed since that time. Certainly, it is an approach that could be carried on in a co-operative way, along with the responsibilities of Parliament in this regard. It seems to me that such a committee would be very useful. I presume it would also have to be tempered by a variety of other factors that go into determining the final agreements that are reached.

So, if I am not being absolutely definite on this point, I must say to the honourable senator that it is because I really do not have the background to give a definitive answer.

Motion agreed to and bill read second time, on division.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Buckwold: Honourable senators, with leave, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I want to explain why we have given leave to proceed with the third reading stage at this time. Normally, even if a bill has been the object of a pre-study—in this case, by the National Finance Committee—we on this side, at least, would require that the bill be referred to the committee for normal consideration after passing the second reading stage. In that instance, we would have taken the opportunity to ask the provincial governments and other interested bodies or groups to appear before the committee as witnesses.

As I mentioned before, negotiations with the provinces have been going on for some time, but, in fact, the bill was introduced at the last moment. We were told that if the bill is not passed by April 15 the payments to the provincial governments would be delayed and that they would therefore suffer. Thus, we have worked within a time constraint which left us in the position of not being able to do what we normally like to do with a bill of such importance, namely, to have witnesses appear and to hear the grievances explained in more detail and more directly to the committee. We have been put in much the same position as the House of Commons, that position being that we are forced to pass this bill quickly, bypassing the

normal process of consideration before a committee of this place, and agreeing to allow the third reading to proceed.

Hon. Martial Asselin: Forced to agree.

Senator Flynn: In any event, I felt that it should be on the record that because of the time constraint this bill is receiving third reading now. Furthermore, it seems to me that the Senate has shown that it does not consider that it can do very much about this bill, in light of the few members who have taken part in the debate or who have expressed reservations or worries about the bill. So, under the circumstances, it seems to us, even though we are not happy with the bill or with the time constraint, that there is nothing else we can do but let it go.

Before resuming my seat, I would like to inform Senator Buckwold that a consequence of a reduction, if not in the amount proper then in the growth of the contributions, is that the standard of health care and post-secondary education may decrease. Perhaps it will show that what we have provided in the Constitution under section 36 is not worth very much. In any event, the provinces are faced with either decreasing the quality of their services or increasing their indebtedness. This is the result of the imposition by the federal government of programs that infringe on an area of provincial responsibility and that force them to change their priorities in accordance with the central government's wishes.

Hon. G. I. Smith: Honourable senators, I wonder if I may just take a moment to perhaps correct the impression I may have left by the question I asked of the sponsor of the bill a few minutes ago. The bill, of course, deals with more than equalization. My question dealt only with the formula for equalization and not with the established programs financing.

Motion agreed to and bill read third time and passed, on division.

● (1640)

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

7 April 1982

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 7th day of

[Senator Flynn.]

April, 1982, at 5.45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,

Your obedient servant,
Jacques Noiseux
for Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday, April 27, 1982, at 8 o'clock in the evening.

He said: Honourable senators, my information is that the other place will be adjourning tomorrow and returning on April 19. It is expected that the House of Commons will be kept occupied, during the last two weeks of April, with the energy bills that were the subject of the agreement between the house leaders. According to my understanding, those bills are to go to committee in May.

Of course, we cleared up much of our work while the House of Commons was not sitting. We cannot expect to have anything from the other place during our second week of adjournment, and that is why I have moved that we adjourn for an additional week.

Hon. Jacques Flynn (Leader of the Opposition): Another reason we should adjourn for two weeks is, of course, that we are all exhausted as a result of the work we have been doing in the Senate since we came back in late January. I think we deserve to be away for two weeks.

Senator Frith: Well said.

Motion agreed to.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned

and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act respecting loans to farmers.

An Act to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act.

An Act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and to provide for payments to certain provinces.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before I move the adjournment, I should like to wish all of you a Happy Easter, Joyeuses Pâques, Buona Pasqua.

The Senate adjourned until Tuesday, April 27, 1982 at 8 o'clock in the evening.

THE SENATE

Tuesday, April 27, 1982

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

LIBRARY OF PARLIAMENT

REPORT OF LIBRARIAN TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the annual report of the Parliamentary Librarian for the fiscal year 1980-81.

THE SENATE

CHAMBER CLOCK

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if Senator Donahoe has noticed that our clock shows Halifax time and decides it is in his honour he should feel free to enjoy doing so. It will probably be changed to Eastern daylight saving time tomorrow.

Hon. C. William Doody: We easterners think it is a nice gesture.

Senator Frith: I couldn't get it to the half hour in time for you.

Senator Doody: Nobody would believe it anyway.

[Translation]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

REPORT OF NATIONAL FINANCE COMMITTEE ON SUBJECT
MATTER OF BILL C-97 TABLED

Hon. Fernand-E. Leblanc: Honourable senators, on April 6, 1982, the Chairman of the Standing Senate Committee on National Finance, Senator Everett gave a verbal report on the subject matter of Bill C-97, explaining that a written report would be tabled at a later date.

On behalf of Senator Everett, I have the honour to table the report of the Standing Senate Committee on National Finance on the subject matter of Bill C-97, An Act to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and to provide for payments to certain provinces, and to ask that this report be printed as an appendix to the *Minutes of the Proceedings* of today and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[English]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO EXAMINE
AND DRAW TO THE ATTENTION OF THE SENATE THE SUBJECT
MATTER OF CLAUSES OF CERTAIN BILLS

Hon. John M. Godfrey: Honourable senators, I give notice that tomorrow, Wednesday, April 28, 1982, I will move:

That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine and draw to the attention of the Senate the subject-matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the Canadian Charter of Rights and Freedoms; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I want to say a word about the Notice of Motion that has just been given. I have discussed it with Senator Godfrey, and want also to inform honourable senators that tomorrow I may have something to say about an aspect of the wording of the motion that raises a question of order, although not a terribly serious one—more a matter of irregularity.

● (2010)

Senator Roblin: Tell us now; do not keep us in suspense.

Senator Frith: I should like to leave it as a cliff-hanger.

QUESTION PERIOD

[English]

THE BUDGET

EFFECT ON PURCHASERS OF WHOLE LIFE INSURANCE POLICIES

Hon. David Walker: Honourable senators, my question is for the Leader of the Government in the Senate. The November 12 budget proposed to tax unrealized gains on individual whole life insurance policies—a shocking situation—and premiums on company-paid health and dental benefits. As a result, thousands of protesting letters have been sent to the Minister of Finance and the Liberal caucus by unhappy policyholders and employees.

Will the distinguished leader advise the Senate whether these proposals have been deleted from the budget or modified in any way? I consider this to be a most important question.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a number of representations have most certainly been received from the insurance industry and policyholders in various parts of the country. An explanation of government policy was given to the Senate a number of sittings ago. However, the question will be taken as notice and the reply updated if further information is available from the Minister of Finance.

Hon. Martial Asselin: This question was asked previously.

Senator Perrault: An answer was provided previously. Senator Nurgitz asked the same question earlier and a response was made.

Senator Asselin: Is it the same answer?

Senator Perrault: I will seek an update.

UNEMPLOYMENT INSURANCE

USE OF FUND TO FINANCE JOB CREATION PROGRAMS

Hon. Duff Roblin (Deputy Leader of the Opposition): My question is for the Leader of the Government in the Senate. A short while ago I drew his attention to the situation whereby the Minister of Employment and Immigration was loading the Unemployment Insurance Fund with costs of programs which he hopes will ameliorate the unemployment situation in Canada.

At that time I asked whether it was the intention of the government to use the Unemployment Insurance Fund for these purposes, or whether it was the intention of the government to provide those funds at a later date from the Consolidated Revenue Fund.

I raise the question because to use the Unemployment Insurance Fund for such purposes would constitute, of course, a direct tax on hundreds of thousands of workers in the country.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question is a relevant one and will be taken as notice.

Senator Roblin: Three weeks have now elapsed since I originally asked this question. Will the leader give me some indication as to when I may receive an answer?

Senator Perrault: As yet, the reply is not available.

THE SENATE

ABSENCE OF MINISTER FROM CHAMBER

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, will the Leader of the Government tell us whether he expects the Minister of State for the Canadian Wheat Board to attend in the chamber this evening?

Hon. C. William Doody: He is waiting for a re-count in Saskatchewan.

Hon. Raymond J. Perrault (Leader of the Government): We are hopeful that the minister will be here this evening, but whether he will arrive in time for Question Period is a moot question.

Senator Roblin: Is there any truth to the rumour that he is being detained by crowds of enthusiastic Liberal supporters in Saskatchewan?

Senator Perrault: I can say that the semi-monopoly position established by the Conservative Party in Saskatchewan last evening may well invite an investigation by this government.

Senator Roblin: If you do not know now, you never will.

CANADA DEVELOPMENT CORPORATION

ACQUISITION OF INTEREST IN SAVIN INC.

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. Following earlier questions concerning the CDC purchase of Savin Inc., Senator Austin has refused to give complete answers claiming that he would not comment on the day-to-day operation of the corporation.

This evening my question is for the Leader of the Government in the Senate relating, perhaps, to Savin, but more specifically to the general matter of government accountability of taxpayers' dollars.

Two senior officers of Savin Inc., who continue to be employed at annual salaries of about \$US300,000 a year, received modified—and I think this was the term used by the newspaper—golden handshakes from the CDC when the Savin purchase took place.

Hon. Martial Asselin: What are we doing here?

Senator Nurgitz: Both officers have been paid approximately \$US4.25 million.

An Hon. Senator: Scandal!

Senator Nurgitz: Since the CDC is 48.5 per cent owned by the taxpayers through the government, would the Leader of the Government provide a full accounting of this expenditure and explain, if he can, how this apparent gross extravagance could ever have been perpetrated upon the Canadian taxpayer?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I had not been aware of these allegations. However, if information is available, it will be provided.

● (2015)

Senator Doody: It is a wonder the Conservatives didn't get 64 seats in Saskatchewan.

Senator Roblin: If they had heard about this, they would have.

ENERGY

EAST COAST—OFFSHORE OIL EXPLORATION

Hon. Richard A. Donahoe: Honourable senators, I would have preferred to direct my question to the minister responsible for economic development, but he has not yet graced us with his presence, although I understand he may come later—when Question Period is safely over. I will, therefore, address my question to the Leader of the Government in the Senate.

We hear quite often that by 1990, or some such year, we will have achieved self-sufficiency in oil, and we are given to understand that that will depend in large measure on what takes place off the east coast. Given the importance of the development of resources off the east coast, why do federal officials not yet have a formula for deciding which drilling permits the oil companies must return so that they can proceed to drill on the ones they may keep?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Senator Donahoe: I thank the honourable senator for the attention that will be given to my question. There is a supplementary that goes with it. In March and April respectively, BP and Shell announced substantial delays in their east coast drilling programs because it has taken such a long time to renegotiate offshore drilling permits with the federal government.

Is the minister not of the view that it is in the national interest for east coast drilling to proceed, and for decisions on allocations of drilling permits to be taken with dispatch? Surely that is a question that does not need to be taken as notice, because it is an expression of what the minister has on his mind at this moment.

An Hon. Senator: Very little!

Hon. R. James Balfour: Apparently no one wants to reply to that question.

Senator Perrault: I am taking it as notice.

VIABILITY OF MEGA-PROJECTS

Hon. R. James Balfour: May I address a question to which ever government member might care to respond to it? Senator Austin is perhaps best qualified.

Hon. Jacques Flynn (Leader of the Opposition): That does not improve the situation much.

Senator Balfour: My question relates to the Cold Lake project, the Alsands project and the Alaska Highway gas pipeline project. Are those projects still viable or not?

Hon. Jack Austin (Minister of State): Honourable senators, I will have to take notice of that question for Senator Olson. Those matters are within his particular responsibility.

Senator Flynn: Well done!

[Senator Roblin.]

EMPLOYMENT AND IMMIGRATION

ADVERTISING CAMPAIGN

Hon. Nathan Nurgitz: I should like to direct a question to the Leader of the Government in the Senate. I notice that recently the government has launched a \$5 million advertising campaign entitled "Helping Canada Work" which, according to the chief of advertising for the sponsoring department, is also to suggest that the economy as a whole is working.

Is the Leader of the Government, amid all the ministerial talk of restraint and of cutbacks, able to justify this massive advertising campaign, which, to me at least, has no concrete objective other than to persuade Canadians that conditions are other than what they really are?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, surely that is a rather negative attitude demonstrated by Honourable Senator Nurgitz. Canadians who are out of work deserve the active sympathy of all of us, regardless of party.

Hon. Jacques Flynn (Leader of the Opposition): Unfortunately that is all you can give them. You have no dough.

Senator Perrault: The government information program is designed to inform these unemployed Canadians of the work opportunities that may be available under certain government programs. For example, the Honourable Lloyd Axworthy has announced a program to provide employment for certain categories of unemployed in various Canadian provinces, a program which will "top up" their unemployment insurance benefits and provide incentives and opportunities for people to work in the forestry, mining and fishery industries, and so on. Those who are unemployed and are entitled to participate in that program deserve to be apprised of the facts. Surely the honourable senator is not suggesting that those programs should be undertaken secretly, in some covert fashion, so that the unemployed are unaware of their existence.

● (2020)

Senator Nurgitz: Honourable senators, I have a supplementary question anticipating the answer I have just received.

An Hon. Senator: Which anyone could anticipate.

Senator Nurgitz: No one would doubt the validity of an advertising program that would tell someone how to apply for a job or for retraining. My argument with the Leader of the Government—what was meant to be a question has now turned into an argument—is that this does not do that at all. This really is an advertising campaign that has no directives. If the expenditure of \$5 million on advertising by the Department of Employment and Immigration was absolutely necessary at this time, would it not have been better to draw the attention of Canadians to the many training programs to enable them to apply for jobs, rather than engage in what I suggest is window dressing?

Senator Perrault: Honourable senators, I can only say that the details of the program will be ascertained and information brought to the Senate. An alleged figure of \$5 million has been bandied about. Whether or not that is an accurate figure, I do

not know, but I will attempt to equip myself with the facts. I say again that government information programs are necessary to enable the unemployed to know their entitlements and the work opportunities that exist in this country. I suggest that the spokesmen for the Conservative Party should be somewhat more optimistic and positive in their attitude towards measures designed to assist the unemployed.

Senator Flynn: We want you to be more efficient.

Senator Nurgitz: I am aghast at the absurdity of the answer. Would the Leader of the Government be kind enough to furnish the Senate with information on the cost and also a copy of the advertising, because it says nothing of the kind?

Hon. Duff Roblin (Deputy Leader of the Opposition): Nothing of the kind.

Senator Nurgitz: It tells Canadians that they are better off, but not how to become better off. It tells them they are working when they are not working. That is my point.

Senator Perrault: I would appreciate it if the honourable senator would send to me, across the chamber, at this moment, a copy of the advertisement. Obviously, he has one on his desk. Let us have a look at it.

Senator Flynn: I thought you knew what you were talking about.

Senator Perrault: We are talking about an advertising program which is alleged to be in existence. The honourable senator does not appear to have any copies of the alleged advertisements or tapes. I will undertake to get the facts. Obviously, the honourable senator has not brought any with him this evening.

Hon. C. William Doody: Honourable senators, I have a supplementary question for the Leader of the Government. A few moments ago he said—and I will quote him to the best of my recollection—that the Honourable Lloyd Axworthy now has a program in place which allows Canadian citizens to “top up” their unemployment insurance. Does the Leader of the Government mean that seriously? Is that one of the answers to Canada’s unemployment problem, that citizens are going to be encouraged to “top up” their unemployment insurance?

Senator Perrault: Honourable senators, the government is interested in promoting and achieving as much co-operative federalism as possible. The employment program involves the federal government and certain provinces such as Ontario and British Columbia. We welcome the participation of other provinces as well. These governments believe that the unemployed men and women of Canada today would far sooner be working than be on the unemployment insurance rolls.

Some Hon. Senators: Hear, hear.

Senator Perrault: In addition to providing unemployment insurance benefits, the federal government, in co-operation with certain provincial governments, is working to provide additional amounts to the unemployed in exchange for work which will enhance our forestry, mining and fishing industries

in the various provinces. This is a constructive initiative. It is not a substitute for full-time employment. Of course not.

• (2025)

The fact is that as far as the forest industry is concerned, there is widespread unemployment in the maritimes, Quebec, Ontario and the west, largely because of the—

An Hon. Senator: Liberal government.

Senator Perrault:—very low level of housing starts in the United States of America. Honourable senators are aware that Canada draws most of its forest wealth from its export sales to the United States and other countries. When houses are not being built, especially in the United States, then forest workers in Canada are in trouble.

Rather than adopting the attitude that we are unable to help the unemployed, on rather than refusing to do anything constructive, we have gone to the provinces and have said, “Let us work together to help them.”. For example, just last week in the province of British Columbia a federal-provincial announcement was made which could mean 10,000 jobs. That is an example of the federal government and a provincial government working together constructively. We have a forestry program in place in British Columbia and Ontario. We are working with the Social Credit government of the province of British Columbia and the Conservative government of the province of Ontario in that regard.

Canadians do not want federal-provincial bickering at this particular time; they want governments to get together to work for the unemployed. They do not want confrontation; they want co-operation—and that is precisely what we intend to achieve.

An Hon. Senator: Then why don’t you resign?

Senator Roblin: Tell that to your Prime Minister.

Senator Doody: Honourable senators, I want to thank the honourable minister for unburdening himself of all his guilts. He has managed to expunge his conscience and get all the problems of the unemployed off his mind, but it certainly did not add up to anything about topping up unemployment insurance. Be that as it may, at least we know what one minister got from Meach Lake.

Senator Flynn: He wasn’t there.

THE ECONOMY

MEETING OF CABINET AT MEACH LAKE, QUEBEC

Hon. C. William Doody: I wonder whether the Minister of State for Economic Development can report to us on the meeting at Meach Lake in terms of the economic and fiscal policies of the government as of Sunday.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I was not here earlier, but I presume from that question that a similar one has already been asked this evening of the Leader of the Government in the Senate.

Hon. Jacques Flynn (Leader of the Opposition): No, don't worry about that. Give your answer.

Senator Olson: In any event, I am surprised that my honourable friend, who has served in a cabinet, would allow his memory to fail him as to the oath he took at the time he joined that cabinet. This was a cabinet meeting. He knows very well that matters discussed at a cabinet meeting, even the agenda, are not to be disclosed.

Senator Doody: Honourable senators, even with that primitive and somewhat archaic system of cabinet solidarity, in Newfoundland we were permitted to make releases on policy when the meeting ended. I can even remember from that dim, distant part of my career that on matters of social policy social ministers would respond, and on matters of economic policy economic ministers would respond. All I could discover from the meeting at Meach Lake, which was held to discuss the economy and Canada's situation in terms of the economy of today, were the statements made by the Secretary of State, the Honourable Gerald Regan.

Hon. Duff Roblin (Deputy Leader of the Opposition): The Minister for Sport.

Senator Doody: I feel that the Minister for Sport probably has some sort of ironic interest in the economy, but I would really feel more comfortable if the minister responsible for economic development would report to the Senate on the policy direction taken by the government in terms of the economy of the country as of today, after the meeting at Meach Lake.

Senator Olson: Honourable senators, I find it unfortunate that my honourable friend chooses to distort matters. From his own experience, he knows very well that after cabinet meetings such as the one at Meach Lake, one of the ministers is assigned the responsibility of issuing a statement or communication. In this case it was the Secretary of State and also the Minister of Justice. If the honourable senator is unable to obtain a copy of those statements, I suppose I will have to do his homework for him. I will be only too glad to do that.

Senator Roblin: There is nothing in those statements.

Senator Doody: I would be quite pleased if the minister would do some homework in that area, since he is the Chairman of the Cabinet Committee on Economic and Regional Development. Certainly there is nobody in this chamber more qualified to do that kind of homework. I do not think I would cringe from doing the job if I were given that responsibility.

● (2030)

I wonder if the minister has any comments to make on the economic policy of the government? Is there any change at all? Is the recession we are looking at now going to stay in place? Is the unemployment picture going to change? Are there some more cheerful prognostications for the immediate or longer term future? I notice that the Honourable Charles Lapointe, Minister of State for Small Businesses and Tourism—who must surely by this time have one of the smallest constituencies of cabinet, since people are going out of business

[Senator Olson.]

day after day after day in alarming numbers—is quoted as saying that if there were a recovery in the United States he is not sure that we would be able to get on the bandwagon.

Is that the assessment of the seriousness of the situation in Canada now, or is there a more pleasant prognosis after Sunday's meeting?

Senator Olson: Honourable senators, one of the very serious concerns of the government is that costs of production, and a number of other component parts of our competitive position, are not adjusting as rapidly as is the case with some of our major trading partners. The remarks of the Minister of State for Small Businesses and Tourism were made particularly with regard to the United States. It becomes increasingly difficult, or worrisome—whichever term you like best—to see that inflation rates in the United States and Canada are five points apart.

Hon. R. James Balfour: Why?

Senator Olson: In certain months the difference has been even wider.

Senator Balfour: Why?

Senator Olson: Well, it is due to a variety of reasons, but one of the things that we are aware of is that the average wage settlement in Canada is still running four to five points higher than that in the United States, which does, in fact, create difficulty with regard to remaining competitive.

Senator Balfour: Eighteen cents a gallon is another reason.

Senator Olson: Yes, well, we have also benefited from a lower price for energy going into the CPI, for example.

These peculiar little comments, however, that my honourable friend Senator Balfour keeps putting in are really not matters of fact, but matters of opinion, and I disagree with him. I was, if he will recall, asked a question by the Honourable Senator Doody. I suppose if Senator Doody had wanted him to answer the question he might well have directed it to him. Unfortunately, he asked me. He wanted to know why, for example, we were concerned about perhaps not being able to maximize the economic benefit of an upturn when it comes along, and I tried very quietly to give him some of the explanations. They are very intense and valid explanations of some of the problems.

Senator Doody: I certainly appreciate the minister's efforts to answer that question, because it is indeed a very important one.

I got as far as the five-point difference, however, and then we sort of got sidetracked. The reason for the five-point difference was given by the minister as being due to the difference in wage settlements.

Senator Olson: It is not the only reason. I said that that was one of the reasons.

Senator Doody: That is what I said—one of the reasons. It is the only one I heard. I am trying to reconstruct the pattern of conversation.

Senator Olson: Perhaps you should talk to Senator Balfour about that.

Senator Doody: The minister gives higher wage settlements in Canada as being one of the reasons for the five-point difference, but surely the trend being established by the Government of Canada in wage settlements is not very conducive to cooling off the situation that the minister just gave as a reason for the difference in spread. My understanding is that the wage settlements that the Government of Canada has recently made with some bargaining groups have been well in excess of the rate of inflation.

● (2035)

The engineering and land survey group received 29 per cent over two years, which amounts to more than 14 per cent each year. The federal nurses recently received an increase in wages of 12½ per cent, which is hardly the sort of example that encourages the private sector to try to cool wage demands. If that is the only sort of example we can provide to demonstrate the reason for the five-point spread between the American and the Canadian economic performances, I really do not think it is satisfactory.

Senator Olson: Honourable senators, although he does not demonstrate it very often, I am sure that the Honourable Senator Doody would like to be fair. It is a matter of fact, if he wants to look into it, that the wage settlements in the federal public service during 1981, for example, were 11.6 per cent. For a long while a policy has been established whereby the federal public sector would follow, not lead, the private sector. The average increase for the public sector in the federal area was almost identical to that of the private sector. It is disturbing to note, however, that during the same period the average provincial government settlement was 13.2 per cent. I would remind my honourable friend that most of those governments are made up of his colleagues.

Senator Doody: Yes, it is pretty difficult to find a government that is not.

Senator Olson: It is also important to note that, at the first ministers' conference, the Prime Minister made what I believe is a sound, well thought out offer.

Senator Balfour: If so, that is the first one he has ever made.

Senator Olson: If my honourable friend wishes, I can go over the formula. The aim of the offer was to reduce that settlement, with a view to setting a good example. As a matter of fact, the offer was turned down by the provincial leaders.

ENERGY

NATIONAL ENERGY PROGRAM

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development which arises out of a speech given recently in Vancouver by Mr. Thomas d'Aquino, the president of the Business Council on National Issues. In that speech, he called upon the govern-

ment to reassess the National Energy Program and, in part, said:

The evidence is clearer now more than ever. Oil and gas exploration is down considerably; the Program's incentives are not achieving desired results; foreign investment has been greatly curbed; our trading relationships have suffered. All this was predicted a year ago by the Business Council Task Force on Energy Policy. The Government of Canada would not listen then. We are hopeful that it will consider some changes now.

In view of that statement issued by the authoritative Business Council on National Issues through Mr. d'Aquino, its president—who will be known to the minister as a former special assistant to Prime Minister Trudeau—will the minister state whether the government is indeed giving consideration to reassessing the entire National Energy Program and making the important changes advocated by the Business Council?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is always amazing to me that some people can demonstrate their hindsight to be somewhere near what is expected of the government in terms of foresight. The honourable senator talks about what happened a year ago. I am sure that he is aware that a year ago at this time we did not appear to be anywhere near reaching agreement between the producing provinces and the Government of Canada. That agreement, of course, was reached on September 1, 1981. Furthermore, there have been a number of significant changes in the international circumstances with respect to supply, price, and a number of other factors which are involved and which have had a profound effect on some of the projections made by the private sector and, indeed, by both levels of government since.

Obviously, any responsible government—I have said it before and I will repeat that I believe we are a very responsible government—takes into account the significant changes in the economic conditions that are prevailing at any one time.

Hon. R. James Balfour: You're joking!

● (2040)

Senator Murray: Is it still the expectation of the government that Canada will be self-sufficient in oil by the end of this decade?

Senator Olson: If the kind of investments are made in time in the projects where we know the resources are in this country, we will be.

Hon. Richard A. Donahoe: But will they be?

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask a supplementary question of the minister. I am not going to ask him to indulge in any retrospective considerations, but to observe the fact that the Government of Alberta quite recently recognized the bankruptcy of the National Energy Policy Agreement of September 1981 with respect to the production of oil in the province of Alberta and that government has, as a result, drastically altered its royalty regime for oil and gas.

My question is: Does the present Government of Canada recognize that there is a continuing problem there, and does it intend to deal with its half of the equation so that the oil and gas industry of the country may be put back on a successful basis?

Senator Olson: Honourable senators, my friend knows that in the energy agreement that was entered into on September 1, 1981, that Alberta gave an undertaking to reassess its royalty base.

Hon. Guy Charbonneau: They are not playing politics.

Senator Roblin: What about the responsibility of the federal government to deal equitably with this matter. My honourable friend accuses us of hindsight. Well, this is not hindsight, but experience. We know that that industry is starved for cash. Without cash it does not work. It is starved for cash because greedy governments, particularly my honourable friend's government, take too much of the money. Are they going to reconsider their position?

Senator Olson: When, my honourable friend puts a question in that context with such a preamble—

Senator Balfour: Yes or no?

Senator Olson: Well, yes or no—

Hon. Jacques Flynn (Leader of the Opposition): He has never answered yes or no before so he won't start now.

Hon. Royce Frith (Deputy Leader of the Government): Senator Balfour's questions this evening are "Why?" or they require yes or no answers.

Senator Olson: That kind of squeeze or problem is experienced not only by oil and gas industry but also by a number of other sectors in the Canadian economy, and even more severely in other economies. I do not know how many more times I have to repeat that when there is a significant change in economic circumstances surrounding a sector, it is obvious that any responsible government looks at it.

Senator Flynn: There is.

Senator Roblin: I am not going to hold my honourable friend responsible for the difficulties in other countries because he has far more than he can handle on his plate right here in Canada. What I want to know from him is whether the government is giving some consideration to altering its fiscal regime with respect to the National Energy Program in Alberta to deal with the problem that he has on his own plate.

Senator Olson: My honourable friend never likes us to refer to difficulties outside our borders, but what he does have to accept is that 25 to 30 per cent of our total production is dependent on the economies of other countries because they are the customers for it. When they experience great difficulty—and the Leader of the Government mentioned the forest sector a few minutes ago—that has a profound influence on what happens inside this country. No matter how much he wants to blame the government for it, those economic factors are there just the same. That is the real world.

[Senator Roblin.]

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Roblin: Well, the real world is that we happen to be talking about respecting the oil and gas industry. Why does my honourable friend not bring in the textile industry? Why does my honourable friend not bring in the shoe industry? Why does he not bring in the automobile industry? He might just as well. We happen to be talking about oil and gas in western Canada and what can be done to revive that industry, and my honourable friend is dealing with a Canadian industry which is being choked not by exports in international situations but by the policies of this administration. He will not even allow them the fiscal elbowroom to get the stuff out of the ground and sell it to Canadians. He is paying millions of dollars of Canadian taxpayers' money to support the import of foreign oil and is restricting the extraction of that commodity from our own soil.

Senator Olson: Honourable senators—

Senator Roblin: I'm not finished. He better sit down until I'm through with him, because I'm not through with him yet.

Senator Frith: What about a question?

Senator Roblin: I have a question for him all right. Not only does my honourable friend appear to me to be turning a cold shoulder to the real problems of the oil and natural gas industry in Canada, but it appears to me that he also wants to take a little more of the tax cut than he already has. I should like to ask him whether it is the intention of the government to follow through on the implied threat, indeed, the clear statement of the Minister of Energy, Mines and Resources, that they would be taking advantage of the changed cash and profit position of the oil and gas industry in Canada to increase the take of the Government of Canada.

Senator Olson: That is wrong. That is your impression again, but I have learned that you have to separate opinion from fact especially when you are talking. I have to remind my honourable friend that raising his voice in his rhetoric does not change the facts. For example, some of the facts with respect to the shut-in production amounting to over 200,000 barrels a day at the present time has a severe impact on the cash flow of the industry. What he forgets very conveniently over and over again is that it was not the Government of Canada that shut that oil down; it was the government of the Province of Alberta that shut down that production.

Senator Perrault: Shame!

Senator Olson: I have to remind him again that if he or the premier of any producing province or anyone else seriously—

Senator Charbonneau: He's beginning to sound like Lévesque.

An Hon. Senator: Order!

Senator Olson: —seriously believes—

Senator Balfour: Why did they shut it down?

Senator Olson: They did shut it down to the tune of 180,000 barrels a day.

Senator Balfour: Why?

Senator Olson: If they seriously believed that the rest of Canada was going to go without heating oil, and we were going to fail to make alternative arrangements for substitute supplies from some other place, then, of course, they were not displaying the level of intelligence that even a most elementary person would display.

Senator Balfour: Why did Alberta shut it down?

Senator Olson: Of course, those refiners, with the support of the Government of Canada, did in fact make some alternative arrangements. Some of them called, by the way, for longer term agreements. The Government of Canada honours its agreements.

Senator Perrault: Hear, hear.

Senator Olson: In addition, we have announced a program of expediting and maximizing Canadian production going into those refineries. That was done on April 1. We intend to move as rapidly as we possibly can on that.

Senator Murray: The policy is a disaster.

Senator Donahoe: Resign!

Senator Olson: Let's not have the kind of rhetoric that tries to lay on this government the responsibility for shutting down Canadian oil production.

Senator Roblin: If my honourable friend is so selective of his facts—

Senator Olson: Those are the ones you brought up.

Senator Roblin: All right. On April 7 in this chamber we discussed this same question and the minister had no problem in dealing with the Alberta situation because that was not the point in issue. It is the quantities over and above those that were shut off at various times in the province of Alberta that we are talking about. The estimate is that 300,000 to 400,000 barrels will be shut in.

Senator Olson: It is 120,000 barrels.

Senator Roblin: I will believe that when it happens.

Senator Olson: You always multiply by two.

Senator Roblin: Is it my honourable friend's position then that if some other government does something that he does not like, that has results that he does not like and that perhaps some of the rest of us do not like, he is not going to do anything about the permanent ongoing problems of this industry to get itself on its feet? That is either spite or an excuse. Take your choice.

Senator Olson: Honourable senators, my honourable friend is trying to give an interpretation, that is exactly the opposite to what I said less than five minutes ago. I said that—

Senator Flynn: It is what you said on April 7.

Senator Olson: Yes, I did, but my friend did not understand it then. I said that when there are significant changes in the circumstances a responsible government would look at it, but I am not ready to make the announcement this evening. My honourable friend knows very well that no matter how much he complains about this I am not going to do it. It is only a few days since the Province of Alberta made these changes that they were committed to make on September 1, and now we have to assess the impact of that, and we will make some response in time.

Senator Flynn: Why didn't you say that in the first place?

Senator Roblin: That is a little more like it. It is like extracting teeth to get my honourable friend to say that he is even going to consider it. I think I may have made some yards because on April 7 he was not going to consider it, but this evening, if I understand him correctly, he says that he is going to consider it.

Hon. C. William Doody: The Minister of National Fitness is going to make the announcement.

Senator Frith: Just because the Jets are not in the playoffs!

Senator Roblin: That reproach really hits home. I have to admit that that is a disappointment to me, but—

Senator Frith: You're not blaming us for that?

Senator Roblin: —my honourable friends are not going to be in the playoffs either the next time they hit the electorate.

• (2050)

Let me tell them that. They are going to be left at home, and I can tell my honourable friend that if he wants to present a better image to the public of western Canada he had better have a better oil policy than he now has.

Senator Olson: My only comment, honourable senators, is that it seems as though one has to explain things from two or three different angles, even though one says the same thing, before Senator Roblin understands.

Senator Roblin: If my honourable friend would give me the simple truth, in the first instance, he would be saved a lot of trouble.

Senator Olson: I said the same thing a few moments ago and some months ago.

Senator Charbonneau: Honourable senators, I have a supplementary question for the minister. The minister mentioned a few moments ago that deals had to be struck for offshore oil because the Alberta government shut in or stopped supplying Canada with 180,000 barrels of oil a day.

I have raised this question with the minister several times during the past couple of years, but it seems to me that the deal which was made to import Mexican crude oil, which is of low quality, was made before the Alberta government shut in its supplies—

Senator Roblin: Long before.

Senator Charbonneau: Long before. Bearing that in mind, could the minister explain the reasoning behind the answer he gave a short while ago?

Senator Olson: Yes, I can explain that, but it would take a little longer than what is considered normal under the rules for Question Period.

Senator Roblin: That did not stop you before.

Senator Olson: There are some explanations that are involved, and I would be pleased to bring a long and detailed explanation as to why some of these diversions had to take place, what the consequences are and, perhaps, how long it will take to remedy them to maximize—which is our determination—the benefit to the Canadian oil industry.

Senator Flynn: You're getting as bad as Paul Martin!

An Hon. Senator: Or worse.

Senator Roblin: That is not fair to Paul Martin.

Senator Charbonneau: I have a further supplementary question for the minister. Would the minister tell us the status of the three mega-projects in the west? I am speaking specifically of Cold Lake, Alsands and the Alaska pipeline. Could the minister answer yes or no to the question: Are those alive or dead?

Senator Olson: No, I cannot give a yes or no answer, because as far as two of them are concerned negotiations are taking place. I believe that the Minister of Energy, Mines and Resources has already indicated that the government does not intend to discuss these negotiations either through the press or here in Parliament. The negotiations are being conducted on behalf of both levels of government and the consortium involved.

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA—GOVERNMENT POLICY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to a question asked by the Honourable Senator Asselin on April 6 concerning the withdrawal of ambassadors from Argentina.

The Honourable Senator Asselin wanted to know if any countries other than Canada had recalled their ambassadors as of April 6.

The answer is that Belgium also recalled its ambassador for consultation; New Zealand broke off diplomatic relations altogether; and Australia has withdrawn its ambassador from Argentina.

NEWFOUNDLAND

OFFSHORE JURISDICTION—RE-ELECTION OF CONSERVATIVE GOVERNMENT—EFFECT ON FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on April 7 the Honourable Senator

[Senator Roblin.]

Doody, in commenting on the results of the Newfoundland general election, asked whether the federal government would "come half way in meeting the reasonable proposals of Premier Peckford" on the offshore question. I believe those were his words.

At that time I noted that the federal government stands ready at all times to discuss matters of national interest with provincial governments. He also observed that the Minister of Energy, Mines and Resources had said in the course of a statement made the previous day that some of the oratory by Mr. Peckford during the election did not accurately reflect the position of the federal government.

I can note that references to Newfoundland's policies on offshore jurisdiction made by Premier Peckford during the election campaign were presumably those discussed during negotiations conducted by the two governments prior to the election. The Newfoundland government had been advised that the federal position on offshore jurisdiction was set out in the agreement reached with Nova Scotia on offshore matters on March 2 and made public. However, if the Newfoundland government has any new proposals, the federal government would be very pleased to know about them and to discuss them.

ENERGY

OIL AND GAS DEVELOPMENT—BEAUFORT SEA—GOVERNMENT POLICY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on April 1 the Honourable Senator Nurgitz asked if the federal government is prepared to give its approval in principle to Dome Petroleum's oil and gas development timetable in the Beaufort Sea. In addition, he asked when the government expects to clarify its position on the timing and pace of Beaufort Sea development, thereby removing any uncertainty currently existing within the industry.

Honourable senators, before the federal government can give approval to production plans associated with an oil or gas discovery, the companies involved must complete delineation drilling to provide some indication of the nature and size of a discovery, and there must be evidence that commercial production can be achieved. The production plan must also be examined in an environmental review process and, as well, the viability of transportation plans must be established. At that stage, the project would receive development plan approval, this being a prerequisite for a production licence. The procedure for government approval is well established and it applies to all production proposals. The timing of that approval depends on the progress made by the companies involved in establishing the overall viability of a production proposal.

INDUSTRY

INDUSTRIAL LABOUR ADJUSTMENT PROGRAM

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an answer to a question asked by

Senator Murray on March 31 concerning the Industrial Labour Adjustment Program.

The special Industrial Labour Adjustment Program (ILAP) measures were announced in the 1980 budget when a special \$350 million fund was established. The Industrial Labour Adjustment Program comprises changes to the Canada Labour Code, as well as specific program elements including community-based industrial labour adjustment measures, industry-specific measures and restructured critical trades skills training. In addition, \$50 million of the \$350 million ILAP fund was set aside to support special programming under the Canadian Industrial Renewal Board. Its objective is to accelerate diversification of community economic bases by reducing present dependency on textile, clothing and footwear industries. A further \$25 million was reserved to fund special 1981-82 winter works initiatives.

Since the introduction of the ILAP initiatives, 10 communities have been designated for industrial labour assistance measures, and two sectors have been selected for industry-specific assistance.

Actual expenditures, which I think was a particular concern of Senator Murray's—

Hon. Lowell Murray: They were the only concern.

Senator Frith:—have been somewhat limited because, first, these initiatives required detailed applications and substantial planning time; secondly, there have been delays in parliamentary approval of some program components; and, thirdly, many community designations are quite recent.

By February 28, 1982, commitments of federal funding were as follows:

| | \$ Million | Designation Date |
|---------------------------------|------------|------------------|
| Asbestos, Quebec | — | March 25, 1982 |
| Brantford, Ontario | 1.0 | January 21, 1982 |
| Chatham, Ontario | 0.01 | January 21, 1982 |
| Kitchener, Ontario | — | March 30, 1982 |
| McAdam, New Brunswick | 0.1 | January 21, 1982 |
| Montmagny/L'Islet, Quebec | 0.4 | January 21, 1982 |
| Port Cartier/Sept Iles, Quebec | 2.0 | March 16, 1981 |
| Sydney, Nova Scotia | 2.2 | March 16, 1981 |
| Tracy/Sorel, Quebec | 1.7 | March 16, 1982 |
| Windsor, Ontario | 21.4 | March 16, 1981 |
| Critical Trades Skills Training | 24.9 | — |
| 1981-82 Winter Works Initiative | — | — |

| | | |
|-----------------------------------|--------------|------------------|
| Major Appliances Sector | 1.8 | January 21, 1982 |
| Auto Parts Sector | — | July 23, 1981 |
| Canadian Industrial Renewal Board | 50.0 | — |
| Evaluation Costs | 0.7 | — |
| | <u>106.2</u> | |

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I believe, subject to correction either by Senator Roblin or Senator Flynn, that all orders stand.

Before moving the adjournment of the Senate, I should like to inform honourable senators that I have done a study of the legislative program that might be before us between now and the summer adjournment. I should like to say now, perhaps to invite requests for more details, if any honourable senators are interested in more detail, that as most honourable senators are aware the splitting of the energy bill into eight different bills was accompanied by an agreement that all of those bills be sent to committees of the other place by the end of this month, and that those bills would be the subject of study by committees of the other place during the month of May. I believe the understanding is that there will be a vote by the end of June.

● (2100)

Those appear to be the major items of legislation. There are some 35 bills presently before the House of Commons for consideration, including the eight energy bills. I expect that we will receive some bills during the month of May while the energy bills are being studied in committee.

Furthermore, I believe some initiatives are being taken by the Leader of the Government in the Senate and the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, within whose jurisdiction energy bills fall, to establish a pre-study of these bills to assist us when the bills actually come before us.

That is the program as I see it, and I can give some further detail. I do not mean, in any way, to foreclose further discussion of the legislative program.

Bill S-24, the Canada-Germany Tax Agreement Act, 1982, is now before the Standing Senate Committee on Banking, Trade and Commerce.

The 35 bills before the House of Commons, including the eight energy bills—two or three of which may be most controversial—will certainly make up the “plat principal” of our legislative menu between now and the summer adjournment.

Hon. Duff Roblin (Deputy Leader of the Opposition): My honourable friend has made no reference to the expected resolutions and bills in connection with the financial measures proposed in the budget of November 12. May I take it from that that it is unlikely we will be receiving any of those pieces of legislation before the summer adjournment?

Senator Frith: Honourable senators, I cannot say that. I should have underlined the budget proposals more than I did. I thank Senator Roblin for drawing my attention to that.

My honourable friend knows that at the present time the subject matter of much of that legislation is before the Standing Senate Committee on Banking, Trade and Commerce. He is quite correct to include that as another ingredient of the plat principal.

Senator Roblin: I ask my honourable friend to specify which of those financial measures he expects to be considered by this chamber.

Senator Frith: I will try to do that in due course, honourable senators.

Hon. Jacques Flynn (Leader of the Opposition): When the deputy leader mentioned the 35 bills, was he referring to the program for the present session? Is the idea that we should not only adjourn at the end of June, but that when we re-convene in the fall we should commence a new session? If I am not mistaken, this rather lengthy session started two years ago on April 14. Would the passage of the 35 bills enable the government to commence a new session in the fall?

Senator Frith: Honourable senators, I take the point raised by Senator Flynn. However, at this moment I cannot say whether those 35 bills would complete the program, nor can I say that the government may be willing to drop a few of them from the order paper and start a new session. This is exactly the kind of question that I think is reasonable and which I will

look into in order to provide further information to the Senate as soon as it is available.

Senator Roblin: What comment would my honourable friend care to make about the fact that the taxpaying public of Canada is twisting in the wind, so to speak? We had a budget on November 12 and, as yet, no legislative steps have been taken to bring it into effect, yet we are told to act as though it is in effect. At regular intervals, we hear of budget changes by press release. There was one the other day in connection with charitable funds. This places the public in a very difficult position. What comfort can my honourable friend offer?

Hon. R. James Balfour: None.

Senator Frith: That is the answer: None, at this time.

I want to express my gratitude to Senator Balfour for furnishing me with such a pungent and simple answer to the question as to what comment I would like to make. I do not think it is appropriate for me to make a comment at the present time.

I understand the difficulty of the taxpayer. It is not an unusual process, but I agree it does have some rather unusual dimensions this year.

Hon. Lowell Murray: Would the Deputy Leader of the Government obtain from the Minister of Finance, or from the appropriate minister, a formal statement of the government's plans with regard to the budget legislation? Some of us are under the clear impression that the plan of the government is that the legislation will be presented sometime within the next month or six weeks, that it will be left for some form of public consultation over the summer months, and that Parliament will not be called upon to discuss or deal with it until the fall.

Senator Frith: Honourable senators, I do not know whether I can obtain a formal statement. My intuitive reaction is that I doubt whether the Minister of Finance will authorize me or any other minister to make a statement before he is ready to make one in the other place. When he is ready to make such a statement, I am sure that he will give us an opportunity to inform the Senate in due course.

I will draw the attention of the Minister of Finance to the question raised by Senator Murray.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 28, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

CANADA-UNITED STATES RELATIONS

ALASKA HIGHWAY GAS PIPELINE—CORRESPONDENCE BETWEEN GOVERNMENTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have with me two letters, although I have only one copy of each, unfortunately—

Hon. Martial Asselin: Not enough!

Senator Olson: I have a letter from the Secretary of State for External Affairs to the Secretary of State of the United States, and the reply of the latter, that are being made, or have already been made, public today, regarding the respective positions of the two governments in connection with the construction period of the Alaska Highway gas pipeline. I expect to have copies of these letters in my possession in a few minutes. Unfortunately they are only in the language in which they were written. I would be prepared to give copies to the honourable gentlemen opposite. If they would like me to read the letters now, I will do so—they are relatively short—or perhaps, if they prefer, we can deal with this matter during Question Period.

I might say, honourable senators, that there have been some questions asked about this subject both here and in the other place. There has also been a lot of press speculation about it during the last few days. Therefore, I think it would be better to clear up the positions of the respective governments.

Hon. Jacques Flynn (Leader of the Opposition): Read them when you are better equipped.

[Translation]

NATIONAL FINANCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the names of the Honourable Senators Barrow, Hicks, Lewis and Steuart be substituted for those of the Honourable Senators Cottreau, Graham, Buckwold and Langlois on the list of senators serving on the Standing Senate Committee on National Finance.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[English]

THE ECONOMY

CONFERENCE BOARD OF CANADA SURVEY

Hon. Guy Charbonneau: Honourable senators, I would like to direct a question to the Minister of State for Economic Development.

A Conference Board survey, released yesterday, found that 75 per cent of Canada's top executives feel that it is a bad time to invest, as compared to 55 per cent three months ago, and that one-third of the chief executive officers surveyed planned to cut back on investments which had originally been scheduled for the next six months.

Does the minister intend to take measures to offset this alarming state of affairs?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, if you read the rest of the article—and I read it—you will see that according to what was reported of the Conference Board survey a variety of reasons was given, but more particularly that of a downturn in the economy.

It is difficult to answer the question the way it was put, because whether we intend to take steps to offset that or not, I do not believe the government intends to take steps to offset the total amount of investment that is referred to.

● (1405)

However, we certainly are extremely concerned about this downturn in the international economy, and we want to take such measures as are appropriate in the circumstances. We must also bear in mind one other thing stated by these business leaders, if that is how they are described, and that is that high interest rates, inflation and the relationship between those two factors also have dramatic effects on their investment intentions.

Senator Charbonneau: Is the minister telling us that the government has absolutely no policy to put forward in an effort to improve the investment climate in this country?

Senator Olson: No, the minister is not saying that at all. That was not the question asked by the honourable senator a moment ago. He asked whether or not the government had any policies to offset or substitute for this decline in investment

intentions. I answered his question honestly when I said that we do not have any intentions to fully substitute for the amount that is involved in normal investment by the private sector.

Senator Charbonneau: I do not think that I stated my question in those terms. When I said "measures to offset," I did so assuming that "measures" can mean policies of this government. I think those policies are not conducive to investment. I am asking the minister whether those policies will be changed in order to offset this sad state of affairs.

Senator Olson: Again, it becomes a matter of opinion. My honourable friend is like his deputy leader in that his opinions are not necessarily facts.

The point remains that one of the dampening effects on investment intention is the level of interest rates and, indeed, the competitive position of Canadian industries in the international market. Whether my honourable friend agrees or not, the government does have policies in effect at present to try to cope with that situation. We believe that we must have in effect a fiscal and a monetary policy that will cool off inflation and, at the same time, bring about a decline in interest rates so that they are at least comparable to those of our international competitors. Only when there is some sign that this is in effect will the confidence in further investment in Canada be restored. Investors will be satisfied only when they can be competitive in Canada. Furthermore, we have heard from a number of senior businessmen over the last few days indications that they have been losing relative to their competitors in the international market.

THE SENATE

ABSENCE OF MINISTER FROM CHAMBER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I had a question for the Honourable Senator Argue, in view of the fact that he is the only member of the government who participated in the election in Saskatchewan. I was hoping he would be here today to give us his interpretation of the result. I do not know which side of the fence he was on, but some people have told me that he was supporting Mr. Goodale, the Leader of the Liberal Party of Saskatchewan.

Hon. Duff Roblin (Deputy Leader of the Opposition): Unlikely!

Senator Flynn: Honourable senators, I would like to hear Senator Argue's interpretation of the result of the election, especially in light of the Crowsnest announcement that was made by the government some months ago. Does the Leader of the Government know where Senator Argue is and why he is not present? Is he in hiding?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I note that the Honourable Senator Argue is absent this afternoon. He is occupied in serving the public with his usual ability.

[Senator Olson.]

Senator Flynn: Agreed! You could not have said it better. In the interests of the country, he is absent.

[Translation]

ECONOMIC DEVELOPMENT

QUEBEC—ASSISTANCE REQUESTED FOR SMALL- AND MEDIUM-SIZE BUSINESSES

Hon. Martial Asselin: Honourable senators, my question is for the Minister of State for Economic Development.

Recently, Quebec and federal ministers met in order to determine how unemployment in Quebec could be reduced and assistance provided to small- and medium-size businesses, which are now in dire straits. After the meeting, the federal government said that Ottawa and the provincial government both had their own programs and that the meeting did not seem to have resulted in any breakthrough.

However, the Quebec government has decided to help small- and medium-size businesses through a \$200 million investment. The Minister of Industry and Commerce, Mr. Biron, said yesterday that he wanted to meet with the federal Minister of Industry, Trade and Commerce to see whether the federal government was willing to take part in this program to help small- and medium-size businesses. The minister should know that the amount invested by Quebec will create 25,000 jobs and that 50,000 jobs could be created in small- and medium-size businesses if the federal government agreed to invest in this program jointly with Quebec.

Has the minister heard whether the federal government would be willing to participate in this program, and if so, how?

● (1410)

[English]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the first thing I will have to do is check with my colleague, the minister involved in the discussions, in order to have his view of what took place. I do not have that information in front of me, nor have I had a direct conversation with him about this meeting. I will undertake to do that, and perhaps I will receive a reply for my honourable friend.

EXTERNAL AFFAIRS

INCREASE IN NUMBER OF SENIOR STAFF APPOINTMENTS

Hon. John Godfrey: Honourable senators, I have a question for the Leader of the Government in the Senate. In his column on the Department of External Affairs that appeared in yesterday's *Ottawa Citizen*, Richard Gwyn said that two decades ago there was an "under-secretary, comparable to the deputy minister at the head of all other government departments, and four assistant under-secretaries." He followed that by saying:

At the top of External Affairs there are now 42 assistant under-secretaries. Also nine assistant deputy ministers. And two deputy ministers. And, as the last tier of the wedding cake, a single, solitary under-secretary."

I realize that he will have to take this question as notice, but how many assistant under-secretaries are there actually in the department today, and how many assistant deputy ministers?

Hon. W. M. Benidickson: And when were they appointed?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice, honourable senators, but I should like to point out that the period referred to has seen a substantial development in the range and extent of Canada's relations with other nations of the world, and we have witnessed the evolution and implementation of a highly successful foreign policy.

[Translation]

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA— GOVERNMENT POLICY

Hon. Martial Asselin: My question is for the Leader of the Government. In view of the critical situation between Argentina and Great Britain concerning the Falkland Islands—

Hon. Fernand-E. Leblanc: “Malouines” in French.

Senator Asselin: “Malouines”, if you insist. I thought that the minister would consider it his duty to report to the Senate on the present critical situation. Could he tell us, for instance, what role Canada is playing as mediator between the two parties involved to prevent the war which seems imminent?

[English]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do have information on the subject of the Falkland Islands crisis and I will provide that information to honourable senators now, as I know there is general interest in the matter. Actually, I have information relating to a number of aspects of the situation.

On April 12 the government imposed a ban on imports into Canada of all goods of Argentine origin. I will cite to you the legal authority used, the time when the ban will be in force and the value of the trade involved.

The Export and Import Permits Act provides that the Governor in Council may establish a list of goods he deems it necessary to control for various reasons *inter alia* to implement an intergovernmental arrangement or commitment. Such arrangements are now being finalized with the United Kingdom and the European Economic Community. The necessary Order in Council required to implement the decision should be signed shortly.

With respect to the value of the trade, Canadian imports from Argentina were in the order of \$36 million in 1980, and \$79 million in 1981.

With respect to how long the ban on Argentine imports will be in force, that will depend on events in the South Atlantic.

The government will keep this and other measures adopted under review. It is our hope that a mutually agreeable peaceful solution to the Falkland Islands crisis can be reached and that, therefore, the Canadian sanctions can be revoked as soon as possible.

• (1415)

I come now to the question: How will Canadian importers who have Argentine goods en route be protected from losses resulting from the ban on the importation of Argentine goods?

Once the order in council is signed a notice to importers will be widely distributed. This notice will outline the details of the implementation of the importation ban. There will be “grandfather” procedures aimed at protecting Canadian importers who may, for example, already have paid for Argentine goods which are still en route. Our European allies are adopting similar procedures.

As far as the suspension of export credits is concerned, the question was asked: The government took its decision on April 12 to suspend official export credits for new transactions with Argentina. What does the government mean by “new” transactions?

All transactions for which the Export Development Corporation had given, as of April 13, a documented indication of interest to consider the provision of financing—subject, of course, to standard EDC evaluation criteria—will be considered “prior,” not “new,” transactions. We understand that most of our European allies are taking a similar approach.

The next question is: If armed conflict between Argentina and the United Kingdom breaks out in the South Atlantic, will the government break diplomatic relations with Argentina, which is the clear aggressor in this affair?

As American mediation efforts are still taking place, it would be most inappropriate to engage in public speculation as to whether armed conflict might occur and what Canadian responses might follow from such conflict. We have urged both parties to make every attempt to achieve a mutually agreeable diplomatic solution, and representations have been made to that effect.

Senator Asselin asked about the return of the Canadian ambassador.

Ambassador Fulford was recalled to Canada on April 5 for consultations. As the Government of Canada was most concerned about Argentina's unjustifiable use of force, we ordered a full review of Canada's relations with that country. The ambassador's presence in Ottawa enabled us to consult fully and quickly with him in this regard. The government subsequently, on April 12, announced several measures aimed at demonstrating, in concrete terms, our firm disapproval of the Argentine invasion of the Falkland Islands. Now that these measures have been implemented, we believe Ambassador Fulford's presence in Buenos Aires can only help us to monitor developments in Argentina and to represent fully and forcefully Canada's interests during this difficult period.

Hon. Daniel A. Lang: Honourable senators, I have a supplementary question. Does the material the Leader of the Government has contain any reference to assistance that Canada may be giving to Argentina, either technically or by way of the export development fund, with respect to the Candu nuclear reactor that is being built there?

Senator Perrault: I have information on the reactor and I would be pleased to provide all the information made available to me. As the Prime Minister stated last Friday, there was a series of questions concerning leaked documents, and perhaps the reports on those leaked documents promoted the honourable senator's question.

This is a serious matter, and the police are investigating it. Canada-Argentina nuclear relations take place under a January 1976 bilateral agreement that meets the requirements of Canada's December 1974 policy—that is, non-explosive use commitment, prior consent on retransfers and reprocessing, fallback safeguards and physical protection. Canada-Argentina nuclear co-operation is restricted to the Embalse reactor and the material, nuclear material, equipment and technology necessary for that reactor.

Argentina has been clearly advised by this and previous governments that any future nuclear co-operation with Canada is contingent on Argentina satisfying the additional requirements of Canada's December 1976 policy—that is, that Argentina ratify the NPT or make an equivalent non-proliferation commitment and accept full-scope safeguards on all its nuclear activities.

The Embalse reactor and all nuclear exports from Canada to Argentina are subject to IAEA safeguards. Argentina, however, has not signed the NPT or put all of its nuclear activities under safeguards. This falls short of Canadian policy and is therefore a matter of continuing concern to us.

● (1420)

Questions have been asked as to why the Embalse project is going forward.

In 1976 the Canadian government decided to proceed with construction of the Embalse reactor, and we see no reason to change our position at the present time. The January 1976 bilateral agreement and related safeguards agreements with the IAEA satisfy Canadian policy that our nuclear exports should not be used for military or explosive purposes. Canada's December 1976 policy covers further multilateral aspects of which we are not the sole guardian.

The shipment of fuel for the Embalse reactor referred to in the newspaper article a few days ago is part of the AECL's contractual commitment and for that reason has been permitted to go forward. It is being fabricated from Argentine-origin uranium imported into Canada for that purpose in 1981.

We are very closely monitoring the situation with respect to AECL personnel in Argentina, but we have no plans to remove the AECL personnel at the present time. The approximately 71 AECL employees at the site are there to ensure, as far as possible, that the project is brought to a successful conclusion.

Construction at the site is 95 per cent completed. The reactor is in the early stages of commissioning, and the expected completion date of the project is April 1983.

It is inaccurate to say that Candu reactors are the most difficult to safeguard. The Candu has unique characteristics that have to be taken into account in developing safeguard systems. Canada has been very active in devoting financial and

personnel resources in support of the IAEA in the development of such systems. This has resulted in the most comprehensive analysis of safeguards procedures for a nuclear reactor that has ever been carried out. We are in the final stages of commissioning a full-scale operational safeguards system that will come into effect at two Canadian reactors—Gentilly 2 and Point Lepreau—in a matter of months.

Hon. Jacques Flynn (Leader of the Opposition): What is the date of that document?

Senator Perrault: Honourable senators, it is dated April 26.

No material has yet been received on the subject of further financing of reactors.

Senator Asselin: Has the Leader of the Government stated that, if an armed conflict occurs in that area, our country will break diplomatic relations with Argentina?

Senator Flynn: That is what he said.

Senator Perrault: Honourable senators, the question was: If armed conflict between Argentina and the United Kingdom breaks out in the South Atlantic, will the government break diplomatic relations with Argentina, which is the clear aggressor in this affair?

The answer is: As American mediation efforts are still taking place, it would be most inappropriate to engage in public speculation as to whether armed conflict might occur and what Canadian responses might follow from such conflict.

We would urge both parties to make every attempt to achieve a mutually agreeable diplomatic solution. We are trying to play a constructive role in preventing armed conflict from breaking out.

Senator Flynn: That was the situation five days ago. What about today; do you suggest that there is no armed conflict?

Senator Perrault: No, there is no armed conflict, as yet.

Senator Flynn: Was the re-taking of South Georgia done without arms?

Hon. Duff Roblin (Deputy Leader of the Opposition): It was done by peaceful osmosis—no conflict involved.

Senator Perrault: Honourable senators are aware of the delicate nature of this international situation. An announcement was made this morning, I understand, by public news sources, of a British sea and air blockade. This was announced this morning by the Government of the United Kingdom. That does not mean that efforts cannot proceed to attempt to prevent full-scale warfare and large-scale conflict breaking out. Canada is trying to play a constructive role in preventing that kind of conflict.

Senator Flynn: Are you suggesting that mediation by the U.S. Secretary of State is continuing? I thought that was abandoned at least three days ago.

Senator Perrault: There were some reports that it had been abandoned but, as of this morning, efforts are still being made by the Secretary of State of the United States. There are

reports of efforts being made by other countries to resolve this matter peaceably.

● (1425)

Senator Flynn: What stage must their differences reach before the government considers that they are in armed conflict, and at what point will we consider the idea of breaking off relations? Must there be an invasion of Argentina, or what?

Senator Perrault: Honourable senators, I can only repeat the words provided for me by the Secretary of State for External Affairs, that it would be "most inappropriate to engage in public speculation as to whether armed conflict might occur"—

Senator Flynn: Might occur!

Senator Perrault:—"and what Canadian responses might follow such a conflict."

Senator Roblin: May I ask my honourable friend to clarify the meaning of the expression "armed conflict" in this discussion, because it appears to be somewhat misty?

I had the impression that when the Argentine soldiers invaded the Falkland Islands they carried arms, and by force of arms compelled the British troops to go somewhere else. I was also under the impression that some people were killed when the Argentines took over South Georgia in the first place. It seems to me that that was armed conflict, but obviously that does not appear to be the definition of "armed conflict" which would be accepted by the Secretary of State for External Affairs.

We certainly do not want any bloodshed, nor do we want to fish in troubled waters, but it would be helpful to get a more precise definition of the limits of Canadian policy with respect to armed conflict and our attitude toward the whole problem.

It seems to me that it is much too hazy to leave it in the position in which my honourable friend has left it, and we need a more precise definition of what the government's policy goals are in this respect.

Senator Perrault: Honourable senators, I think that the Honourable Senator Roblin is aware of the fact that there has been no declaration of war either by Argentina or the Government of Great Britain. This creates a situation where some of the facts remain unclear.

What we do know, as far as recent military developments are concerned, is that on Sunday, April 25, British forces landed on the South Georgia Islands. Apparently, some casualties were recorded. An Argentine submarine was also reportedly attacked.

In reply to that, it can be said that it has been Canada's firmly stated view from the beginning of this crisis that, without prejudging the eventually negotiated disposition of the question of sovereignty, Argentina is clearly in violation of the U.N. Charter and the U.N. Security Council.

The government deeply regrets that force had to be used in the re-taking of the South Georgias and urges both the United Kingdom and Argentina to intensify mediation efforts in order

to avoid the possibility of much heavier bloodshed with respect to the Falkland Islands proper.

It is still our view that the United States is best situated to mediate.

Canada has made it clear on various occasions to British, Argentine and American authorities that we would study most closely any request from the principal parties to the dispute to participate at some stage in the mediation process. Canada has not yet been so approached.

The suggestion has been advanced that a state of war exists between Argentina and Great Britain, yet I understand that news people from both countries circulate with relative freedom in both Argentina and the United Kingdom. There have been no reported actions against British citizens in Argentina. Apparently, there has been no establishment of civilian detention camps. If there is war, it is very much a "twilight" war, at least at this stage.

There may be a real opportunity for a peaceful settlement, which would prevent a major conflict.

Senator Roblin: I have to agree with my honourable friend that declarations of war seem to be out of style these days. Wars take place without any formal declaration, as we used to know the meaning of that term, but that is not the point; the point is the definition of the expression "armed conflict". By any normal definition of "armed conflict," I submit we are in a situation where we are witnessing armed conflict. I should like the government to re-examine that statement and decide whether they would not want to give us another expression of their policy because, to the ordinary listener, it would appear that there is a state of armed conflict and the government is trying to say there is not. Whatever the more diplomatic language might be, I think my honourable friend ought to provide us with a clearer statement.

● (1430)

I leave that with him, but will now ask him a few questions about the nuclear power situation in Argentina. Am I correct in understanding from what he said that the Argentines have not subscribed to the nuclear non-proliferation treaty?

Senator Perrault: Honourable senators, I think it would be helpful to bring a statement on this question and the previous one to the Senate tomorrow afternoon. As far as the references to armed conflict are concerned, I fail to see the object of the question. The Argentines have stated that there is no armed conflict and the British say there is no armed conflict. It is a rather good reason then for Canada to state that, indeed, there is no armed conflict. There are the beginnings of a possible conflict, but I will ask the Secretary of State for External Affairs for a statement which can be brought to the Senate tomorrow afternoon. I think the important thing is that Canada has expressed its willingness to mediate, to assist and to help achieve a peaceful settlement.

Senator Roblin: I dare say the 20 Argentine soldiers who were killed on South Georgia Island in the first instance would probably think that an armed conflict did take place.

Senator Perrault: Who said that there were 20 Argentines soldiers killed?

Senator Roblin: It was reported by British troops to the British press that that was the case when South Georgia Island was taken over on the first occasion. However, we are not getting anywhere with this argument so I leave my request with my honourable friend.

I should like him to tell me, in addition to my question about the non-proliferation treaty, whether or not I understood him correctly to say that the Argentines also refused to have an inspection of their nuclear establishment and, if so, what safeguards there are that the Government of Argentina will not take advantage of the fact that they have our nuclear expertise there and that they may develop fissionable material that can be used for bombs and military purposes. What is my honourable friend's assessment of the likelihood of that situation being violated?

Senator Perrault: Honourable senators, the questions will be taken as notice.

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate, and it is a supplementary to the very interesting and timely question of my colleague, Senator Asselin, on the Falkland Islands' situation. It concerns the activities of the OAS. We all remember a few years ago when the government announced with considerable fanfare that Canada was assuming the status and role of a permanent observer there, which is the next best thing to being a member.

In these recent and very important discussions at the OAS, I am wondering whether the Canadian chair has been filled, whether the Canadian representative has been asked to make this country's views known, and, if he did so, in general what sort of discussions have been taking place between Canada and the members of the OAS who, as we know, have been anxious for our country to join that body for many years. In light of the extremely important international issues, it seems to me that this is a crucial time with respect to Canada's role in Latin America. If the minister does not have that information perhaps he would bring it to us tomorrow, because this strikes me as being a highly significant phase in our intra-hemispheric diplomacy.

Senator Perrault: Honourable senators, the questions will be taken as notice.

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government in the Senate whether it is the intention of the government to withhold the export permit for the supply of 3,000 nuclear fuel bundles to the Argentines from various Canadian sources.

Senator Perrault: Honourable senators, that question was answered earlier this afternoon.

Senator Asselin: The minister said he intended to make an official statement tomorrow on this matter.

Senator Perrault: I said I would make an updated statement.

[Senator Roblin.]

Senator Asselin: Before he makes his statement tomorrow, would the leader provide a copy of it in advance to the official opposition?

Senator Perrault: Honourable senators, I will certainly strive to provide an advance copy for the opposition.

[Translation]

Senator Leblanc: During a television interview, a British member of Parliament is reported as having said that if the mediation efforts of the American Secretary of State were to fail, there had been talk in Westminster lobbies of offering the role of mediator to the Right Honourable Pierre Elliott Trudeau. Can the Leader of the Government tell us whether this is a fact or simply a rumor?

Senator Asselin: Mr. Trudeau does not like war!

• (1435)

[English]

Senator Perrault: Honourable senators, the question will be taken as notice.

THE ECONOMY

BUDGET PROJECTIONS

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development, based on the fact that Mr. MacEachen's budget had projected that the unemployment rate would be 7.8 per cent during this year. Today the Department of Finance projects that the unemployment rate will be 9.2 per cent. Further, the budget projected real GNP growth of 2.2 per cent, whereas the Department of Finance is now projecting no growth; it is projecting a rate of minus 0.5 per cent.

In view of the fact that those important assumptions of Mr. MacEachen have turned out to be so wildly wrong, can the minister explain why a new budget is not now in order?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is correct that there have been some changes—

Senator Murray: More than 300 per cent wrong.

Senator Olson: There are perhaps six significant changes in the economic performance concerning projections of unemployment levels and a number of other things, all, of course, related to a downturn in the economy. There is no question about that.

My honourable friend's next question was whether or not the overall thrust of the budget is or is not appropriate for dealing with those problems. I could repeat a lot of what I said yesterday about the war against inflation and all of the investment costs that go along with that, but it is our view that the main thrust of the budget, as stated at the time, is appropriate in dealing with the root causes of most of the other problems.

ENERGY

EAST COAST—OWNERSHIP OF OFFSHORE RESOURCES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have eight delayed answers, some of which are rather long.

Hon. Jacques Flynn (Leader of the Opposition): What else is new?

Senator Olson: If honourable senators would like me to read them, they will receive a lot of information; but if they would prefer to read them quietly in their offices later on, I will gladly file them as though they had been read.

Hon. Orville H. Phillips: I rise on a point of order. Since the minister has clearly indicated that he does not understand the answers, why should they not be appended to today's proceedings? That would enable those honourable senators who wish to ask questions to make further inquiries.

Senator Olson: Honourable senators, the last thing I want to do today is be provocative, but that is exactly what my honourable friend knew I was leading up to. Some of the answers are rather long. Perhaps I could identify them and suggest that they be printed in *Hansard* as though they had been read.

Hon. Senators: Agreed.

Senator Olson: Honourable senators, a question was asked by Senator Smith on March 16 concerning ownership of offshore resources on the east coast.

I can inform the honourable senator that in the negotiation of new exploration agreements with existing holders of exploration rights on the Canada Lands, the government is implementing a selection process under which 50 per cent of the lands now under permit will revert to the Crown over the life of the new agreements. In applying this system, the government will ensure that company exploration programs are not impeded. If, in any particular case, a reversion of 50 per cent would prevent a company from drilling the number of prospects it wished, the general standard would be relaxed to enable the company to maintain its desired level of activity during the term of the agreement.

The government's purpose in introducing this new regime is to ensure that landholdings correspond more closely to the industry's ability to explore them. Most of the exploration rights which existed under the previous regime covered tracts of land that were large by world standards. As the majority of permits had been held for over fifteen years, companies had sufficient opportunity to identify the most promising areas for future exploration. The new system will ensure that these prospective lands can be retained: explorers will retain all lands on which significant discoveries have already been made and all prospects which they commit to drill during the life of the new agreements. In addition, explorers will be given the first opportunity to select other lands which they wish to retain without making any drilling commitments. The effect of this system will be to allow companies to keep all discoveries made either before the new agreements were put in place or during their terms. Only lands which companies are not prepared to drill will be subject to reversion.

GENERAL AGREEMENT ON TARIFFS AND TRADE

CANADA-UNITED STATES NEGOTIATIONS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, a question was asked by Senator Murray on April 7 concerning GATT and Canada-U.S. relations.

I am informed that on February 17 Canadian officials met in Geneva with U.S. officials in response to the U.S.A. request for consultations under Article XXII of the General Agreement on Tariffs and Trade regarding U.S. concerns about certain practices under the Foreign Investment Review Act. The U.S. concerns generally relate to the undertakings given under the FIR Act with respect to sourcing in Canada and with respect to export and to their consistency with international obligations under the General Agreement. The consultations provided an opportunity for both sides to review the practices in question as they pertain to the GATT. At that meeting, Canada undertook to give full consideration to the U.S.A. representation.

It is my understanding that following careful examination of the matter, our government maintained that the practices referred to in those consultations are consistent with our international obligations under the GATT panel in accordance with internationally accepted procedures. The U.S. Administration has been informed of our government's position. Accordingly on March 31, in response to the concerns raised by the U.S.A. and their request the GATT Council agreed that a panel will be established in the near future.

● (1440)

ECONOMIC DEVELOPMENT

TQ&M PIPELINE—COMPLETION DATE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I now come to a question raised by Senator Smith concerning the reasons for the delay in the original target date for the completion of the TQ&M pipeline.

The dates for commencement and completion of the maritime portion of the TQ&M pipeline were given to the honourable senator on April 6. Since then I have made several inquiries on his behalf and have been informed that the reasons for delay are associated with the Quebec, not the maritime portion of the line.

Initially there were start-up difficulties related to financing in Quebec. In addition, I understand there were also routing problems and the route from Montreal to Quebec City had to be changed. As well, I am sure the honourable senator is aware of labour difficulties, including work slowdowns and stoppages, which have contributed to the delays on the Quebec portion.

Hopefully all of these problems have been resolved and the Quebec portion can be continued so that no further delays will interfere with the commencement of the maritime line.

THE ECONOMY

QUEBEC—BUSINESS FAILURES—NUMBER IN RECEIPT OF RDIA GRANT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I now come to the reply to a question raised on March 10 by Senator Marshall which concerned recovery of RDIA grants from bankrupt businesses in Quebec.

I have been informed that two companies in receipt of RDIA grants in Quebec have filed for bankruptcy. The files of these two companies were reviewed and claims for recovery of funds through the normal procedures practised during cases of bankruptcy have already been made in one case, and are now being made in the other.

FORESTRY

ASSISTANCE TO INDUSTRY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have here a reply to a question raised by Senator McElman concerning federal funding for the Forest Research Centre in New Brunswick.

I can inform the honourable senator that a decision on this matter is expected shortly. I will endeavour to keep him apprised of any developments in this regard.

INTERNATIONAL TRADE

IRAQ—CANCELLATION OF CONTRACT WITH GENERAL MOTORS CORPORATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a reply to a question raised on March 30 by Senator Asselin regarding the cancellation by Iraq of a contract with General Motors for an order of 12,000 Malibu cars.

Hon. Royce Frith (Deputy Leader of the Government): There is a lot of good bedtime reading here.

Senator Olson: Well, you know, honourable senators, the honourable senator was asking me to do his homework for him and make some inquiries, and I have done that. That is what is in the reply.

Hon. Martial Asselin: You have the people to get the information; I do not.

Senator Olson: You do too, if you want to use them. When I was in the opposition I had one secretary, and I did more of this kind of work than I see in a week here.

Hon. Jacques Flynn (Leader of the Opposition): That goes back to when you were a Social Crediter.

Senator Olson: You had to work harder to stay in office then.

Senator Flynn: And you didn't.

Senator Olson: I did for a while.

[Senator Olson.]

I am informed that last year, further to a sale of 13,500 Malibu passenger cars to Iraq by General Motors Market Development Ltd, the company signed an amendment to the contract for an additional order of 12,000 cars as well as an option for 20,000. The contract contained a clause which made it subject to the approval of the Iraqi higher authorities. It seems that General Motors produced the cars prior to receiving the letter of credit and the final approval from the Iraqis. In spite of my colleague the Minister of International Trade's personal intervention with the Iraqi Minister of Trade, it would appear that the mechanical problems of the original 13,500 (transmissions, clutches, starters and air filters) although they were being corrected by a team of GM technicians in Iraq, convinced the Iraqis that they should not confirm their intention to complete the order.

General Motors Market Development Ltd. had contracted an insurance policy with the Export Development Corporation for 90 per cent of the sale value or a maximum of US\$65 million. When the crown corporation did not extend that insurance policy on its expiry date at the end of February, the company on the advice of its lawyers filed a claim. EDC is presently reviewing the necessary documentation to determine what its obligations should be under the terms of its policy with General Motors Market Development.

With regard to a question raised by Senator Roblin on the same subject I can inform him that it is my understanding that the Export Development Board will not be investigating this matter. As previously stated, the Export Development Corporation is presently reviewing the situation.

ENERGY

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—GOVERNMENT POLICY

Hon. H. A. Olson (Minister of State for Economic Development): I would now like to respond to a question raised on March 30 by Senator Roblin concerning the Cold Lake project in Alberta.

Hon. Duff Roblin (Deputy Leader of the Opposition): That is deader than mutton now, but you might as well put your reply on the record.

Senator Olson: The honourable senator has indicated his concern over the repayment of the \$40 million advanced to Imperial Oil by Petro-Canada. I would like to refer the honourable senator to Bill C-101, an Act to amend the Petro-Canada Act, which received first reading on April 5. Section 10(1) of the bill states:

Subject to the approval of the Governor in Council, the Minister of Finance may pay to Petro-Canada (in this section referred to as the "Corporation") out of the Consolidated Revenue Fund a sum not exceeding . . .

(b) fifty million dollars in respect of amounts used by the Corporation to make advances to Imperial Oil Limited in order to maintain the Cold Lake Project in existence pursuant to the direction set out in Order in Council P.C. 1981-875 of March 26, 1981.

Of course, this bill must receive royal assent before any refunds would be forwarded to Petro-Canada as repayment of the \$40 million that the corporation advanced to Imperial pursuant to the March, 1981, agreement.

EMPLOYMENT AND IMMIGRATION

WORK-SHARING PROGRAMS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the last reply I have is to a question raised on April 7 by Senator Muir with regard to work-sharing programs.

A report evaluating the work-sharing program was completed in November, 1980. The report concluded that there was insufficient evidence, given the then current economic conditions, that the benefits of a full-scale program would be sufficient to warrant the additional cost. The report went on to conclude that should the unemployment rate rise above the levels prevalent at that time, then the additional cost of the program might seem worthwhile.

At the time this report was published, no new work-sharing agreements had been signed and, in fact, the program was not reactivated until December, 1981.

The main reason for reviving the program was the fact it could respond immediately to the deteriorating employment situation. The program could prevent a large number of indeterminate and short-term layoffs in a number of regions and industries. Given that the short run economic outlook is bleak, this program remains an attractive alternative to job creation programs that would, in all likelihood, have to be implemented to deal with worsening unemployment.

With reference to the honourable senator's questions concerning the cost of these programs, the evaluation of the work-sharing projects in effect during 1977, 1978 and 1979 indicated that the payout from work-sharing benefits was 2.4 times greater than they would otherwise have been if only regular U.I. benefits were available.

The evaluation pointed to the waiving of the two-week waiting period and to the automatic re-qualification of work-sharing benefits for normal benefits should a subsequent layoff occur. Of course, these extra costs may not in fact materialize because employees may keep their jobs. I would like to emphasize, however, that there are many advantages to work-sharing which were not taken into consideration:

- Employees in a work-sharing unit get more wages and benefits than if they were laid off.
- By not being laid off, workers maintain their skills and work habits.
- An employee is spared the uncertainties and hardships that come with total unemployment.
- The employer gains too. The work force remains intact and this eliminates the need to recruit and retrain when production is again increased.

I would suggest to the honourable senator that these benefits should be given every consideration.

THE BUDGET

ECONOMIC DEVELOPMENT STRATEGY

Hon. Orville H. Phillips: Honourable senators, I have a question for the Honourable Senator Olson.

In November 1981, and in December 1981, I asked the honourable minister for a list of plants that were imposing layoffs as a result of the government's unemployment policy. At that time the minister assured me that he would provide an answer. Would he now provide the answer, or would he state that the answer is that one of the government mega-projects has failed?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not believe, subject to identifying the page in *Hansard*, that I gave an undertaking to do that kind of work. I think I did give some very valid explanations to my honourable friend, although in the light of the nature and structure of the question he asked at that time it was nearly impossible to answer. Furthermore, the government does not have a policy for promoting unemployment.

Senator Phillips: May I say to the minister that he specifically stated he would provide an answer, and if he wishes I will be happy to send him a copy of the *Hansard* which he has not read.

Senator Olson: I would be glad to see that, because my memory is usually accurate on these matters.

Hon. Martial Asselin: Your memory is not all that good.

Hon. Jacques Flynn (Leader of the Opposition): You are the only one to believe that.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—
DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science entitled: "Child at Risk", tabled in the Senate on 16th October, 1980.—(*Honourable Senator Bonnell*).

Hon. Paul Lucier: Honourable senators, I wonder if I may speak on this order in place of Senator Bonnell.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Lucier: Honourable senators, I want to make a few remarks today concerning the report entitled: "Child at Risk,"

tabled in the Senate on October 16, 1980. Those who have spoken before me on the report have done an excellent job of describing its contents, and I will not repeat what they have said.

I hope that all young lawyers who will act for the defence during their careers, together with every magistrate and judge, will have a copy of the report in their libraries, and that they will take the time to read this report, because it will help them to gain some insight into the real reasons why the people they deal with are in the courts.

Honourable senators, the remarks I make today are in praise of Senator McGrand, who showed great perseverance and strength in pushing the rest of us to sit on his committee and attend its meetings. I want to praise him especially for the time and effort he put into the selection and pursuit of the many excellent witnesses who appeared before the committee. The subject matter was fascinating, and the witnesses interesting and informative.

When I first came to the Senate in 1975 I was seated directly behind Senator McGrand. Whenever I missed a meeting I could be sure to receive a stern look and a few well chosen words to point out that his committee meetings should be attended. The fact that I was from the Yukon and that we were at that time discussing the Alaska Highway pipeline legislation, was not sufficient excuse, in his opinion, for my not being at his meetings. He had a way of intimidating me which made it easier for me to attend his meetings than to find excuses for not being there.

Honourable senators, "Child at Risk" is a good report. It contains much useful information, which will be of help to many young people who are unfortunate enough to be affected by the pre-natal and post-natal conditions described in it. While "Child at Risk" is a Senate report, and many people worked long hours to produce it, it bears the personal stamp of Senator McGrand. I personally want to thank him for the time and effort he put into the report, and I think that we, as senators, should all be very proud of the work he has done on our behalf.

Hon. Senators: Hear, hear.

On motion of Senator Frith, for Senator Bonnell, debate adjourned.

THE SENATE

REFORM—MOTION RE ELECTION OF MEMBERS—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Deschatelets, P.C.:

That this House affirms that the federal character of representative and responsible government in Canada will be strengthened if the membership of the Senate is constituted by election rather than by appointment.—(*Honourable Senator Bosa*).

[Senator Lucier.]

The Hon. the Speaker: Honourable senators, Senator Phillips told me he had a point of order, but I notice he is not here.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I think Senator Phillips wants to ask Senator Bosa if he will be speaking to this matter soon, since he may have something to say on it himself.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I believe that Senator Leblanc proposes to speak on this order tomorrow, and that Senator Bosa will be yielding to him. We will see what happens after that.

The Hon. the Speaker: I notice that Senator Phillips is now in his seat, so he may raise his point of order.

Hon. Orville H. Phillips: Honourable senators, to be perfectly honest about it, I went out for a smoke, expecting a little more time to be consumed.

I presume we are now on Order No. 8, the resumption of the debate on the motion by Senator Roblin, seconded by Senator Deschatelets, and, I would say, originated by Senator Frith.

My question is: When do we intend to proceed with this item? Senator Frith expressed urgency on the subject when he went to the press, but that was two months ago. It has taken him longer to make his notes and prepare his speech than it took the British armada to get from England to the Falkland Islands. Honourable senators, I might say that at times I thought the British armada was sailing in reverse. I ask the honourable senator: What is the problem? Is Senator Frith prohibited from speaking by the Prime Minister? I would not suggest that he is prohibited by the Leader of the Government, because normally Senator Frith gives instructions to the Leader of the Government. What is the delay? Can the honourable senator explain the two-month delay and can he tell us when he intends to proceed?

● (1450)

Senator Frith: Honourable senators, we spoke of this subject while Senator Phillips was out having a smoke, but I see that he seems to have a sore tooth again today, so I point out to him that the order stands in the name of Senator Bosa, not in my name. While Senator Phillips was out of the chamber briefly, I explained that it is my understanding that Senator Leblanc is proceeding with this order tomorrow and that Senator Bosa will yield to Senator Leblanc for that purpose. Therefore, on his question about when something is going to happen on this order, the short answer is: Tomorrow.

Senator Phillips: I appreciate the reply of the Honourable Senator Frith, but there are two points that rather puzzle me. I address Senator Frith as an individual—not, as I usually address him, as Deputy Leader of the Government or as boss of the Grits—when I ask him why the matter was so urgent when he went to the press. It was absolutely necessary at that time that Senator Frith be in the forefront of reform. I ask him, now, where in the Falkland Islands is he? Why has he not spoken?

I have no hesitation in saying that, for various reasons, when I went to Florida on a holiday, one of the things that worried me greatly was the possibility of my missing his remarks.

Senator Frith: I'll bet you hardly slept a wink!

Senator Phillips: Senator Bosa has been adjourning this matter for two months. I have, in the past, heard him say that the Senate should not have anything to say in the legislative process.

Honourable senators, I would like to hear from both these gentlemen before I speak. Why can they not give me their views? Are they being held back, are they waiting for instructions, or are they simply afraid?

Senator Frith: Honourable senators, to set the record straight—for the sake of those who read it—the motion to which Senator Phillips is speaking is Order No. 8, a motion of Senator Roblin and one I had nothing to do with.

Hon. Richard A. Donahoe: I wouldn't say that!

Senator Frith: I may have provoked it, true. The item I want to hear about from all senators—including Senator Phillips—is the report of the Standing Senate Committee on Legal and Constitutional Affairs. It also deals with the question of Senate reform.

I can honestly say that I have not been worried about waiting to hear what Senator Phillips has to say on this subject. But we welcome his views on it, and I do not understand why he must wait until he hears my views, or those of anyone else, before speaking himself. What is he afraid of?

Senator Phillips: Honourable senators, I am not afraid of anything, including the Honourable Senator Frith. This is a very simple matter. Normally, the loyal followers of Senator Frith are not allowed to speak unless he approves of the subject matter in advance; Senator Frith is not allowed to speak unless he has his speech approved by the office of the Prime Minister. I am simply waiting to find out the official position of the office of the Prime Minister. Let us have two or three honourable senators—perhaps Senator Bosa, perhaps Senator Bonnell, perhaps even Senator Godfrey, who will hold his nose and read his notes—deliver their speeches and give me the official Liberal position. Could I have that before I reply?

It is unusual, honourable senators, to have three Conservatives give their viewpoints on a motion only to find that not a single, solitary Grit is interested enough in the Prime Minister's views to stand up and give that viewpoint. I repeat, it is an unusual situation and all I ask of the Grits is to stand up and give the viewpoint of the Prime Minister. Then I will reply to it.

Hon. Peter Bosa: Honourable senators, I should like to put a question to the Leader of the Government in the Senate. Is he aware that the Deputy Leader of the Government has been urging me to speak on this issue almost every day for the past five weeks? I have not spoken on it because I had other pressing business to attend to and have not had an opportunity to do all the research I wanted to do in order to enable me to fully present my views. I say this for the sake of the record,

and I wonder whether the Leader of the Government is aware of it.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I can only suggest that Senator Phillips' diatribe today is inspired by the fact that he is speaking from his experience as a member of the Conservative caucus, where other disciplines may apply. I can, however, confirm what the Honourable Senator Bosa has stated.

Senator Flynn: I suppose that Senator Bosa is one of the loyal supporters of the deputy leader, but there are not very many of those.

Senator Phillips: Honourable senators, I have a question for the Leader of the Government in the Senate. Legislation normally comes to this house on Tuesday evenings at about 8.15 and is expected to be passed at 2.15 on the following Thursday afternoon. I find it difficult to understand why so much time is required to debate whether or not to elect senators, when within 15 minutes a billion dollars' worth of estimates is passed. What is the reason for Senator Bosa's delay?

Senator Perrault: Don't bother answering him; it is not Question Period.

Order stands.

● (1500)

OFFICIAL LANGUAGES

MOTION FOR ADOPTION OF SECOND REPORT OF SPECIAL JOINT COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Guay, P.C., seconded by the Honourable Senator Cotreau, for the adoption of the Second Report of the Special Joint Committee on Official Languages.—(*Honourable Senator Murray*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a word to say about this matter. You will notice that in the Orders of the Day Order No. 12 concerns the adoption of the second report of the Special Joint Committee on Official Languages, while Order No. 14 has to do with the first report of the same committee, both orders standing in Senator Murray's name. I realize it is a small matter, but it seems more logical for the two orders to have their positions on the Order Paper reversed so that the first report of the committee can be dealt with before the second report. I understand that Senator Murray intends to deal with the two matters at the same time. Perhaps he will not object if the sequence of the orders is changed for next week. That may be more convenient for him when he does speak to them.

Order stands.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE AND DRAW TO THE ATTENTION OF THE SENATE THE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS

Hon. John Godfrey, pursuant to notice of Tuesday, April 27, moved:

That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine and draw to the attention of the Senate the subject-matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the Canadian Charter of Rights and Freedoms; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Explain!

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before the mover of the motion speaks to it, I should like to draw to the attention of the Senate a point of order. It may be that senators speaking to the motion will want to refer to this aspect of the motion as well.

There are two points involved. The first is that the motion as put by Senator Godfrey states that this joint committee "be authorized to examine and draw to the attention of the Senate" only, and not the House of Commons as well, "the subject-matter of clauses of Bills" and so on. I want to hear from Senator Godfrey why, although the motion has to do with a joint committee, it refers only to drawing the attention of the Senate to the subject matter, and so on.

The second point is related to the first. It concerns a problem raised on previous occasions concerning joint committees; whether or not only one of the houses of Parliament can instruct such a committee. As a matter of course, the Senate chamber gives instructions to and refers subject matters to Senate committees, and the House of Commons does likewise with its committees. In this case, however, we are concerned with the Standing Joint Committee on Regulations and other Statutory Instruments, and that, as honourable senators know, has a permanent order of reference defined by section 26 of the Statutory Instruments Act. That section provides as follows:

Every statutory instrument issued, made or established after the coming into force of this Act, other than an instrument . . . shall stand permanently referred to any Committee of the House of Commons, of the Senate or of both Houses of Parliament that may be established for the purpose of reviewing and scrutinizing statutory instruments.

The Statutory Instruments Act appears as chapter 38 in the Statutes of Canada of 1970-71.

[Senator Frith.]

Just to complete the chain, honourable senators, you will find that in the Senate *Journals* of 1970-71-72, at page 412, the Standing Joint Committee on Regulations and other Statutory Instruments was, in effect, set up, the Senate having given its authorization for the committee to be set up to implement the provisions of section 26 of the statute I have just referred to.

I want to make it clear that I am simply drawing this matter to the attention of the Senate. The Senate will decide whether it is concerned with whether one house of Parliament can refer a matter to a joint committee. With that in mind, may I give you the relevant precedents I know of?

First, the 19th Edition of *Erskine May*, at page 680, states that:

A joint committee has only such authority, and can exercise only such powers, as have been conferred upon it by the two Houses concurrently, nor can the powers of a joint committee be enlarged by an order of one House alone . . . For a joint committee to act on an authority which had been delegated to it by one House only would be *ultra vires*.

Then *Beauchesne*, in the 5th Edition, states:

A mandatory instruction can be given to a joint committee only with the concurrence of both Houses.

So, honourable senators, on the basis of those two authorities at least, the traditional procedure is for the Senate to frame the order of reference and then send a message to the Commons "requesting that that House do unite with this House for the above purpose." But the motion as actually presented by Senator Godfrey is simply: "That a Message be sent to the House of Commons to acquaint that House accordingly." Incidentally, the traditional procedure is the practice that was followed in establishing, for example, the Special Joint Committee on Official Languages, and to give you the reference, it is in the *Minutes of the Proceedings of the Senate* of May 27, 1980, at page 136.

Honourable senators, other phraseology to the same effect has been used. For instance, in the House of Commons on December 2, 1980, they referred to a message being sent to the Senate "to acquaint Their Honours thereof," then adding these words, "and to invite them to join with this House in the aforementioned action."

I am bound to say, honourable senators, that the precedents are not without exception. Those are the principal authorities for the proposition that the order, to be regular and correct, ought to provide for a message being sent to the other place, either asking them to concur or asking them to join with us, which in effect is the same thing just worded differently.

Now let me cite to you some of the exceptions. On March 29, 1966 the Senate referred the subject matter of Bill S-3 to the Joint Committee on Consumer Credit, and it sent a message to the House of Commons to "acquaint that House accordingly." That, of course, is the wording of Senator Godfrey's present motion.

On December 20, 1974 the Commons sent a message acquainting the Senate that the document "Guidelines for Motions for the Production of Papers" and the subject matter of Bill C-225, the freedom of information bill, had been referred to the Standing Joint Committee on Regulations and other Statutory Instruments—again, just acquainting the Senate with the fact that they had done it.

• (1510)

On July 17, 1975 the House of Commons sent a message acquainting the Senate—again, just acquainting us—that Bill C-70 was referred to the Employer-Employee Relations Committee. Again, on November 7, 1975 in the House of Commons and on November 20 in the Senate a message was sent by the House of Commons to the Senate acquainting the Senate that Bill C-52 had been referred to the Employer-Employee Relations Committee. In that case, there was an added feature. Senator Langlois, the then Deputy Leader of the Government, said:

—I believe that the wrong procedure was followed in this case. Even though no message had been sent to the Senate in connection with this referral to the special joint committee, instructions were given to our committee clerks by the Clerk of the other house to call a meeting of the committee this afternoon. That is most irregular, and that is why I have insisted on moving such a motion today—just to indicate to the other place that we are not to be dictated to by anybody outside this House.

Senator Langlois then moved a motion for concurrence. At the time Senator Flynn made two observations. First, he agreed that that was the preferred procedure and, for what side interest it may have, he urged that we get on with the matter because there was an important meeting of the committee to be held that afternoon.

We have another example on November 24, 1980 when the House of Commons sent a message to the Senate acquainting the Senate that the subject matter of certain clauses of the Canada Post Corporation Bill had been referred to the Regulations and other Statutory Instruments Committee.

On May 19, 1981 a message was sent to the Senate again acquainting the Senate that the report of the Commissioner of Official Languages had been referred to the Standing Joint Committee on Official Languages. There may be other examples.

In summary, the situation is this: The texts on procedure seem clearly to support the view that a joint committee, since it is set up by both houses, should not be instructed or have material referred to it by only one house. That is, the other house should be advised of the action of the originating house and invited to concur in the action of the originating house. However, as I have pointed out, there are a number of precedents for exceptions to that rule.

It seems to me that the preferred procedure is to have the motion that presently is before us provide that a message be sent to the House of Commons advising them of our motion—if it is our order and if it is adopted—and asking that they

unite with us or concur with us in that provision. It is, of course, possible that when such a unilateral reference, if we can call it that, appears before the committee, it could be objected to by the members of the other place because the matter had not been referred by that house. A member could say, "Though the Senate has moved such a motion, the House of Commons has not, and as a member of the House of Commons I object to the committee's dealing with it since it was not properly referred by this house."

I want honourable senators to understand that we are dealing with a question of regularity in form and, also, to hear what they have to say on this procedural point as well as on the substance of the motion. I have nothing to say on the substance of the motion just now.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, it is obvious that the objections or comments of the Deputy Leader of the Government are well founded, but they concern a matter of form. I do not believe that we are faced with a very difficult problem because it can be solved simply by amending the motion. It is clear that if the Senate were to refer a matter to a joint committee without the concurrence of the other place, the committee would be powerless; there is no doubt about that.

Senator Godfrey: Perhaps I should have spoken first.

Senator Flynn: It seems to me that the solution is clear. Instead of the words, "draw to the attention of the Senate" we could use such words as "and report on the subject matter of clauses of bills", and so on. With regard to the second paragraph, the wording could be "That a message be sent to the House of Commons to acquaint that House accordingly and invite it to join with us in this referral." I do not see any difficulty at all. It is obvious that one house cannot instruct a committee without the other house concurring. In fact, it would be silly to tell the committee to report only to the Senate and not to the House of Commons as well.

So, with those two corrections in mind, I do not see why we should delay any longer the adoption of this motion which, I think, in substance is entirely satisfactory.

Senator Godfrey: Honourable senators, I would have preferred to speak after Senator Frith and before Senator Flynn had committed himself quite so definitely. Senator Frith mentioned a number of incidents. Another such incident took place with regard to the green paper on the freedom of information legislation. That paper had been referred to the Standing Joint Committee on Regulations and other Statutory Instruments.

With regard to the occasion on which Senator Langlois objected, as I understand the debates on that occasion, the House of Commons did not even acquaint the Senate with the matter. They simply passed the motion and then proceeded to have the Clerk of the House go ahead and instruct the committee clerk, who was a Senate clerk, to go ahead and call a meeting.

The reason I took this action is that I wanted to get ahead and put something in place now so that we would have the mechanism to look at bills that originate in either the House of

Commons or the Senate, thereby allowing the legislative branch to consider whether or not those bills infringe on the Canadian Charter of Rights and Freedoms.

Nearly two years ago the Standing Joint Committee on Regulations and other Statutory Instruments published a report which made recommendations on the reform of the regulatory process. Some of those reforms could have been introduced without any trouble at all and without too much controversy. For example, we asked that the enabling clauses of bills, those clauses that enable regulations to be passed—and this has some relevance to what we are discussing today—be referred to our committee so that we could draw to the attention of the committees actually dealing with the bills any suggestions we might have, so that the committees could then consider and deal with them. It is a year and a half later, and we have heard nothing from the House of Commons, so we have no official authority to adopt this procedure.

After sitting around for over a year waiting for something to happen, and considering that Parliamentary reform has been a topic of discussion for I do not know how many years, our committee has instructed its counsel to unofficially look at the enabling clauses. If he finds something we should draw to the attention of any committee, then we do so by a letter to the chairman. Just a few weeks ago in connection with Bill S-24, we drew to the attention of the committee concerned the enabling clause in that bill. In fact, the same clause has appeared in four previous acts ratifying international tax treaties since 1976, and nobody noticed, at the time they were considered in the House of Commons and the Senate, a very grave defect in the enabling clauses of all these acts. If it had not been for the unofficial action taken by our committee on the advice of our counsel, this defect would have been overlooked again.

Why I say that we should merely acquaint the House of Commons with this motion is that they are then left with three choices. Incidentally, I have talked to the Joint Chairman, the Honourable Perrin Beatty, who is completely in accord with this procedure. If we await the concurrence of the House of Commons, God knows when it will come. Things could go on for another year, a year and a half or two years before they arrive at a decision.

The first of the three choices open to the House of Commons is that it can ignore our motion and do nothing, which is exactly what the Senate has done on six different occasions with similar House of Commons motions, but which did not prevent the joint committee from operating. The House of Commons can ignore us, but the committee can still go ahead. Some people may think that our action would be *ultra vires* but, in fact, the committee, from a practical point of view, would have accomplished what we set out to do.

● (1520)

Secondly, the House of Commons can concur in it, and that is exactly what the Senate did in the case mentioned by Senator Frith, when Senator Langlois objected. Thirdly, they can instruct our committee not to go ahead. These three options are open to them.

[Senator Godfrey.]

The same thing would happen if the members of the House of Commons on our committee objected to this reference. Of course, in that event we would not go on since we are very sensitive to that type of objection.

Senator Flynn drew attention to the wording. I deliberately chose the words “draw to the attention of the Senate” rather than “to report”. If you report something, it might imply that you have the power to make a recommendation. I want to make it absolutely clear that what we are asking for is not that we should recommend that certain sections of a bill be amended because it contravenes the Canadian Charter of Rights and Freedoms.

Senator Flynn: “Draw to the attention” and “report” mean exactly the same thing.

Senator Godfrey: I have a reason for using that phrase. In effect, I was inspired to take this action by an action taken by the Australian Senate. That body created a Senate Standing Committee for the Scrutiny of Bills. This was created at the instance of someone whom I know very well, Senator A. J. Missen, a leading Australian senator who is also chairman of their Regulations and Ordinances Committee, which corresponds to our Standing Joint Committee on Regulations and other Statutory Instruments. The terms of reference of that committee were:

That a Standing Committee of the Senate, to be known as the Standing Committee for the Scrutiny of Bills, be appointed to report, in respect of the clauses of Bills introduced into the Senate, and in respect of Acts of the Parliament, whether such Bills or Acts, by express words or otherwise—

(i) trespass unduly on personal rights and liberties;

We could set up the same sort of special committee here but, in fact, the Standing Joint Committee on Regulations and other Statutory Instruments is already set up, under the Statutory Instruments Act, to look into the question of whether a regulation transgresses against the Bill of Rights known as the Diefenbaker Bill of Rights.

Our committee already has very competent counsel at its disposal, and, to me, he would appear to be the most obvious person to look into this matter. The Australian Senate committee had to retain a very famous law professor, to whom they forwarded all bills because, obviously, they felt that their members required the assistance of counsel. Honourable senators, Mr. Graham Eglinton, our counsel, is well qualified to deal with this matter.

Hopefully, this committee can proceed immediately and we can show some initiative. If we have to wait for the House of Commons to agree, we may wait for years.

Senator Flynn: It is the same thing.

Senator Godfrey: If the House of Commons objects in any way, then we will be very sensitive and not go ahead. In the meantime, I see no reason why we should not proceed in this manner here, when the House of Commons has done it on at least five occasions since 1975, with no objection from us in any way, shape or form. We objected in only one case where

they did not acquaint us of their motion, and in that case our objection took the form of concurring in their motion.

Hon. Jean-Paul Deschatelets: Senator Godfrey has said that his fellow joint chairman is aware of this motion. Has he approved the wording of the motion?

Senator Godfrey: Yes, he has. Furthermore, he will, eventually, propose such a motion himself in the House of Commons. He wants to go ahead and do exactly the same thing, but he does not know how long it may take in the House of Commons for approval to be obtained.

Senator Flynn: What difference does it make? If you accept the amendment, that will meet the objections of Senator Frith. It does not change the situation at all.

Senator Godfrey: If we accept the amendment of concurrence—and I will accept it if it is the feeling that I should do so—it infers that we have no legal power to go ahead.

Senator Flynn: We certainly have not.

Senator Frith: Honourable senators, in support of what Senator Flynn has just said, Senator Godfrey said that the House of Commons would have three alternatives if we go ahead with his wording, and it does seem to me that they have exactly those three alternatives with my suggested wording. If the honourable senator has an objection to using the word “concur,” perhaps we should use the words “invite you to join us”; then, the same three alternatives would be before them.

Then we will have worded it in a way that we consider more regular. Meanwhile, as Senator Flynn says, we are in no different position.

Senator Godfrey: I will agree.

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to address a question to the honourable senator who raised the point of order concerning the precedents. Do I correctly understand him to say that on previous occasions the House of Commons has phrased motions of this sort with no particular reference to the rule laid down in *Beauchesne*, that it requires the support of the other house?

Am I correct in my understanding that, when that happened, we immediately rushed in to pass a motion of our own to go along with it before it reached the committee? I should like to know if that is the case because, if we did that, it indicates that we sort of validated the thing, but we did not seem to surrender our right to go to the committee and say, “Well, the House of Commons is going to do this, but they did not ask us about it and, therefore, we are not going to do it.” If I understand the situation correctly, in the past we may have made good the deficiencies of a House of Commons motion by our own; thus, the committee could work.

My fear is that if we go the route proposed by Senator Godfrey and the House of Commons does not officially concur, then, in spite of what Mr. Beatty says, certain members of that committee may decline to deal with the matter. This is a quandary in my mind, and I wonder if the point can be clarified.

Senator Frith: I cannot say that we have in every case remedied the deficiency. On the occasion in 1975 Senators Langlois and Flynn agreed that it ought to be remedied. However, I am afraid that even after that, in 1980, the House of Commons sent a message to the Senate regarding the subject matter of certain clauses of the Canada Post Corporation Bill and said that it had been referred. In a way, that is precisely why I felt myself to be in somewhat of the same quandary. This is a good opportunity for us to re-establish the principle.

Senator Roblin asked what the committee did in the cases I mentioned. Although I did not check the committee proceedings, I presume that they went ahead. I can answer the question as to what happened in each house, but I cannot say what the committee did in each one of those cases.

Senator Roblin: It may be that Senator Godfrey can throw some light on this, and I hope he will.

This brings to my mind another question. So far we have been talking about alleged irregularities in the House of Commons, but it is quite another thing to have an alleged irregular motion going to the House of Commons from the Senate. Our attitude is sometimes a little more accommodating than that of the House of Commons.

Have we ever lent ourselves to an irregularity of this sort in the past? If we have, what did the House of Commons do about it? If that has not been the case, my concern is that the House of Commons might get on its high horse and say, “We are not going to play.”

Senator Frith: Of the precedents I have cited, five involved the House of Commons sending a message simply acquainting us. In one instance Senators Flynn and Langlois resolved the matter.

Senator Flynn: We never did it.

Senator Frith: Honourable senators, on March 29, 1966 the Senate sent a message to the House of Commons acquainting that house that the Senate had referred the subject matter of Bill S-3 to the Joint Committee on Consumer Credit and, for whatever reason, they did not ask for concurrence. That is the only exception I know of.

Senator Godfrey: Honourable senators, when Senator Langlois objected it was because the House of Commons did not even inform us. It was not a question of asking for concurrence; they did not even acquaint us. The message did not arrive in this house because of an error. Originally, the motion was to send it to the Miscellaneous Estimates Committee, and it was pointed out that they had agreed to send it to the joint committee, and they forgot to include in the amendment to the motion that the Senate was to be acquainted with what they had done. So, the reason for Senator Langlois' intervention was that they did not even notify us.

• (1530)

Since then, on two different occasions they referred matters to the Regulations Committee, without asking the concurrence of the Senate, and I saw no reason to object to that.

To terminate this discussion, I must say that I have so much admiration for the legal opinions given by Senator Frith—when he says that the three options would still be open to the House of Commons, if I accept an amendment, that are open to the House of Commons under my present motion—that I am prepared to accept the amendment.

The amendment I would prefer is the amendment to the effect that we invite them “to join with this house in the aforementioned action.” I am quite happy to accept that amendment, based on the legal opinion and assurance given by Senator Frith that the three options are still open to the House of Commons and that the committee can proceed if the House takes no action.

Senator Flynn: To “report to the Senate” is also a provocation.

Senator Godfrey: The only reason I used the expression “report to the Senate” was because I did not know that with a motion that was not concurred in by the House of Commons we should report to the House of Commons, but if you think that that is in order, I accept that.

Senator Flynn: You only need “report”?

Senator Godfrey: Rather than the wording “drawing the attention”? Originally, I put that in to satisfy Senator Frith. I put that in to emphasize the fact that we are not going to be making recommendations.

Senator Flynn: That does not change a thing.

Senator Godfrey: In that case, I am quite happy to put “report” in the motion.

Hon. M. Lorne Bonnell: Take out the words “of the Senate” and substitute “draw attention to the subject matter.” Do not say which house.

Senator Flynn: It is a joint committee.

Senator Godfrey: In view of this, honourable senators, I wonder whether we can adjourn this debate so that the revised wording can be worked out. We can then consider that tomorrow. If we do that, we will not be drafting the wording of the motion now.

Senator Frith: Honourable senators, it is quite in order for us to give the mover of the motion consent to adjourn the debate to enable him to consider the matter. If the order is adjourned in his name, he can then speak to it when the drafting problem has been resolved.

So, honourable senators, I move that the debate be adjourned in the name of Senator Godfrey.

Senator Roblin: Would it not be advisable to ask Senator Godfrey to withdraw this motion and submit a new one tomorrow? I say that because he cannot amend his own motion. He will have to get someone else to do that.

Senator Godfrey: I can do that, honourable senators, or, with leave of the Senate, I can introduce a new motion.

Senator Flynn: Just give notice that you will move that motion tomorrow.

Senator Godfrey: Fine. Hopefully, before sitting time tomorrow, I will have copies of the new motion prepared and distributed to honourable senators who have participated in this debate.

Senator Frith: Honourable senators, before this motion is withdrawn, perhaps we should clarify the other issue. Senator Godfrey is quite right when he says that he discussed with me and other honourable senators the desirability of giving this joint committee authority “to examine and alert”—those were the words he used when we first discussed this. He did that because, apparently, that is the practice in Australia. They do not “report” as though conducting a pre-study of a bill. We, and I particularly, felt that by using the word “report” the committee might feel it is being asked to report as it does on other bills referred to it. Here the intention is rather to alert both houses in advance.

Senator Flynn: However, the “report” would not relate to us.

Senator Frith: The word “report” would be sufficient, but the words “drawing attention to” make clear what he is trying to do—namely, not to make a report dealing with amendments and so forth, but simply to give advance notice.

Senator Godfrey: On that understanding, then, I will withdraw the motion that is before us.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion withdrawn and order discharged.

Senator Flynn: Honourable senators, we agree that Senator Godfrey has leave to revert to Notices of Motions.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Godfrey: Then, honourable senators, I give notice that tomorrow, Thursday, April 29, 1982, I will move:

That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine and report upon the subject-matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the Canadian Charter of Rights and Freedoms; and

That a Message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 29, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

OFFICIAL REPORT (HANSARD)

SENATOR ROBLIN—CLARIFICATION OF REMARKS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wish to make two corrections to *Hansard*.

Yesterday I had an exchange with the Leader of the Government about the Falkland Islands. We were talking about deaths in the operation. I want to make it clear that when I referred to this, as reported at page 3985, I was talking about the South Georgia take-over in the first instance. It is not clear from *Hansard* that I was referring to that particular operation.

The other day I was ill-advised enough to make a comment on British history to the effect that perhaps King Charles II had appeared in Parliament in a rather unorthodox way. I am wrong about that. The first and only sovereign who visited the House of Commons was Charles I, so we have to exonerate Charles II of any misdemeanour of that kind. The first Charles got into a lot of trouble—

Hon. Raymond J. Perrault (Leader of the Government): He was beheaded!

Senator Roblin: —and I did not want that to happen to anyone else. I thought I would make it clear that I checked my sources, and I now make that correction.

Hon. H. Carl Goldenberg: Perhaps Charles II's mistress, Nell Gwyn, would not let him go.

[Translation]

BANKING, TRADE AND COMMERCE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Royce Frith (Deputy Leader of the Government) with leave of the Senate and notwithstanding Rule 45(1)(i), moved:

That the name of the Honourable Senator Lang be added to the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[English]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwith-

standing rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, May 4, 1982, at 8 o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): I suppose the deputy leader will tell us we are going to be as busy next week as we have been this week.

Hon. Raymond J. Perrault (Leader of the Government): Even busier!

Senator Frith: I really cannot say.

Motion agreed to.

● (1405)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

REVISED NOTICE OF MOTION TO AUTHORIZE STANDING JOINT COMMITTEE TO EXAMINE AND DRAW TO THE ATTENTION OF THE SENATE THE SUBJECT MATTER OF CLAUSES OF CERTAIN BILLS

Hon. John M. Godfrey: Honourable senators, I should like to revise the Notice of Motion I gave yesterday. I think the best way to handle this is for me to give another Notice of Motion so that it will be considered on Tuesday next.

I have not had an opportunity to discuss this in detail with Senator Frith, but I think I should explain the purpose of my new motion.

In the extract from *Beauchesne*, to which Senator Frith referred, it says that "a mandatory instruction can be given to a joint committee only with the concurrence of both houses." The operative word there is "mandatory." I say that because I have looked back at other motions which came from the House of Commons in which they did not ask for Senate concurrence. In each case, all the motion stated was that the matter would be referred to those committees, and nothing about reporting back to the Senate or House of Commons.

So, the Notice of Motion I am giving now does not contain the requirement of reporting back and, in fact, it fits more into what the committee wishes. Quite a few occasions arise when we would want to draw something to the attention of another committee, yet not have to go through the cumbersome procedure of reporting to the Senate or House of Commons. We could write directly to the chairman of the particular committee, which is what we did when the enabling clauses of the

Canada Post Office Bill were referred to the committee but did not require us to report on them.

Therefore, honourable senators, I will withdraw the Notice of Motion that I gave yesterday, and give notice that on Tuesday, May 4, 1982, I will move:

That the Standing Joint Committee on Regulations and other Statutory Instruments be authorized to examine the subject-matter of clauses of Bills introduced in the Senate or the House of Commons, where such clauses may, by express words or otherwise, infringe upon the rights and freedoms guaranteed by the Canadian Charter of Rights and Freedoms; and

That a Message be sent to the House of Commons to acquaint that House thereof and to invite them to join with this House in the aforementioned action.

Hon. Jacques Flynn (Leader of the Opposition): I would make a short observation. We should not be too obsessed with *Beauchesne*, because one can find an argument on either side in *Beauchesne*.

Hon. Raymond J. Perrault (Leader of the Government): You have managed that, have you?

CANADA-UNITED STATES RELATIONS

ALASKA HIGHWAY GAS PIPELINE—CORRESPONDENCE BETWEEN GOVERNMENTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to take this opportunity to table the correspondence between the United States and Canada respecting the Alaska Highway gas pipeline. I have copies in both official languages. I would have done this yesterday, but at that time I did not have the French version. If it is agreed, I should like to make a short statement regarding that correspondence.

Hon. Jacques Flynn (Leader of the Opposition): In French.

Senator Olson: En Français? Très bien.

Honourable senators, as you will have noted from the correspondence entered into by the United States government and the Canadian government, there has been some concern expressed regarding a change in the timing for the construction of the Alaska Highway gas pipeline. I wish to limit my comments now to saying that that change in timing is related almost solely to the soft gas market in the United States at the present time. Both governments—and indeed the sponsors, as well as the producers—

Hon. Royce Frith (Deputy Leader of the Government): The word “soft” qualifies the word “market” and not the word “gas”.

Senator Olson: That is right

—are not withdrawing from their view that the pipeline and the supplies will be required. They do, however, have some concern as to the timing of construction for a number of reasons.

[Senator Godfrey.]

The reason I do not wish to go any further with this at the moment is that there is an important meeting taking place today in Salt Lake City, Utah, with the sponsors, and tomorrow there will be a further meeting between that group and the major producers. From those discussions, it may be that we can find a satisfactory solution.

I will say in conclusion that the Canadian government and the United States government remain convinced that the private sector ought to build this pipeline and ought not to delay the timing at all.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

• (1410)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I thank my honourable friend for providing us with a copy of the letters yesterday. Therefore, I have had an opportunity of reading them. I do not wish to involve the minister in any conversation that would impede the negotiations to which he refers but, to the extent that he feels able to do so, I would like him to expand on the critical impasse to which he refers. Is it solely to do with the marketing of gas, and, if so, what conjunction of events does he think would resolve this impasse, because the question of price of gas in the world energy picture impinges on this greatly.

I am following this line of thought because I then want to inquire of the minister the implications of the letter to the Secretary of State in Washington, in which Canada refers to the “willingness or ability of the Canadian government and companies involved to proceed with it at some later date”. What does that expression mean? What leverage does the Government of Canada believe it has that might enable it to make good on what seems to me to be an implied threat to do something about this thing? How far can the minister go in taking us into his confidence with respect to this matter?

It would also be useful for him at some time to tell us something about the consequences of a failure to proceed with the pipeline. I particularly refer to the fact that we have gone ahead building the southern section of it. The western leg of the southern section is complete and working, I believe, and the eastern leg of the southern section will be ready for operation very soon. Those were put in without the ironclad guarantees that the Minister of Energy, Mines and Resources, when he was in opposition in the other place, referred to as being necessary for our proceeding in this matter. What will it mean to the situation that we face if the southern section of the pipeline remains unconnected with the source of gas in Alaska for a considerable period of time? Does it affect the financing arrangements that have been put in place for those? What are our views about continuing to use those pipelines, because we are filling them with Canadian gas as a temporary measure only, as I understand the matter, and later we are to have our gas replaced by gas from Alaska. If that does not happen, what does it mean to us?

I should think the minister, having raised the matter, could usefully give us more information on the whole atmosphere

that surrounds this problem, the leverage that Canada may think it has, the meaning of the implied threat that is contained here, and the consequences if indeed the pipeline does not get built in the immediate future.

Senator Olson: Honourable senators, I want to be careful about all of this. I believe some of the questions that have been raised are legitimate, and perhaps I can deal with them in part prior to the meeting that is to take place today and again tomorrow.

Yes, it is my information that the limited down-turn in demand for gas, for a number of reasons—conservation and economic matters generally—together with some additional supplies that have been brought on in the United States, do, in fact, stretch out—if that is the right word—or delay the critical timing for this gas to be brought into the lower 48 states. Along with that I should also like to advise honourable senators that the export permits now in existence in Canada are being used to the extent of about 60 per cent. That should give an indication of the nature of that market today.

● (1415)

Senator Roblin: Or the high price of the Canadian product.

Senator Olson: If my honourable friend is advocating that we lower the price, I can advise him that it is our belief that you could lower the price but you would not have a compensating increase in cash flow to make up for it. Therefore, you would be selling perhaps the same amount or a little more gas, but you would probably sell all of it for fewer dollars than we are receiving now. It does not seem to me that, on balance, that is a good plan.

In some other respects the consequences are that this gas going into the United States is equivalent in Btu value to about 400,000 barrels of crude oil per day. I will bring in a list of some of the other consequences in terms of economic benefit to various parts of Canada that, in the present economic situation, are particularly important, because we believe—although we have not spelled it out in great detail in the letter that was sent to the United States Secretary of State—that it is a particularly opportune and important time to get on with building this line. Scores of thousands of man-years of employment are involved in a wide spectrum of the Canadian economy. We have the time now and we probably have the people and the material to do the job. So conditions may be better now to take on this task than they will be some time later.

We also believe that there is a risk that, if we wind the matter down very far, there will be some great difficulties in winding it up again. For example, it is now two and a half to three years behind schedule. If we were to wind it down further still, then, based on the views of some of the companies, particularly Foothills, I believe the companies would not continue to spend the money to stay in the state of preparedness that they are in today. So if it were to wind down further, there would be some serious difficulties in winding it up again.

My honourable friend referred to implied threats. There are no implied threats. It is just a matter of commercial good sense to anticipate what will happen and to be prepared for contin-

gencies that may arise. In our view, when Canada, and Foothills in particular, have met all their commitments on time and have continued to sustain the expense of keeping themselves in a state of preparedness in order to go ahead as soon as they have an assurance as to the target date for the Canadian section, it is only natural and consistent with good sense that they may be a little more apprehensive about winding that up in the future, unless there are some firm commitments given with respect to the date when the most beneficial use of that investment and expense could be made.

That is about all I want to say at this stage. Perhaps after the companies have considered the views that have been reaffirmed by both levels of government, maybe early next week, I will be able to give you a more complete report on the situation.

Senator Roblin: I thank the minister for his statement. I just want to make sure that he understands our position correctly, because he left me with the impression that he may be thinking I am opposed to the export of natural gas through the southern section. I am not. I appreciate the points he is making about the desirability of continuing that export trade.

I have to agree with him that the elasticity of demand may not be all that one would like to see, although we were pretty quick to raise the price when we thought we could. I would not be surprised if people on the other side think it is now time to lower the price. However, I do not want to get into that subject because I can make no contribution.

● (1420)

I am still concerned about the statement:

—the implications of any significant delay on the willingness or ability of the Canadian Government—

Canadian companies are another matter, since they are subject to the laws of the market. I have some sympathy with the dilemma in which Foothills and their friends find themselves, since it is a very unsatisfactory position. I fully agree with the minister that, if there is a substantial delay, it will be very difficult to get it going again. I certainly hope that his ploy succeeds.

He talks here about the willingness or the ability of the Canadian government. That is quite a different matter from the willingness or the ability of Canadian companies. He implies, to my mind, that the Canadian government may be considering taking some action which will involve this question of willingness or ability.

I do not want to press my honorable friend too far because he may have a negotiating position that he wants to protect. I would just express my concern on that aspect of the matter.

Senator Olson: Honourable senators, I think I should clarify the position with respect to utilization of the prebuild. Those export permits were issued for a specific amount of gas and also over a very specific period of time.

Obviously, the Canadian government would have to consider very carefully the assurances that it received, not only from the companies but from the United States administration and

Congress, that they would do all in their power, short of public financing, which was never promised.

Senator Roblin: They have done their part, have they not? They did what they said they would do.

Senator Olson: Yes, they did what they said they were going to do. I am suggesting that, based on that premise, we went ahead with the prebuild and, indeed, the question of the Canadian gas to fill that prebuild section until the Prudhoe Bay or what is referred to as the North Slope gas arrives.

My honourable friend may be complaining about the price of Canadian gas. I should like to remind him that when the price of Canadian gas was raised it was raised according to a formula that had been agreed with the United States which related to the cost of Btu equivalent value of crude imported into Canada. Indeed, on several occasions, we did not increase the price of gas as rapidly as that formula would have allowed.

QUESTION PERIOD

[English]

GRAIN

SASKATCHEWAN—CROWNEST RATES POLICY—INFLUENCE ON PROVINCIAL ELECTION

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, since we are blessed with the presence of Senator Argue—

Some Hon. Senators: Hear, hear.

Senator Flynn: —I wonder if he wishes to comment on the results of the election in Saskatchewan, especially the influence the government's proposal regarding the Crowsnest rate review might have had on the outcome.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I cannot see that it would have very much effect on the Crowsnest review.

As I understand it, the newly elected premier, although he has a history of being somewhat on the other side, has taken much the same position as the outgoing premier. From that standpoint, I do not think it will have much effect.

What might be of interest is that the outgoing premier had a select *ad hoc* committee set up to deal with this project. Some important figures were on that committee which will probably go by the board. Overall, I do not think the change will have much effect on the federal government's position.

● (1425)

Senator Flynn: Honourable senators, I have a supplementary question. Do I understand that the minister intervened on behalf of the Liberal Party of Saskatchewan, and what was the position of Mr. Goodale in that matter?

Senator Argue: Honourable senators, I do not know that Mr. Goodale's position has very much to do with Question Period in the Senate.

[Senator Olson.]

Senator Flynn: What about with regard to the result of the election?

Senator Argue: In any event, Mr. Goodale's position was to stick with the Crow as it is. The negotiations are going on and I am optimistic that when everything is settled it will be a good settlement and very much in the interest of the grain producers.

Senator Flynn: Are we to be blessed with the appointment of Mr. Goodale to the Senate now?

Senator Argue: I have nothing to do with that.

Hon. H. A. Olson (Minister of State for Economic Development): He would be a great addition.

CANADA-UNITED STATES RELATIONS

BRITISH COLUMBIA—POSSIBLE FLOODING OF SKAGIT RIVER VALLEY

Hon. Louis-J. Robichaud: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate.

Hon. Martial Asselin: That is a surprise.

Senator Robichaud: In light of the announcements on television last night emanating from the International Joint Commission and published this morning in the press to the effect that the Skagit River valley in British Columbia might, after a year has elapsed, be flooded for the sole purpose of providing hydro power to Seattle Power Corporation, could we be given the assurance by the Leader of the Government that the Skagit River valley will under no circumstances be flooded?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

INTERNATIONAL JOINT COMMISSION—MEMBERSHIP

Hon. Heath Macquarrie: Honourable senators, I wonder if in this connection I might ask a supplementary question to that of my colleague, Senator Robichaud. Would the minister not think, after all the inquiries that have been made about the personnel of the IJC and in light of the clear and present danger Senator Robichaud has pointed out, that now, surely, at this last season of discontent, it might be advisable for the government to bestir itself and appoint the third Canadian commissioner to the IJC? It is a very serious thing to have this commission limping along, with only two-thirds of its Canadian personnel, in these serious matters affecting, as the minister would say, the great province of British Columbia and other great provinces?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Macquarrie's previous recommendations in respect of this matter have been noted and considered very carefully by the government. It is the intention to make sure that as soon as possible a full complement of competent Canadians make up this nation's section of the International Joint Commission.

However, let me say that the announcement yesterday that there will be no flooding in the Skagit River valley for at least one year represents, I think, under these present circumstances, a substantial victory for Canada and, at least, an encouraging interim response from the IJC. Much of the credit for yesterday's announcement must go to the Canadians serving on the International Joint Commission.

Senator Macquarrie: I am just wondering, after the lapse of so many months, whether the minister could advise us as to what is the problem in reference to the membership of this commission. I remember my former leader, the Right Honourable John Diefenbaker, once saying, "I can't believe that the government has run out of Grits." Is there some reason? Is this job so unpleasant that no possible appointee is on the horizon, or are we waiting for something to happen?

Hon. Jacques Flynn (Leader of the Opposition): It depends on where you are looking for them.

Senator Macquarrie: Would the minister like me to provide him with a list of candidates?

Senator Perrault: We are evaluating.

Senator Robichaud: Honourable senators, having been the chairman of the Canadian Section of the International Joint Commission for two and a half years—

Senator Flynn: Oh, here it comes.

Some Hon. Senators: Hear, hear.

Senator Robichaud:—and having resigned that post—

Some Hon. Senators: Hear, hear.

Senator Robichaud:—to become a colleague of all of you—

Some Hon. Senators: Hear, hear.

Senator Robichaud:—I can understand why the government is having a problem finding a highly qualified chairman, such as the one they had before.

Some Hon. Senators: Hear, hear.

● (1430)

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA— GOVERNMENT POLICY

Hon. Florence Bird: Honourable senators, I have a question for the Leader of the Government in the Senate concerning the Candu reactor that we sold to Argentina. I think I should begin by saying that I understand very well why it is of paramount importance that we sell our technological know-how to other nations, and that I appreciate the reasons why we want to stand by our contract.

Could the leader explain to us what reasons there are for believing that the military dictatorship in Argentina will respect the safeguards which we demanded; and, if it does not respect the safeguards, what will happen then?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, yesterday I promised that I would endeavour to bring to the Senate a statement from the Secretary of State for External Affairs on the subject of the Falkland Islands and our relationship with Argentina. That statement arrived shortly before noon today. I must apologize for the fact that, as yet, the French translation has not been completed.

Hon. Martial Asselin: As usual.

Senator Perrault: The decision had to be made whether to leave the reply until next Tuesday or to bring in at least the English text of it this afternoon.

Senator Asselin: There is always a reason for it.

Senator Perrault: If I am to be criticized for the decision to provide a statement today, then I stand indicted. However, I felt it important, in view of the possible imminence of hostilities in the Falklands, to bring a report to the Senate as soon as possible. The statement, which I am prepared to read now, covers many of the points covered by Senator Bird's question.

Canada has not prejudged the question of the eventual disposition of the conflicting British and Argentine sovereignty claims on the Falkland Islands and dependencies. The British themselves have clearly indicated their disposition to discuss the sovereignty issue once Argentine troops have withdrawn and British administration is restored.

Our condemnation of the Argentine invasion of the Falklands is based primarily on the fact that that country is in breach of the United Nations Charter and a specific Security Council Resolution, by its use of force to settle an international territorial dispute.

Canada remains hopeful that the mediation efforts of the United States will be successful. There can be no doubt, however, that time is running short. The British retaking of the South Georgia Island late on Sunday and the declaration of a total exclusion zone around the Falklands, have increased the likelihood of a most dangerous military confrontation in the South Atlantic.

Incidentally, it should be added that this morning the British announced that their total air and sea blockade of the Falkland Islands will come into effect tomorrow morning at 1100 GMT, or 7.00 a.m. eastern daylight saving time.

Canada has, therefore, called on both parties to exercise maximum restraint. Respect for the United Nations Charter and Security Council Resolution 502 of April 3, appears to be the only basis for furthering the mediation process.

In recent years governments have avoided declaring a state of war. There are valid policy reasons for this. For example, if a state of war is declared, states not party to the conflict could demand observance of neutral rights. The general practice has therefore been to refer to "armed conflict" and the use of the term "war" is no longer conclusive of any question of general international law.

Both the Rio Treaty of 1947 and the North Atlantic Treaty, for example, speak of "armed attack" against states parties

and not of "war". Article 51 of the U.N. Charter also speaks of self-defence in the event of "armed attack". Therefore, it seems unlikely that there will be any formal declaration of war in the Falklands crisis. What we are witnessing is a state of "armed conflict," with the British exercising the right of self-defence.

On April 28 the Organization of American States members who are parties to the 1947 Rio Treaty adopted a resolution calling for an immediate truce and, while supporting Argentina's sovereignty over the Falklands, also stated that the interests of the islanders should be taken into account in any settlement.

Canada plays an active role in the inter-American system. We are fully active members of most of the system's valuable specialized agencies, and for the past 10 years Canada has had permanent observer status in the OAS. However, Canada is not a party to the Rio Treaty. Thus, while Canada can and does participate in corridor discussions at the OAS and can address the council on subjects of concern to Canada, our permanent observer is not entitled to intervene in discussions involving the treaty. He is, of course, in attendance and follows the debates closely.

• (1435)

With respect to Canada's nuclear relations with Argentina, one of the primary objectives of Canadian policy is to ensure, to the extent possible, that our nuclear exports do not contribute to further proliferation. The Canadian government is satisfied with the non-proliferation and safeguards assurances it has received from Argentina covering the Embalse reactor. The Embalse project was allowed to go forward only after Argentina had negotiated an agreement meeting the stringent requirements of Canada's December 1974 policy. That agreement, which was concluded in January 1976, includes the commitment by Argentina that the Embalse reactor and other Canadian nuclear exports to that country shall be used for peaceful purposes only and shall not be used for the development, manufacture or detonation of any nuclear explosive device.

In addition, Argentina has satisfied a key requirement of the 1976 agreement by concluding an agreement with the International Atomic Energy Agency ensuring that the agency will be able to apply safeguards to the reactor, thereby verifying Argentina's commitments both to Canada and to the IAEA.

The Canadian Safeguards Support Program has been instrumental in assisting the agency in developing what will be the most advanced safeguards system available for the Candu 600 reactors, including the Embalse.

Senator Bird: I thank the honourable senator for his answer. I do not think, however, that it answers my question. Although we are aware of the safeguards and naturally applaud them, since we brought them in after what happened in India, I ask my question in light of the record of what is a bloody-minded—I hope that is not unparliamentary language—government and its subsequent behaviour. What are our reasons for

thinking that it will respect its undertaking? Are we not on very dangerous ground in trusting that government?

Senator Perrault: Honourable senators, all decisions of this kind are, I suppose, essentially judgmental in nature. We have assessed the situation and certain safeguards have been established. Certain commitments have been sought and obtained by this nation from the Government of Argentina. In the ultimate, the success of any commercial arrangement of this kind rests upon the willingness of any government to keep its commitment.

Hon. Peter A. Stollery: Honourable senators, I have a supplementary question. Obviously, the government leader did not prepare this statement, but I wonder whether he could, in future, ask those officials of the Department of External Affairs who prepare statements of this kind to be more concise and to the point. Canada has an obvious interest in the conflict between Argentina and Great Britain, in view of the fact that this country is involved with the nuclear reactor in Argentina. We also know that Argentina has threatened war with Chile, which threat was only resolved two years ago, I believe, after the intervention of a papal nuncio. The prospect of war between Argentina and Chile still exists, however.

Rather than delivering what I can only describe as fatuous definitions of the reasons behind a nation's declaring or not declaring war, I wonder if those who prepare this kind of statement would be a little more to the point so that we will have a better description of the actual situation vis-à-vis Argentina, Great Britain, Chile and the Canadian nuclear reactor.

Senator Perrault: The Honourable Senator Stollery may consider that the reply was fatuous. However, if he was in the chamber yesterday afternoon, he may recall that a number of questions were asked as to what constitutes a "state of war" and whether the United Kingdom and Argentina are at war or not at war, and so on. Questions were asked regarding the meaning of "armed conflict" and other terms relating to war were discussed. That is the reason for today's rather lengthy response and references to the meaning of "war," the nature of so-called "armed conflict," and so on.

• (1440)

Of course, if the honourable senator wishes to ask a series of questions on the subject of Chile, he is entitled to do that.

Hon. Stanley Haidasz: I have a supplementary question, honourable senators. I would like to ask the Leader of the Government in the Senate whether the federal government will withhold the exportation of the nuclear fuel bundles, should any further armed conflict between Argentina and the United Kingdom develop.

Senator Perrault: Well, honourable senators, of course, at this stage of relations between Great Britain and Argentina the question is a hypothetical one. Canada, however, has a long record of attempting to resolve international disputes.

Hon. Jacques Flynn (Leader of the Opposition): "Attempting" is the word!

Senator Perrault: Yes, honourable senators, and with a great record of success. I am rather surprised to hear the Leader of the Opposition suggest that Canada's peacekeeping efforts have only been fruitless attempts. In fact, these initiatives have been very successful.

Senator Flynn: Well, you can make a speech on that if you like.

Senator Perrault: But a decision as to nuclear fuel bundles would only be made should a conflict of larger proportions break out.

Hon. Heath Macquarrie: I have a supplementary question, honourable senators. I know that the Candu matter is very important, but we are in a situation where a grave disturbance might take place on the international scene. I understand that our ambassador to Argentina has been brought home, and that has ruptured communication, to some extent.

I think it very important in these difficult times that the Canadian government convey its views clearly and strongly to the government of Argentina, and I am asking the Leader of the Government if he can assure me that on the very highest level the government of Argentina has been made aware of Canada's views on the escalation of warlike activities in the Falklands.

Senator Perrault: First of all, honourable senators, let me say that Canada's ambassador to Argentina was brought home to Ottawa for consultations. I am sure no honourable senator would dispute the right of the Secretary of State for External Affairs to have a personal briefing from Canada's representative in Argentina. I hope Senator Macquarrie is not critical of that fact. The ambassador is now back on his job in Argentina.

Senator Asselin: What other countries have done the same thing? None.

Senator Perrault: My understanding is that several have done so, and I hope Senator Asselin is not critical of the fact that we asked our ambassador to provide us with all the facts as he knows them. Surely that is a responsible course of action for government to take.

As far as further details of this grave international situation are concerned, as much information as possible will be provided to the Senate as it becomes available.

Senator Macquarrie: I do not want the government leader to misunderstand me, and I am sure he would not try to misconstrue my views. I have no criticism of the recall of the ambassador, but I have to point out that that does something to the process of communication. If our ambassador is not in the Argentine capital, that makes it all the more important that our foreign ministry and their ambassador here enter into high-level communications. We know that in the history of mankind, and certainly in the history of war, quite often intentions, attitudes and appraisals were not made clear in time. I am merely asking if the minister can assure us that we are in fact conveying our views. That is why I asked yesterday if we were saying anything at the OAS meetings. If we were not saying anything, that is fine; but are we conveying our

views? Canada is not a member of the OAS, but is a very important member of the western hemisphere. It is very important that we convey our opinions.

Senator Perrault: Our opinions have been conveyed, honourable senators, and it is a mistake to assume that somehow Canadians have been merely supine spectators in this whole tragic affair.

There were Canadian observers at the OAS meetings held a few days ago. The ambassador was recalled from Argentina for consultations. He has now gone back to Argentina. I stated yesterday in my reply—perhaps the honourable senator was not in the chamber—that we had offered Canada's best efforts as a mediator, and talked to both sides. We have tried to play a responsible role here. We are supporting fully the efforts of the United Nations.

I am at a loss to understand what the Honourable Senator Macquarrie would have us do. Under the circumstances, Canada has played a very responsible role and, I think, has won a great deal of credit because of its performance during this entire episode.

Senator Macquarrie: Honourable senators, I am of the opinion that the minister is extremely defensive—I will not say "paranoid". I am not engaged in criticizing the government, and I do not think it is incumbent on him or anyone else to be grandstanding at this critical juncture. I am trying to find out from the Leader of the Government if we are at present conveying our views especially, though not exclusively, to Argentina. No one is debating, and this is not the time to debate, our attitude towards peacekeeping in the last 35 or 40 years. In this upper house we are trying to find out what our government is doing. That is my interest. I have no interest in lambasting the government on this. I can think of far better targets than international affairs.

Senator Perrault: Honourable senators, may I repeat some of my words of yesterday, which are to be found at page 3983 of *Debates of the Senate*?

Now that these measures have been implemented, we believe Ambassador Fulford's presence in Buenos Aires can only help us to monitor developments in Argentina, and to represent fully and forcefully Canada's interests during this difficult period.

Our distinguished ambassador talks to the Argentine authorities on a continuing basis. Does Senator Macquarrie seek minutes of the meetings the ambassador has had with the Argentinians, and transcripts of telephone calls? I can assure the honourable senator that Canada is in full communication with both sides.

Senator Macquarrie: I am delighted with that, and the only chagrin that I feel arises from the fact that the minister implies that I was not here yesterday. Of course I was here, with my radiant personality, all through the sitting.

Hon. Royce Frith (Deputy Leader of the Government): Perhaps you were too much on "Send" and not enough on "Receive."

HOUSE OF COMMONS

1981 CENSUS—REDISTRIBUTION OF SEATS

Hon. Lowell Murray: Honourable senators, I would like to ask a question of the Leader of the Government in the Senate about redistribution of the seats in the House of Commons consequent upon the 1981 census. Will the minister undertake to obtain from the government a statement of its expectations as to when the process of redistribution will be completed?

I ask the question in view of the apparent acceptance by some government spokesmen of a schedule that would mean that redistribution could not be completed in time, let us say, for a 1984 general election. This, of course, would mean that the 1981 census results would not be applied to the representation in the House of Commons until, perhaps, 1988, which seems like a very long delay.

I am sure the minister is interested in this matter, because his own province would probably have several additional seats in the House of Commons.

Hon. Jacques Flynn (Leader of the Opposition): Not on the government side!

Senator Murray: Well, not necessarily on the Liberal side, in any case, though probably on the government side.

Will the minister obtain a statement from the government as to the schedule that they anticipate in this regard?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

ROYAL CANADIAN MOUNTED POLICE

RECOMMENDATION OF COMMISSION OF INQUIRY

Hon. Nathan Nurgitz: Honourable senators, I have in the past asked a question or two concerning the RCMP. The last time I asked a question on this subject the Leader of the Government seemed to imply that I was not appreciative of the efforts of the men and women who serve in the RCMP. I would like to ask him a question today and perhaps indicate by that question my full appreciation of all they do for our country.

● (1450)

Would the Leader of the Government confirm that one of the recommendations of the McDonald Commission report was to the effect that RCMP officers charged with any offence under Operation Ham, which was the Quebec operation dealing with separatists, should be permitted to draw upon the necessary background files, regardless of their classified status, in order that these men in the force can have, what we term in law, a fully answered defence?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

Senator Nurgitz: I should like to ask a supplementary question of the Leader of the Government. While the Leader of the Government is ascertaining the answer to the previous question, could the leader determine why the government—as

[Senator Frith.]

we now know—is refusing to allow these men to present all their evidence?

The McDonald Commission report indicates that the government has at its disposal certain information, and that such information, if it were before the courts, could in all likelihood vindicate these men. Is that information being withheld because it will either embarrass the government or individuals in the government?

Senator Perrault: That information will be sought from the appropriate sources.

CANADA-UNITED STATES RELATIONS

BRITISH COLUMBIA—POSSIBLE FLOODING OF SKAGIT RIVER VALLEY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have just received from the Secretary of State for External Affairs a statement made by the International Joint Commission on the subject of an application by the City of Seattle for authority to raise the water level of the Skagit River approximately 130 feet at the international boundary between the United States and Canada.

Honourable senators, this is a rather lengthy document. May I suggest that it be appended to the proceedings of today for honourable senators' perusal? Perhaps it will give rise to some questions.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of International Joint Commission Supplementary Order see appendix, p. 4008.)

CANADA-UNITED STATES RELATIONS

CONSIDERATION OF VOLUME III OF REPORT OF FOREIGN AFFAIRS COMMITTEE—ORDER STANDS

On the Order:

Consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Canada-United States Relations—Volume III—Canada's Trade Relations with the United States", tabled in the Senate on 24th March, 1982.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, by way of explanation for continuing to stand this order, I can tell you that I took the adjournment of this order because I thought some other honourable senator might wish to speak on the report of the Standing Senate Committee on Foreign Affairs entitled: "Canada-United States Relations—Volume III—Canada's Trade Relations with the United States." That report, honourable senators will recall, completes a trilogy of reports on that subject.

As I said, I thought that some other honourable senator might wish to speak on this order. I do not intend to. If no other honourable senator wishes to speak on the matter, we

may consider this order debated some day next week. But I want to give you some notice before doing so.

THE SENATE

REFORM—MOTION RE ELECTION OF MEMBERS—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Deschatelets, P.C.:

That this House affirms that the federal character of representative and responsible government in Canada will be strengthened if the membership of the Senate is constituted by election rather than by appointment.—(*Honourable Senator Bosa*).

Hon. Peter Bosa: Honourable senators, I yield to Senator Leblanc.

The Hon. the Speaker: Is it agreed, honourable senators.

Hon. Senators: Agreed.

• (1500)

[Translation]

Hon. Fernand-E. Leblanc: Honourable senators, I wish to thank Senator Bosa for allowing me to speak this afternoon to the motion presented on February 24, 1982 by Senator Roblin, which reads as follows:

That this House affirms that the federal character of representative and responsible government in Canada will be strengthened if the membership of the Senate is constituted by election rather than by appointment.

In presenting his motion, Senator Roblin commented:

It is not to be supposed, honourable senators, that at the present time there are many members of the Senate who would agree with the thrust of the proposition contained in this motion. Perhaps on a good day we might be able to find six or so—although maybe I am being a little pessimistic—who would be inclined to support it as a matter of principle.

At least, Senator Roblin has the courage of his convictions. Unfortunately, he is not here this afternoon, but I want to congratulate him all the same.

In 1980, in a speech in Calgary, he was already defending the concept of:

An elected Senate as a significant improvement in harmonizing the interests of our regions within the central legislative apparatus and within the federal ambit and authority.

The honourable senator continues to support a thesis which certainly does not have the support of very many senators or of those organizations named by Senator Roblin in his speech on February 24, which constitute a very imposing list. In fact, most of the organizations he mentioned do not want an elected

Senate—they are in favour of Senate reform or abolition of the Senate altogether.

Senator Roblin and myself are agreed on the historical fact that the Canadian federal system is based on a bicameral federal legislature, and that the vast majority of Canadians subscribe to the principle of a second Chamber, not in its present form, but a reformed and revised version.

The question, therefore, is whether electing the Senate would adequately serve the two principles which, combined, constitute the distinctiveness of the Canadian political system, namely, federalism and a parliamentary system on the British model.

Honourable senators, the ideas I shall be expressing this afternoon are my personal thoughts on the subject and are not meant to reflect the opinions of the party to which I belong. On two other occasions I had an opportunity to discuss Senate reform in this Chamber. Furthermore, I had the honour of sitting on the Senate Committee that published suggestions and recommendations on Senate reform.

I shall endeavour, to the best of my ability, to avoid repeating the points already made by Senator Donahoe and which I fully support, regarding the value of present representation in the Senate and on the many drawbacks that come to mind when discussing election of the Senate.

In preparing my speech, I received the assistance of the Political and Social Affairs Division of the Research Branch of the Library of Parliament. I would like to thank them, and especially Mr. Louis Massicotte, who prepared an excellent paper on this subject.

There are many legitimate reasons for believing that an elected Senate would hardly solve the problems that have existed within the Canadian federal system for some years. An institution of this kind would vastly complicate the functioning of the parliamentary system, and could possibly lead to a serious crisis.

Senator Roblin tells us that:

This new Senate would not represent provinces; it would represent people in regions of Canada.

However, there is certainly no guarantee that representation of the people of the provinces would be a priority, at this time, for those who are dissatisfied with the Senate and are agitating for reform. An inventory of major proposals submitted in this respect since 1971 indicates that the dissatisfaction is with the lack of representation of the provinces as such. The solutions that are suggested tend to involve the provincial governments or legislatures in the election of half or all of the senators. In fact, most of the organizations did not suggest selection by elections. On the contrary, if there is any consensus, it seems to focus on the need for allowing the provinces to express their views in the Upper Chamber.

How can we be sure that elected senators will let themselves be led by provincial considerations? It is common knowledge that elections require the support of a powerful political organization or, as they say in Quebec, "la machine électorale". Prospective senators will not be able to drum up enough

support to get elected unless they go to the present federal political parties, and I think honourable senators would agree wholeheartedly with me on this point.

Are we to believe that a senator, elected with the support of existing political organizations, would be able to ignore for any length of time the voting guidelines given by the respective caucuses, which would be based on national, rather than regional, considerations? The situation in Australia, with which Canadian senators are well acquainted, seems to suggest the contrary, particularly since the serious crisis in 1975. Having been a member of the House of Commons myself for fifteen years, I am convinced that Canadian parties show great cohesiveness, as demonstrated by the discipline of members of all parties in the House of Commons. In my view, an elected Canadian Senate would probably be a more or less faithful copy, in miniature, of the House of Commons, where members would vote according to party lines.

What effect would an elected Senate have on the operation of the Canadian parliamentary system? Senator Roblin suggests that it should have, and I quote, "exactly the same powers as it has today."

The senator also suggested that the government should only be responsible to the House of Commons, which alone should have the authority to empower governments or prime ministers, and to originate money bills.

Actually, it would make sense to confer the same legislative powers on a Chamber elected on the same basis as the House of Commons. The absence of ministerial responsibility to an elected Senate is unsatisfactory. I do not see how a Chamber, elected on the same democratic basis as the House of Commons, could, for any length of time, be satisfied with inferior status where the exercise of ministerial responsibility is concerned. If we consider other countries that have an elected Senate, and our own history since the Act of Union of 1840, it would seem that the provisions of constitutional documents have been powerless to stem the surge of universal suffrage. The constitutional history of Canada would rather lead us to believe that an elected Senate would sooner or later insist on the right to defeat governments on a non-confidence motion. A famous Canadian publicist, Mr. Goldwin Smith, had foreseen these dangers as early as 1891. Here is what he said:

[English]

If the Senate felt the sap of popular election in its veins, its spirit would become too high, it would claim equality as a legislative power with the House of Commons, perhaps even in regard to money bills, and collision between the Houses would ensue.

[Translation]

If we examine the proceedings of the debate in 1865 on the Confederation of the Provinces of British North America, we read that Sir John A. Macdonald, who eight years earlier had supported the concept of an elected Upper House, had the following to say:

I do not anticipate any real conflict between the two Houses. A conflict would be far more likely if the Legisla-

[Senator Leblanc.]

tive Council were an elective body, and I shall explain why. First of all, the members would be elected by the people, just as the members of the Legislature, and if they had a difference of opinion, the former would have every right to say to the latter: We represent the people as much as you do, since we are not elected, as you are, by a small community nor for a short period, and our coming to Parliament does not depend, as yours does, on the particular circumstances of opinion and time, so that instead of reflecting the views of the entire country, you only represent those constituents who voted for you at the polls. Therefore, we have at least the same, if not a greater right to consider ourselves as expressing the country's opinion on general issues, and we shall not give in.

During the same debate, the Honourable Alex Campbell also pointed out that there would be a far greater risk of one House encroaching on the other, if the Legislative Council were elected. He said:

Make the Council purely elective, and I can assure you that the agitation I mentioned will soon begin.

Selection by appointment seemed to him less likely to lead to rivalry between the two Houses.

George Brown noted that in 1856, he had been almost alone in voting against the Council being elected by the people, but that since then, many partisans of the system had regretted their decision. He too remarked that the immense size of the Upper House constituencies had become a very real drawback. Solicitor General Langevin commented that:

—the elective principle in our present Legislative Council was only an experiment, and that in Lower Canada, people have tired of the system.

Joseph-Edouard Cauchon, the very man who in 1856 had sponsored in the Legislature a bill to elect Council members, also favoured a return to selection by appointment.

Anticipation of a major conflict between the two elected Houses seems to have been a major reason for wishing to return to selection by appointment. Was the possibility of such a conflict purely hypothetical? We shall never know, since the experiment was short-lived and the new council had a large proportion of members who were appointed and not elected.

I could go on in the same vein—since I have the material—and quote many prestigious Canadians who have commented unfavourably on the election of senators, including Professor R. A. Mackay, Mr. John Turner, the Commission on Canadian Unity chaired by Messrs. Jean-Luc Pepin and John Robarts, and many others. However, I cannot resist quoting a former Prime Minister of Canada, Sir Wilfrid Laurier, and also the Honourable Mark MacGuigan, now Secretary of State for External Affairs, and the Honourable Jacques Flynn, Leader of the Opposition in the Senate.

On January 30, 1911, Sir Wilfrid Laurier stated the following in the House of Commons:

So far as I can see there is no one within the reach of my voice who would favour an elective Senate. We think we have elections enough at the present time, and I have not

heard any one to suggest that the senators should be elected by the people.

More recently, at a symposium on the Senate held in Ottawa on January 26, 1979, under the auspices of the Canadian Study of Parliament Group, Mr. MacGuigan commented in the following terms:

I suppose it is hardly necessary to expand on my objections to an elected Senate or to certain other intermediary proposals. I could never agree to an elected Senate that would be able to challenge the supremacy of the House of Commons, and I would oppose such a measure most strenuously. In my view, this would also be the general attitude of the members of the House of Commons. An elected House of Commons could never agree to this kind of Senate. In fact, other compromise proposals would not get much better results.

At the same symposium, the Honourable Senator Jacques Flynn remarked as follows:

The concept of an elected Senate would certainly be a response to that major and customary criticism that is always levelled at the Senate, namely, that senators are not elected and are therefore not responsible to the voters. But the problem is that nobody wants an elected Senate. It would be a direct response to this criticism, but if nobody wants it, what do you do?

More recently, in November 1980, the Senate subcommittee on certain aspects of the Constitution, chaired by Senator Maurice Lamontagne and on which I was privileged to sit, rejected the principle of an elective Senate. It was clear to us that an elective House would have scarcely more credibility than the existing Senate, and offer no more guarantee of direct and efficient control of the unparalleled powers of the federal government.

I referred to the *Petit Larousse illustré* dictionary to check the definition of the term "réforme". The word is defined as follows:

A change to a better state.

Would an elective Senate be more efficient, more productive? Would it serve the people and the country with much greater efficiency? This is something to be asked ourselves, because reform implies improvement.

The points made by honourable senators and others do not seem to convince people. Certainly, everyone recognizes that the Senate is not perfect and that we should find ways of improving it.

It is often stated the Senate no longer represents regional interests. However—and I know this from personal experience—many senators are concerned when they believe some program or legislation or regulations may affect the area they represent. In such circumstances, they raise objections and make suggestions to prevent their area from being affected by

government proposals. One needs only to look at initiatives taken by honourable senators during Question Period or in committee or through their respective caucusses, either regional or national, to be convinced that senators are committed to their regions.

To conclude, I would like to add that even if a senator is appointed, he or she is nonetheless a responsible person performing his or her work to the best of his or her ability, and who speaks on behalf of his or her region or province, irrespective of his political stripe. Our task at this point, as members of the Senate, would be to agree in the not too distant future to reform and improve this institution, with a view to meeting the wishes of the Canadian people. It is my view that we should proceed within the shortest time frame.

On motion of Senator Bosa, debate adjourned.

• (1510)

[English]

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

CONSIDERATION OF REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science entitled: "They Served—We Care", tabled in the Senate on 20th October, 1981.—(*Honourable Senator Bonnell*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, at the request of Senator Bonnell I ask that this order be adjourned to May 11, 1982.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

THE SENATE

ORDERS OF THE DAY—TRANSPPOSITION OF ORDERS NO. 12 AND NO. 14

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, you will notice that in *Debates of the Senate* of yesterdays, at page 3991, I proposed that the sequence of Orders Nos. 12 and 14 be reversed. As I mentioned yesterday, Order No. 12 has to do with the second report of the Special Joint Committee on Official Languages,

while Order No. 14 deals with the first report of that committee, both orders standing in Senator Murray's name.

I have spoken to Senator Murray, and I now ask the Senate to order that the consideration of the first report of the committee appear immediately before the motion for the adoption of the second report of the committee, so that they can appear in proper sequence and together on the Order

Paper, thus making it convenient for Senator Murray to deal with them when he makes his intervention.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned until Tuesday, May 4, at 8 p.m.

APPENDIX

(See p. 4004)

INTERNATIONAL JOINT COMMISSION

IN THE MATTER OF THE APPLICATION OF THE CITY OF SEATTLE FOR
AUTHORITY TO RAISE THE WATER LEVEL OF THE SKAGIT RIVER
APPROXIMATELY 130 FEET AT THE INTERNATIONAL BOUNDARY BETWEEN
THE UNITED STATES AND CANADA

SUPPLEMENTARY ORDER
OTTAWA, ONTARIO
APRIL 28, 1982

WHEREAS the Commission is committed to the provision of the Boundary Waters Treaty calling for the prevention of disputes along the common boundary.

WHEREAS the parties have not, since the Commission's Minute of October 9, 1981, engaged in direct negotiation on the question of an alternative to the High Ross Dam;

WHEREAS a negotiated solution to this matter requires an immediate total commitment, by both parties, to the process of negotiation;

WHEREAS the report of the Special Advisors to the Commission dated April 2, 1982 demonstrates that reasonable alternatives to the raising of High Ross Dam are available;

WHEREAS the Commission cannot pursue further action unless the Governments of the United States and Canada are willing to formally support and be full participants in the process of settling the matter;

WHEREAS the formal participation of Governments is imperative if there is to be any degree of certainty that a negotiated solution will be effected;

WHEREAS the participation of the Governments of the United States and Canada is required in order to facilitate both the planning and completion of domestic regulatory and legislative actions and bilateral arrangements that will be required to implement any negotiated settlement. These actions might include but would not necessarily be limited to: National Energy Board of Canada licencing; Washington State revenue bond legislation; transmission arrangements with U.S. and Canadian utilities, and adjustments related to the Columbia River Treaty;

WHEREAS the Commission determines that the Boundary Waters Treaty of 1909 confers on it continuing jurisdiction in respect of Orders made by it, but that this continuing jurisdiction does not necessarily carry with it the obligation to exercise such jurisdiction;

WHEREAS the Commission has reviewed the Request in the application of the Province of British Columbia dated August 14, 1980;

WHEREAS the Commission has reviewed and considered all arguments and materials filed pursuant to the British Columbia Request in the application;

THEREFORE the Commission is of the view that the British Columbia Request in the application and all arguments and materials presented pursuant to that Request do not constitute sufficient grounds to persuade it to exercise its jurisdiction as requested therein, and accordingly declines to grant the relief sought.

Notwithstanding the Commission's decision above on the Province's Request, the Commission also decides that in light of the views of the Governments of Canada and British Columbia and the Commission's responsibility under the Treaty to prevent disputes, and under present circumstances, the Canadian Skagit Valley should not be flooded beyond its current level provided that appropriate compensation in the form of money, energy or any other means is made to the City for the loss of a valuable and reliable source of electric power which would result if the Ross Dam project is not completed.

THEREFORE the Commission, after careful consideration and in the exercise of its continuing jurisdiction over the matter, decides to take the following extraordinary action:

(a) Seattle is hereby ordered to maintain the level of the Skagit River at the International Boundary at or below elevation 1602.5' for a period of one year from the date of this Order.

(b) The Commission will appoint a Special Board composed of two members of the Commission, who shall serve as Co-Chairmen, and two non-governmental experts. The Commission will invite the Government of the United States, the Government of Canada, the City of Seattle, and the Province of British Columbia to each nominate a representative to be a member of the Board. This Board will co-ordinate, facilitate and review on a continuing basis, activities directed to achieving and implementing a negotiated, mutually acceptable agreement between the City and the

Province and to provide status reports regarding such progress to the Commission every four months.

The Commission retains jurisdiction over the subject matter of the 1942 Order of Approval, and may make such further Order or Orders relating thereto as may be necessary in the judgment of the Commission.

Dated at the City of Ottawa this 28th Day of April, 1982.

E. RICHMOND OLSON

ROBERT C. McEWEN

CHARLES M. BÉDARD

L. KEITH BULEN

EXCERPT FROM COMMISSION DISCUSSION OF APRIL 28,
CHAIRMAN OLSON SPEAKING

"The Joint staff draft of the Supplementary Order is approved by the four Commissioners present. However the

Order has been agreed to, with some reservations on my part shared by Commissioner Bédard relating to the relative positions of the Parties before and after the termination of the Order, on the clear understanding that the negotiating and conciliation process set out therein under the auspices of the Commission will resolve this matter. If, for reasons related to the positions of either the City of Seattle or the Province of British Columbia, or the other Governments concerned, a solution does not result from the process, the Commission will be guided by such factors when and if the matter comes before it after the expiration of the period of the flooding moratorium as ordered.

Chairman McEwen and Commissioner Bulen associated themselves with the above statement."

THE SENATE

Tuesday, May 4, 1982

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

THE LATE HONOURABLE HARRY HAYS, P.C.

NOTICE OF DEATH

The Hon. the Speaker: Honourable senators, it is with deep regret that I have to inform you of the death of the Honourable Senator Harry Hays, P.C., who passed away here in Ottawa within the hour.

I ask honourable senators to stand and observe one minute of silence in remembrance of our colleague.

The members of the Senate then stood in silent tribute.

The Hon. the Speaker: Honourable senators will be informed of the funeral arrangements as soon as possible.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, out of respect for our late colleague, I move that the Senate do now adjourn.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 5, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE LATE HONOURABLE HARRY HAYS, P.C.

TRIBUTES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, yesterday Canada and the Senate suffered a grievous loss with the death of our colleague Senator Harry Hays.

By any standard, Senator Hays was a great Canadian, a great westerner, a great Albertan, and a fine parliamentarian. He served his country in the area of public affairs for almost 20 years. For part of that period of time, as honourable senators will recall, he served in the cabinet of the late Right Honourable Lester Pearson. He served in the Senate with great distinction for 16 years. Certainly, Harry Hays was one of our most active senators, serving as Chairman of the Standing Senate Committee on Agriculture, where he brought to bear his vast experience as a cattleman from the west and as a former Minister of Agriculture. His work in animal genetics won acclaim throughout the world.

Senator Hays also served as Mayor of Calgary for a period of time, which gave him even more credibility as a spokesman for western Canada and for the aspirations of Canadians.

Perhaps it can be said that Harry Hays made his greatest contribution to the nation as Joint Chairman of the Special Joint Committee on the Constitution. We now have our Constitution in Canada, part of the rich legacy Senator Harry Hays has left to his fellow Canadians.

We in the Senate will sadly miss his energy, his vitality, his great good humour and common sense, and his vast optimism about the future of Canada, his belief in the opportunity system and what one well-motivated individual with a good idea, vision, energy and enterprise can achieve in a free society like Canada's.

I join with all honourable senators in extending profound and heartfelt condolences to Mrs. Hays and all the other members of Senator Hays' family.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I rise to express on behalf of this side our profound regret at the passing of a truly honourable gentleman. Harry Hays was certainly one of the more endearing personalities to occupy a seat on the government side of either this house or the other. His lack of pretence and that genuine folksy manner made him easy to approach and made you want to listen to what he had to say. And when you listened

carefully to all his homespun logic, you were treated to some rather incisive reasoning.

This was a reasonable and fair man, a man of courage and deep convictions. He acted on those convictions in a manner of which he could be justly proud and which brought him credit.

He had a vast knowledge of the field of agriculture and did good work in that regard. He was a fine man and a credit to the profession of politics. The government party could ill afford to lose someone of his calibre.

To his wife and family we offer our sincere condolences.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to join with the Leader of the Government and the Leader of the Opposition in saying a few words about Senator Hays.

Senator Hays, a former Mayor of Calgary, a former Minister of Agriculture, a multi-millionaire businessman and rancher, was a great Canadian. He was truly proud of his country. He believed that the whole was greater than the sum of its parts. Various tributes can be paid to Harry Hays because he was a giant in many fields. He was a Canadian leader, both nationally and internationally, in a number of different areas. Above all the other tributes that can be paid to him—great Canadian, great agriculturist and whatever else—it can be said that he was a great human being.

Senator Perrault: Hear, hear!

Senator Olson: There is felt to be an enormous vacuum, for those of us on this side of the house and for a much wider range of people across this country, because he is no longer with us. I can tell honourable senators, without any reservation, that just one person will never fill his shoes; it will take several.

I shall only refer to a few of his achievements as a pioneer—and he was constantly pioneering in various fields. Senator Hays, for example, is noted for his development of the Hays Converter, the only breed of cattle developed entirely in Canada for Canadians. Very briefly, early in 1950 Senator Hays carefully selected Holstein, Hereford and Brown Swiss cattle to produce a breed of beef cattle with superior performance, with a conversion ratio of feed-to-weight gain unequalled by any other breed in the world. As a consequence, the name "Hays Converter" was adopted, and that breed is now known internationally.

The dream of developing a truly Canadian breed of cattle arose during the period when Senator Hays was engaged in auctioning cattle at public stockyards. As an auctioneer he sold some of the best cattle, for many of the best breeders, in every part of Canada, including Quebec. As a matter of fact, when he was conducting an auction in that province he did so

through an interpreter, when the French language was required in the auction ring.

Senator Hays personally created export markets for Canadian livestock in more than a dozen countries. His farm enterprises have exported livestock to a total of 23 countries. I might also point out that he has sold high quality genetic material in the form of semen to some 41 countries around the world.

From the office of Mayor of Calgary, Senator Hays moved to the federal political arena and, in 1963, became the Minister of Agriculture. Very few Ministers of Agriculture in Canadian history have come to that office better equipped, from the point of view of competence in agriculture. In terms of political competence, he was a novice, and admittedly so. However, he came to that office better equipped than any other minister in all the main aspects of that essential primary industry.

Under Senator Hays' guidance all the necessary arrangements were made to bring cattle into Canada from Europe, particularly the Charolais breed from France. Up to that time, such arrangements had appeared to be impossible. To Senator Hays this was a problem to be solved, and solve it he did. Senator Hays added hundreds of millions of dollars—perhaps even more than that—to the gross and net agricultural income across North America because he approached problems even as difficult as that one as ones that could be solved.

• (1405)

Harry Hays was also the man who at that time brought into being the dairy program. I will refer to only a couple of the highlights of that. Whatever criticism there may be of certain details of the program and its administration, the fact is that from that day until now the dairy sector has been one of the most stable and relatively prosperous sectors of the agricultural industry across Canada.

Harry Hays was a pioneer in many respects. He was the first person ever to ship purebred dairy cattle from Canada to Britain. Up until the time he did that, Britain had been considered the homeland of some of the best dairy cattle in the world. Despite the undisputed truth of that, he managed to assemble the kind of genetic material that could find a market even in Britain at that time. In the years that followed, his cattle shipments to Britain reached such proportions that he chartered whole ships to carry them.

As an aside, I will mention that, in the depression years Senator Hays and his younger brother Tom peddled furs from Alberta fox ranches in places like Paris, Amsterdam, London and other European cities. That is when things were tough. They took those furs around to the clothing wholesalers and manufacturers in Europe in suitcases.

In 1945, as president of Hays Farms Limited in Oakville, Ontario, he became the first cattle exporter in the world to ship cattle by air. He was the pioneer in that field, too. The cattle that were flown in that shipment went from Toronto's Malton Airport to Cuba.

Hays Farms Limited was also the first North American exporter of cattle to such countries as Spain, Italy, Peru, Argentina, Scotland, Israel, India, Brazil, China, Uruguay, Colombia and Ecuador. That is an indication of the kind of pioneer I am talking about today.

In 1952 he inaugurated one of the world's outstanding livestock sales, the "sale of stars", at the Royal Winter Fair in Toronto. In 1950 he and a partner initiated the idea of selling cattle by auction at the organized public stockyards. They tried out their idea first at the stockyards in Lethbridge, Alberta. Eventually the idea spread to public stockyards across Canada, and, indeed, across the United States as well. On one occasion in this new enterprise Harry Hays sold \$109,000-worth of commercial cattle in 27 minutes. That is a record that still stands today. As an auctioneer, Senator Hays has sold as many as 2,000 head of cattle in one day.

In politics Senator Hays was always interested in good government, where decisions are made according to honest need and common sense. I am told—and I know this to be true—it was only on a personal appeal from Lester Pearson, who was then Leader of the Opposition, that Harry Hays was persuaded to run in the constituency of Calgary South in the general election of April 8, 1963. It was after that, of course, that Lester Pearson became Prime Minister, and Harry Hays joined his government.

Honourable senators, there were so many aspects to Senator Hays' life that it would take a long time to list them all. I have mentioned just a few of the areas in which this man was a leader and a pioneer. Indeed, he achieved such a high degree of success that he could have been considered a giant in each of the fields he was interested in. But, as I said at the outset, there was more to the man than just his success. Within my knowledge, Harry Hays was one of the few individuals who could talk to anybody, from the humblest to the mightiest, and yet never talk down to them. He didn't talk up to anybody either. That attribute, above all else, was probably among the greatest contributions to the success story that he blazed through his entire adult life.

• (1410)

I join with my colleagues in extending my sincere condolences to his wife, Muriel, his son, Dan, and all other members of the family. We shall miss him terribly. Canada has lost an important son; Alberta has lost a wise and influential native; the Senate has lost a staunch parliamentarian; and I have lost a good friend.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I wish to add my tribute to those that have been paid to Harry Hays. As have others, I have had the opportunity of working with Senator Hays in the Senate, and I found him to be a great humanitarian of enormous accomplishments, a great agriculturalist and a defender of the ordinary Canadian.

I shall always remember Senator Hays as an agriculturalist. When I visited his ranch, he pointed out with pride his high moisture barley and what it was doing for his feeding opera-

tion, as well as his irrigation system. He had an egg production facility. For years he was in the dairy business, and had one of the finest dairy herds in the country. As you all know, through his own initiative he developed and established the first new breed of beef cattle in Canada.

Harry Hays was a great parliamentarian. He was an active member of many committees. He was joint chairman of the Constitution committee, and was very proud of the enormous part he played in formulating the new Constitution—a Constitution that contains a charter of rights.

As a humanitarian, Harry Hays was a defender of the ordinary person. When witnesses appeared before the Agriculture Committee, which he chaired, he made it perfectly clear that he wished to improve the lot of the ordinary farmer. He was a man of action and a man of accomplishment. When he saw a problem he brought an analytical mind to bear on it. He determined a course of action, and what he determined was usually practical and resulted in success.

As Minister of Agriculture, Harry Hays established the Dairy Commission. During our beef inquiries of the past, and those that are going on today, Senator Hays felt that there was an answer to the problems of the beef industry, and that answer was marketing boards. Although he was very wealthy and a director of many of the largest corporations in Canada, he was on the side of the ordinary Canadian, and brought his vast knowledge to bear on their problems. By doing so he helped, in many instances, to contribute to the solutions to these problems.

I join with other honourable senators in extending to Mrs. Hays, to his son, Dan, to other members of his family and to his countless friends my deepest sympathy.

Hon. Jack Austin (Minister of State): Honourable senators, in truth, I feel that in the loss of Senator Harry Hays I have lost a member of my own family.

• (1415)

It is not perhaps well-known in this chamber, but the association between the late Senator Hays and my father goes back to the days before the Second World War. In addition, the senator and my father-in-law, Harry Veiner of Medicine Hat, had business dealings in the cattle industry over many years. Some of the stories about exports to countries beyond Canada's borders are stories involving both our families.

When I was a young lad I used to go out to his ranch in Calgary and ride Shetland ponies, and he was kind enough to waive the usual 10-cent charge for me.

He was an outstanding Canadian, first and foremost, and an outstanding citizen of Alberta, as Senator Olson has said. He has advanced public life and private life in ways that deserve widespread recognition. Above all, I will tell you that, behind a brilliant mind and a fine sense of ethics, the late Senator Harry Hays had more plain old common sense than almost anyone I know.

[Translation]

Hon. Maurice Riel: Honourable senators, like all those who have spoken before me, I want to pay tribute to the memory of

Senator Harry Hays. As you all know, we became friends on my appointment to the Senate in 1973 and we had been sharing a suite of offices for two years. We therefore saw each other often and we had many long conversations these last few years on various matters dealing with the present and future of our country. These conversations took place either in Ottawa or in Calgary, where his hospitality was justifiably well-known.

He was very well informed, and in addition to being more knowledgeable about Canadian agriculture than any one of us, he was also familiar with business matters. He had travelled throughout the world. He was nearly as familiar with ranching in New Zealand, Australia and even Argentina as with ranching in Alberta. He was also aware of the problems and the potential of agriculture in Quebec and the Maritimes. Agriculture was his whole life and there was nothing he did not know about it.

He also knew human nature and this made him very understanding. He was respected by everyone.

All his life, he was interested in public affairs. He never hesitated to become personally involved. He had been Mayor of Calgary, member of Parliament and Minister of Agriculture. These last two years, he had been Chairman of the Senate Committee on Agriculture and he had presided since December at the hearing of this committee throughout Canada on beef prices. He had been joint chairman of the Special Joint Committee on the Constitution, had not missed one sitting of this committee and as usual had greatly contributed to keeping a proper balance in the proceedings and the report of this committee. He was a member of many associations to promote agriculture and the marketing of farm products and cattle at more affordable prices.

He fought constantly to improve the economic situation of farmers and protect and preserve their income.

He was a man with unbounded energy, keen intelligence and good judgment. He was also practical.

We have all lost a friend, a colleague of great honesty and intellectual integrity, who never lost his sense of humour even on solemn and serious occasions.

I believe that he died as he would have wished. Last Wednesday, at 5 o'clock, he left our suite of offices after a long conversation where, as usual, we had discussed the problems facing our country. He then told me with his customary smile: "Be at the committee on agriculture tomorrow morning at 9 o'clock; that is the best thing you can do." As evidenced by this remark, like all those who are close to the land, he spoke with a gentle irony which went well with his common sense. He took the stairs and I went back to my office. The next day, on Thursday, he was not at the committee on agriculture at 9 o'clock, which was unusual in view of his customary punctuality. The sad news of his hospitalization came to us like a thunderbolt on a clear day. Since Thursday, we had followed hourly without losing hope his fight against the fates. He fought well, but as will happen to all of us eventually, he was unable to overcome the many complications that beset him.

Everything was over in five days. Had he been given a choice, I believe that he would not have chosen another way to go.

He was a credit to his family, his city, his province and his country. He was also a credit to the Senate. He was of service to everyone. We shall remember him as a valiant, generous, level-headed and jovial man. We shall miss him very much.

To his wife Muriel, his son Dan and all his family, we offer our sincere and heartfelt sympathy.

● (1420)

[English]

Hon. Guy Williams: Honourable senators, I too would like to add my condolences to my late friend's family, consisting of his wife and son.

I would like also to say a few words on what is possibly the least known aspect of the activities of my late friend Harry Hays. I spent many hours discussing with him the matter of fish culture, which was very dear to his heart. There were times when he raised more than 100,000 fish in a year. This is something I appreciate, since I know a little about the fish industry, having spent the better part of my life fishing commercially on the Pacific Ocean.

I had the greatest admiration for the brilliance and knowledge he displayed in his chosen field, cattle, while on the side raising those 100,000 fish a year in his own little stream in his own little area in the province of Alberta. I learned a great deal from him.

I have lost a great friend and I am going to miss him.

Hon. Herbert O. Sparrow: Honourable senators, this is a sad time for all who knew Harry Hays. We have lost from our midst a great Canadian, a capable man, a man of keen intellect, inquiring mind and absolute integrity. His goal was to serve, and he served well.

He will be remembered and praised in Canada and far beyond its borders for his long and dedicated service in many fields of endeavour, not the least of which is that of the agricultural industry. There was no part of this important industry that he did not take a keen interest in. He was recognized as an expert in the poultry, hog and cattle segments. His knowledge, his influence and his efforts in improving the well-being of the producers of agricultural products will long be remembered.

He was a farmer, a rancher, a businessman and a politician, and was successful in all of these fields. He was a realist when it came to facing the problems of agriculture, and nothing deflected him from his goals.

His innovative move, while Minister of Agriculture, was to allow the importation of European cattle into Canada, with the object of establishing new breeds and crossbreeds, and this has resulted in a notable improvement in the quality of cattle in this country.

His further interest in, ambition for and love of the cattle industry saw him, after many years of research and selective breeding, develop his own breed of cattle, recognized by the

Canadian Livestock Records as a breed, carrying the name "Hays Converters", a breed of cattle that is, and will continue to be, a positive influence on the well-being of the livestock industry, and which will honour in perpetuity the name of Hays.

I have fond memories of Harry Hays. To know him was to like him. I wish now I had known him better, because I am sorry for having known him. I wish to extend my profound sympathy and condolences to his family.

[Translation]

The Hon. the Speaker: Honourable senators, I share fully the sentiments expressed concerning Senator Hays. We will extend to his family the sincere and unanimous feelings of the Senate.

[English]

THE HONOURABLE F. ELSIE INMAN

FELICITATIONS ON AWARD OF HONORARY DOCTORATE BY THE UNIVERSITY OF PRINCE EDWARD ISLAND

Hon. Heath Macquarrie: Honourable senators, I would like for a moment to ask my colleagues to direct their attention to another matter which promotes different emotions, though emotions which, I am sure, are equally sincere and deeply felt.

On Sunday last one of our number was honoured at the great University of Prince Edward Island by being designated an honorary doctor of laws. I am referring to Senator Inman, who was rightly praised as a leading and early advocate of rights for women, of women's participation in politics, of tourism and of community development. She was hailed as a leading Islander, an outstanding Canadian and a devoted member of the Canadian Senate.

I am sure all my colleagues will join me in saluting our colleague, Honourable Senator Dr. Florence Elsie Inman.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I know all honourable senators are grateful to Honourable Senator Macquarrie for bringing to our attention the honour that has been bestowed upon one of our colleagues, Senator Inman. I know we all wish to join with him in the warm and generous tribute he has just paid.

[Translation]

STATE IMMUNITY BILL

MESSAGE FROM THE COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons informing this house that it had passed Bill S-19, to provide for state immunity in Canadian courts, without amendment.

● (1430)

[English]

HOUSING

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-89

Hon. Salter A. Hayden: Honourable senators, I have two reports to make today on behalf of the Standing Senate

Committee on Banking, Trade and Commerce, the first of which relates to Bill C-89.

On April 1, 1982, I gave an oral report on the subject matter of Bill C-89, explaining that the written report would be tabled at a later date. I am now tabling the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject of Bill C-89, to amend the National Housing Act and the Canada Mortgage and Housing Corporation Act. I ask that this report be printed as an appendix to today's *Minutes of the Proceedings of the Senate* and that it form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(For text of report see today's *Minutes of the Proceedings of the Senate*.)

CANADA-GERMANY TAX AGREEMENT BILL, 1982

REPORT OF COMMITTEE—MOTION FOR ADOPTION—DEBATE
ADJOURNED

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

May 5, 1982

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill S-24, intituled: "An Act to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income and certain other taxes", has, in obedience to the Order of Reference of Tuesday, February 9, 1982 examined the said bill and now reports the same with the following amendments:

1. *Page 2:* Strike out lines 6 to 16 inclusive and substitute therefor the following:

"5.(1) Subject to section 6, the Governor in Council may, by order, declare, that any supplementary agreement between the Government of Canada and the Government of the Federal Republic of Germany intended to alter, revoke, replace or add to the Agreement is approved by Canada, provided such supplementary agreement shall not, in any manner, impose a greater tax burden on any person than the one to which such person might be subject, but for this Act, as may be amended from time to time, and when the order comes into force, that supplementary agreement has the force of law in Canada during such period as, by its terms, the supplementary agreement is in force."

2. *Pages 2 and 3:* Strike out lines 38 to 49 inclusive of page 2 and lines 1 to 4 inclusive of page 3 and substitute therefor the following:

"(2) An order referred to in subsection (1) shall come into force on the thirtieth sitting day of Parliament after it has been laid before Parliament pursuant to that subsection unless before the twentieth sitting

day of Parliament after the order has been laid before Parliament a motion for the consideration of either House, to the effect that the order be revoked, signed by not less than twenty members of the House of Commons in the case of a motion for the consideration of that House and by not less than ten members of the Senate in the case of a motion for the consideration of the Senate, is filed with the Speaker of the appropriate House."

3. *Page 3:* Strike out lines 5 to 14 and substitute therefor the following:

"(3) Where a motion for the consideration of the House of Commons or Senate is filed as provided in subsection (2) with respect to a particular order referred to in subsection (1), that House shall, not later than the sixth sitting day of that House following the filing of the motion, take up and consider the motion unless a motion to like effect has earlier been taken up and considered in the other House and adopted."

4. *Page 3:* Strike out lines 25 to 46 inclusive.

5. *Pages 3 and 4:* Strike out lines 47 to 50 inclusive of page 3 and lines 1 to 7 inclusive of page 4 and substitute therefor the following:

"(5) Where a motion taken up and considered in accordance with this section is adopted by the House of Commons or the Senate, the particular order to which the motion relates shall stand revoked but without prejudice to the making of a further order of a like nature to implement a subsequent supplementary agreement between the Government of Canada and the Government of the Federal Republic of Germany."

6. *Page 4:* Strike out lines 8 to 17 inclusive and substitute therefor the following:

"(6) Where a motion taken up and considered in accordance with this section is not adopted by either the House of Commons or the Senate, as the case may be, the particular order to which the motion related comes into force immediately on the latest of

- (a) the failure of that House to adopt the motion,
- (b) the expiration of the delay for the filing of a motion with the Speaker of the other House in accordance with subsection 6(2), and
- (c) the failure of the other House to adopt a similar motion, if any."

7. Renumber subclause 6(9) as subclause 6(7).

All amendments pertain to the procedure in the Bill for the adoption or rejection of supplementary agreements between the Governments of Canada and the Federal Republic of Germany.

The procedure proposed by the Bill is as follows: The Governor in Council may, by order, declare that any supplementary agreement between the Governments of Canada and the Federal Republic of Germany intended to alter, revoke, replace or add to the treaty is approved.

This order will come into force thirty days after it has been laid before Parliament unless within twenty sitting days of Parliament after the order has been laid before Parliament a motion to the effect that the order be revoked is signed by not less than fifty members of the House of Commons in the case of a motion for the consideration of that House and by not less than twenty members of the Senate in the case of a motion for the consideration of the Senate and is filed with the Speaker of the appropriate House. Where a motion for the consideration of the House of Commons or Senate is filed, that House shall take up and consider the motion within six sitting days of that House following the filing of the motion. Such motion shall be debated without interruption for not more than three hours.

The amendment to subsection 5(1) means that the Governor in Council may by order only reduce taxes. The Committee is of the view that the proper procedure for imposing higher taxes is by a Notice of Ways and Means Motion to be tabled in the House of Commons.

The Committee feels that the amendment to subsection 6(2) will result in the procedure becoming more available.

Any amendment to the treaty with the Federal Republic of Germany will require the approval of one House only if Bill S-24 remains as drafted. The effect of the procedure outlined in Bill S-24 for bringing into force supplementary agreements is to take away the right of the House of Commons or the Senate, as the case may be, to object to an amendment. This is inconsistent with Parliamentary practice of having both Houses approving legislation before such legislation comes into force.

The amendments to subsection 6(3) and subsections 6(5) to 6(9) inclusive are designed to provide both Houses with the opportunity of revoking the order bringing a supplementary agreement into force, and are consistent with the Fourth Report of the Standing Joint Committee on Regulations and Other Statutory Instruments of July, 1980 which states as follows:

"That all subordinate legislation not subject to a statutory affirmative procedure be subject to being disallowed on resolution of either house . . ."

The Committee notes that prior Bills have been passed confirming other conventions for the avoidance of double taxation with the same procedure to bring into force supplementary agreements. The Committee feels that steps should be taken to introduce similar amendments to such legislation.

Respectfully submitted,

SALTER A. HAYDEN
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Hayden: With leave, now.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I rise on a point of order. Before we proceed with consideration of this report, I should like to draw to the attention of the Senate a matter which may not be of grave concern but is one which I think I should raise.

Rule 80 provides that, on every report containing amendments to a bill which is made from a committee, the senator presenting the report shall explain to the Senate the basis for and the effect of each amendment. It is not explicitly clear, but it is implied in the rule that the report ought simply to embody the amendments, and the senator presenting the report then explains orally the reasons for the amendments. That is a procedure that has been followed, I am advised, for some time.

In this particular report, the reasons for the amendments are included in the report itself. Is rule 80 meant to imply that the reasons for the amendments are to be given separately by the senator presenting the report? While rule 80 is not a clear prohibition to the procedure we are following today, it does indicate that the method of proceeding taken here today could be called into question. Perhaps Senator Molson, the Chairman of the Committee on Standing Rules and Orders, could shed some light on this matter.

I do not see why the reasons for the amendments should not be explained in the written report, and also by the senator presenting the report orally. However, because of the implication contained in rule 80, the normal procedure has been not to include the reasons for the amendments in the report itself but to give those reasons in oral explanation by the senator reporting the bill.

Senator Hayden: Honourable senators, my friend mentioned rule 80 to me late this morning. There are one or two of his preliminary statements with which I do not agree.

Up to the time we started studying the subject matter of legislation, the Senate, in considering bills and in making reports, so far as the Banking, Trade and Commerce Committee was concerned, dealt with the nature of the evidence that bore on various points in such bills, whether the bills originated in the Senate or the House of Commons. Time after time when we dealt solely with the consideration of a bill, the material directed towards explaining the attitude of the committee, through the witnesses who appeared before it, was developed in the report.

Of course, having this point brought to my attention in the late morning, I did not have much time to research the matter. One case came to mind right away, however, which I call "the *Time* magazine case," where amendments were made to the Income Tax Act so as to—we may as well be frank about it now and say—have the effect of circumscribing, very substantially, the operations of *Time* magazine in Canada. In the course of this case, the Senate reported on Bill C-58. As found in Senate *Hansard* of June 23, 1976, beginning at page 2252, in the course of reviewing and analyzing the provisions and the

nature of the evidence that was adduced, there appears this statement in the report:

For the foregoing reasons, your committee recommends the following amendments to Bill C-58—

● (1440)

There then follows a list of the amendments that takes you down to the bottom of the first column on the next page.

So there you have a precedent. I must assure you it is not a single precedent. That was practically a routine procedure in the Senate in the days before we started to deal with subject matters so as to get an earlier consideration of legislation coming from the Commons. Even with that, rule 80, as even my friend admits, is certainly not clear. It states:

On every report of amendments to a bill made from a committee, the senator presenting the report shall explain to the Senate the basis for and the effect of each amendment.

The rule does not say that the reasons for the amendment and the basis for the amendment are not to be included in the report. If I were to express an offhand opinion, I would say that I think it would be nonsensical not to include the reasons for recommending that an amendment be made.

Hon. Jacques Flynn (Leader of the Opposition): It would be impractical.

Senator Hayden: Especially when there is no prohibition against doing so.

However, let us test it a little further. If you look at these amendments, the second amendment we recommend concerns the number of members of the House of Commons and of the Senate who may sign petitions and file such with the Speaker of the appropriate house to revoke provisions of the double tax avoidance agreement. In the case of the House of Commons we recommend substituting 20 members of the Commons for 50, and in the case of the Senate substituting 10 members of the Senate for the 20 provided for in the bill. The provision about having a petition signed by the members of the Commons and the members of the Senate is only intended to provide a threshold by which this subject gets into the Commons or into the Senate. But it is a procedure designed to avoid having to come to Parliament every time any change in a double tax avoidance agreement is needed.

Using this case as an illustration, taking Canada and West Germany, the provisions of the agreement are attached as a schedule to the bill. If the parties agree on a change, the ordinary procedure would require their having to come to Parliament to have the legislation amended in line with the amended or supplemental agreement. The idea was to shorten that procedure to validate such changes because amendments to tax agreements or tax treaties have a way of dragging on. At least, they do not move along very quickly; sometimes it is two, three or four years before a tax agreement, which has already been negotiated, finally is given the force of law. This procedure was designed to overcome that, but your committee felt that there was no need to have 50 members of the Commons or 20 of the Senate. We were assured of the

correctness of our conclusion by a statement Senator McIlraith made to the committee to the effect that in the 1960s, when the official opposition in the Commons was comprised of only 48 members, the House of Commons would have had no procedure by which any party, other than the government which had the necessary 50 members, could have brought this matter forward so as to validate a supplementary agreement or obtain the necessary approval.

Honourable senators, I think it is clear that the amendment speaks for itself. There is no need to add any further reasons. It is simply changing 50 to 20 and 20 to 10, and there it is. The numbers do not change the scope and effect of the procedure. All the numbers provide is a basis on which, if other procedural steps are taken, a negative motion is moved. There are procedures for doing that. Just let me tell you what they are. The procedures proposed by the bill are as follows: The Governor in Council may declare by order that any supplemental agreement is approved between the Governments of Canada and the Federal Republic of Germany intended to alter, revoke, replace or add to the treaty. This order will come into force 30 days after it has been laid before Parliament, unless within 20 sitting days of Parliament after the order has been laid before Parliament a motion to the effect that the order be revoked is signed by not less than 50 members of the House of Commons in the case of a motion for the consideration of that house and by not less than 20 members of the Senate in the case of a motion for the consideration of the Senate, and is filed with the Speaker of the appropriate house. Where a motion for consideration of the House of Commons or of the Senate is filed, the house shall take up and consider the motion within six sitting days of that house following the filing of the motion. Such motion shall be debated without interruption for not more than three hours.

Those are the procedures. You can see that this motion, to be dealt with effectively in Parliament—either by way of approving the supplementary agreement through this device of a negative motion or by way of revoking the order and cancelling out the order of the Governor in Council—must carry a majority vote in either the Commons or in the Senate, and that has no relationship to the numbers who have to sign the petition in order to set these procedures in motion.

There is one other amendment of importance that arises in what I have said. You will notice the language:

The Governor in Council may, by order, declare that any supplementary agreement... intended to alter, revoke, replace or add to the Agreement is approved—

We know that insofar as the Senate is concerned it cannot initiate any taxing legislation. Therefore, it should be clear beyond doubt that the language used as to the scope of the order of the Governor in Council does not, in the motion that is subsequently provided for, amount to initiating taxing legislation.

● (1450)

The Senate is justified in acting in this fashion on this bill. It is not initiating tax legislation or increasing taxes. It is dealing

with the reduction of taxation, which is within the scope of the authority of the Senate. One of the amendments is to change the number of members signing such petition to revoke the order of the Governor in Council from 50 for the House of Commons and 20 for the Senate to 20 and 10, respectively.

The other amendment is to provide that the supplementary agreement shall not extend so far as to increase the tax load of any person who is not affected by the agreement. One can read the proposed amendment to determine its scope and effect. The other provision was that since the motion is a negative one—that is, the order of the Governor in Council is revoked—and providing that either house has moved a motion in favour, then the order is revoked. What was required under the bill was that the other place make such a motion to revoke the order, which would mean giving approval to the motion. It is a little difficult to absorb and requires concentration. In other words, you vote the approval of the motion, the effect of which is to destroy the order being revoked by the motion.

The committee felt that the bill should not be left in that state because the elected body may vote one way, and the Senate may well vote another way. We decided that changes should be made by which either house would have an equal opportunity to move the motion. Whenever there is a motion to revoke by the House of Commons, then the order is revoked. If the motion is put first by the Senate and passed, the motion succeeds and the order is revoked. In other words, considering that it is a negative motion and that you are voting for the motion, you are voting against the order.

One of the amendments provided on that point was that either house may make that motion, and if the motion is to revoke the order, then the order of the Governor in Council ceases to be effective. However, it does not destroy the right of the Governor in Council to enact another order in council which, if done, would cause these procedures to revolve again and again.

Honourable senators, I think you can glean what I have said so far quite readily by merely reading the amendments themselves.

We received some assistance from the Standing Joint Committee on Regulations and other Statutory Instruments on this matter. In July 1980 they made a statement, or adopted as a matter of policy, that all subordinate legislation not subject to a statutory affirmative procedure be subject to being disallowed on resolution of either house. We decided under the circumstances that if the Standing Joint Committee on Regulations and other Statutory Instruments recommended such procedure then we would apply it, and that is what has been done.

Insofar as the status of the motion is concerned, it is true that today I asked for consideration at this time, but that does not preclude debate or consideration of the points that were developed in the report. It does not even preclude consideration of the language which appears on page 1 of the report in the amendment in paragraph 1 which says:

Strike out lines 6 to 16 inclusive and substitute therefor the following:

This amendment simply provides that any supplementary agreement shall not in any manner impose a greater tax burden on any person than the one to which such person might be subject but for this act.

There are, however, some writings that discuss draftsmanship, and some of these frown on the word "provided" as an introductory word. If any devotees of the language, and the peculiar words that should be used and the certain words that should not be used, who feel that this provision would be made more effective and less likely to attack by substituting some other word for "provided", I am sure that this can be debated. The usual procedure would be to send the report back to the committee with instructions to examine this wording.

That is all I have to say on the question at this time.

Hon. John M. Godfrey: Honourable senators, I rise to speak on the point of order raised by Senator Frith. Perhaps that is the wish of Senator Flynn as well. I do not wish to speak on the report, at this time.

Senator Flynn: I want to speak on the report itself. Apparently Senator Frith has forgotten about his point of order. He has not asked for any ruling on it.

Senator Frith: Honourable senators, I wish to comment on the point of order, but if Senator Godfrey wishes to raise a point of order, then I will round things off afterwards.

Senator Godfrey: Honourable senators, I can remember participating in the preparation of many reports in which reasons were given. I think that quite often the reasons are important and that the committee should agree upon the reasons, and not leave it up to the chairman to try to divine the reasons of the members of the committee and to explain those reasons to the Senate. Therefore, if there is any doubt whatsoever with regard to rule 80, and as to whether or not reasons can be included in a report, then the Rules Committee should make amendments to make it quite clear that the reasons formally agreed upon by the members of the committee for suggesting amendments can be included in a report.

The second point on which I would like to comment in a favourable way is that I believe the procedure followed today is far more acceptable than the one used last week when Senator Frith raised a point of order on a motion I was moving. I think that the fact that Senator Hayden had the opportunity to speak first after the point of order was raised today is preferable to what happened to me last week when, in effect, the decision was effectively made that the form of my motion was not in order before I even had a chance to speak. So I think that we should all follow the procedure that if a point of order is raised then the person presenting the motion should have the first right of reply, as was the case with Senator Hayden today.

Hon. G. I. Smith: Honourable senators, I rise on the same point of order. It is important from my point of view, as one who has given reasons in his reports to which nobody objected, that we support Senator Hayden's view of the matter.

● (1500)

It seems to me that one would have to envisage quite an addition to rule 80 to arrive at the conclusion that it forbids in the report of the committee a statement of its reasons for having made whatever recommendations it has made. Therefore, I find myself in the somewhat rare situation of agreeing with Senator Godfrey that, if there is any doubt about this rule, it should certainly be removed.

I cannot see how one can import doubt into it, but obviously Senator Frith can, so perhaps my vision is a little dull in that respect, and if it is, I should like to have my vision cleared so that even my dull vision would be able to see that the reasons may be included.

The Hon. the Speaker: Honourable senators, I ask Honourable Senator Frith if he maintains his point of order.

Senator Frith: Honourable senators, I shall round off my point of order now, if I may.

I rose on a point of order to draw to the attention of honourable senators the possible anomaly in rule 80 and the procedure that was being followed. What has happened is that I, and all other senators, seem to agree that the best procedure is to include the reasons for the amendments in the report itself, if desired, and to have the senator presenting the report explain also, if he wishes to do so. I felt that that was the best procedure. Senator Hayden obviously thought it was the right procedure because he proceeded to do exactly that—that is, explain the reasons for the amendments, having already included the reasons in the report.

I agree with Senator Smith and Senator Godfrey that if there is any doubt the Committee on Standing Rules and Orders has the right to examine these things of its own motion. It may feel that there is nothing to be cleared up because the matter has been raised, and it is quite clear what the Senate feels about it. I think we can leave it at that, unless the Committee on Standing Rules and Orders wishes to do something about it.

On the second point raised by Senator Godfrey, my recollection of what happened last week and what has happened today is not consistent with his recollection. When he proposed the notice of motion last week, I raised a point of order. I explained my point before he spoke on his motion, and that is exactly what has happened today.

I raised a point of order when Senator Hayden commenced speaking, which I think is correct. I did the same thing with Senator Godfrey last week.

Senator Godfrey: Senator Flynn gave a speech before I could interject and answer your remarks.

Senator Flynn: I am sorry for that.

Senator Godfrey: When I started my comments I said that the decision had already been made and that I had no opportunity to speak on the point of order. The Leader of the Opposition and the Deputy Leader of the Government agreed that the form of my motion was out of order before I had even

spoken on the subject, so I thought it was rather pointless to continue.

Senator Flynn: I apologize to you. I should not have done that.

Before I move the adjournment of this debate, perhaps Senator Hayden can clarify one problem I have with these amendments.

It seems to me that the bill as introduced in the Senate gave the government the right to increase taxation and that, therefore, it was beyond our jurisdiction. I do not know how Senator Hayden can resolve that problem. If a bill is not constitutional in the sense that it is a money bill and cannot be introduced in the Senate, can we correct that by proposing the kinds of amendments the committee is recommending? The recommendations diminish the power of the government.

It seems to me that if a bill is unconstitutional when it is introduced in the Senate, it cannot be corrected by the Senate but has to begin in the other place.

I simply raise this point to see whether the honourable senator has an obvious explanation, and if he does, I will accept it; otherwise I will move the adjournment of the debate.

Senator Hayden: I should tell my honourable friend that the "other place" in dealing with this bill is the Senate. This is a Senate bill.

Senator Flynn: Yes.

Senator Hayden: We are speaking on it from the point of view of the Senate. We have said that the Senate appears to be reaching too far in the matter of interpretation.

If we kept within the limits that we think are constitutional, the Senate would operate within the scope of this bill, but if there is elbow room in which it can, in some circumstances, initiate money bills, then that should be limited. This is what we decided to do. It is up to the Senate itself to decide on this matter. If it wishes the committee to consider the matter further, the committee can do that, but we have some good lawyers on the committee, including Senator Flynn, and—

Senator Olson: We agree with that.

Senator Hayden: —this report is being presented by that committee.

Senator Flynn: I know that, but if I am correct—and I think I am—it is dangerous for the Senate to approve the bill as amended. If that were the case, somebody might attack the bill on the basis that a money bill cannot be introduced in the Senate. It seems to me that we should be entirely satisfied that we have the power to initiate this bill. The amendments are certainly an improvement to the bill, but if there is an inherent defect in the bill, I do not believe that we can correct it this way.

Senator Godfrey: Honourable senators, may I say a few words on that particular point of order? I raised that precise question in the committee, and the answer we received from the officials was that this tax treaty is not a money bill because it relieves from taxation. That was their argument.

Senator Flynn: That is not my point.

Senator Godfrey: We then pointed out to them that if we gave the government the power to amend the bill by regulation and take away some of the relieving provisions without a Governor General's warrant that, in effect, would be unconstitutional because the amendments could increase taxation. I think that was remedied by way of the amendments that are being proposed.

Senator Flynn: But the bill as introduced provides that the government may increase taxation. Therefore, it makes this bill a money bill, and a money bill may not be initiated in this place.

I am only asking whether we can correct that. Once it is initiated, I do not think we have the power to correct that.

Hon. George McIlraith: Honourable senators, may I ask the honourable senator a question? Do I understand his point correctly to be that a bill that, within the current constitutional practice, cannot be introduced in the Senate is not properly before the Senate, and not being properly before the Senate, cannot be amended by the Senate?

Senator Flynn: That is my point.

Hon. Hartland de M. Molson: Honourable senators, it is obvious to me that no one in this chamber will be very interested in my point of view on the interpretation of these matters which some of our best legal minds have been discussing during the past few minutes. However, as Chairman of the Committee on Standing Rules and Orders for some time now, I should like to repeat what I have said before in this chamber. First of all, we have been reluctant to amend the rules unless it has been made abundantly clear to us that it is vitally necessary to do so.

In almost every session there are suggestions that a little change in the rules here, and a little change there, would make things easier. If we look back on the problems created by the rules, or in spite of the rules, I think we will see that the rules have served us in very good stead, and that it is only on rare occasions, when some of our more intellectual colleagues start finding differences between the way they are written and their meaning, that we run into any problems at all.

In this case, from my position as Chairman of the Committee on Standing Rules and Orders, it seems to me that rule 78 is perfectly clear. Again, I fail to see why rule 80 prevents the procedure which was used by Senator Hayden in this instance. Because we have been discussing this rule for some time now, I feel that I should read it into the record. Rule 80 states:

On every report of amendments to a bill made from a committee, the senator presenting the report shall explain to the Senate the basis for and the effect of each amendment.

● (1510)

To me, that does not infer that the explanations may not be set out with the amendment that is presented. It seems that, regardless of how those amendments are presented, provided the senator presenting the report carries out his responsibilities

under rule 80, by explaining the basis for and effect of each amendment, it does not matter whether the explanations are in the chairman's remarks or set out in the report of the committee.

I would suggest, unless there is a strong view of this chamber that rule 80 be rewritten or reconsidered, that it be accepted as it is. If there is that view, the Committee on Standing Rules and Orders is always willing to co-operate with the chamber.

Senator Smith: Honourable senators, I wonder if I might be permitted to speak a second time on this point of order. I certainly agree with what Senator Molson has said about the desirability of not changing rules unless it is necessary. Might I therefore suggest that the question he raises could easily be resolved if His Honour the Speaker makes a ruling, which the chamber accepts, either for or against the contentions which have been put forward? Then we would know whether the precedent of the ruling of the Speaker settles the question, and if that ruling is to the effect that—

Senator McIlraith: That will settle the matter.

Senator Smith: Yes, it will settle the matter, and if the ruling is in favour of the point of order raised by Senator Frith, then, obviously, it is open for the Committee on Standing Rules and Orders to consider whether it is appropriate and necessary to make the change. If the ruling is against Senator Frith's point of order, then obviously there is no need to change the rule.

Senator Frith: Honourable senators, I do not think we need a ruling. I suggested that the procedure that seems to be the most logical one to follow is the one that we followed. We have the precedent for it, and I think the matter is settled by what we have done and what we agreed should be done. I have no objection, now that what the Senate wants to do is clarified.

Senator Flynn: My point was not in relation to the point of order raised by Senator Frith. Therefore, I move the adjournment of the debate.

On motion of Senator Flynn, debate adjourned.

NATIONAL ENERGY PROGRAM

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED
TO MAKE STUDY

Hon. Salter A. Hayden, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the Government of Canada's National Energy Program and more particularly the subject matter of the legislative proposals in relation thereto contained in bills:

C-101 An Act to amend the Petro-Canada Act;

C-102 An Act to amend the Department of Energy, Mines and Resources Act;

C-103 An Act to amend the Petroleum Administration Act and to enact provisions related thereto;

C-104 An Act respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act;

C-105 An Act to amend the Canada Business Corporations Act; and

C-108 An Act to amend the National Energy Board Act (No. 3),

which bills namely C-101 to C-105 and C-108 have been read a second time in the Commons and referred to the Standing Committee on Energy Legislation in advance of the said bills coming before the Senate and any other matters relating thereto.

Motion agreed to.

QUESTION PERIOD

[English]

ECONOMIC DEVELOPMENT

MEGA-PROJECTS—EFFECTS OF DELAY IN COMPLETION

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I am quite certain that the Minister of State for Economic Development has been waiting to give us his views on the fiasco of the Alsands project and the delay in the construction of the Alaska Highway gas pipeline. I expect he will provide us with the kind of reply that will trigger more questions.

I recall that on February 17 he gave us a list of mega-projects, including the two that I mentioned. Could he, in commenting on those two failures, among others, give us an updated list of mega-projects that are continuing, and a list, which I have requested of him repeatedly, of all the projects that have been abandoned, stalled or postponed indefinitely?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, Senator Flynn has displayed some ingenuity in the past, and is doing so again today, in inviting me to make a very long speech. I am going to avoid that invitation, however tempting it is, because as soon as the Senate rises this afternoon I shall be appearing before the Special Senate Committee on the Northern Pipeline to give an update on the Alaska Highway gas pipeline. If he wished to ask some questions, that is fine, but there will be a formal, detailed explanation given before that committee.

Insofar as Alsands is concerned, I can provide my honourable friend with some details of the offer that was made by the two governments involved—that is, the Government of Canada and the Government of Alberta. However, perhaps that is already known to him. The prospective private sector participants took a look at the offer and assessed the market prospects, along with the costs, and indicated that they were not willing to take the risks involved and, therefore, withdrew from the project.

I suppose the next question he could ask—which has already been implied in the way he phrased his question—would be: Why? I guess the reason is that there is a rapidly changing international energy price and supply situation that was—

Senator Flynn: —unforeseen.

Senator Olson: —unforeseen by a lot of people, including—

Hon. Lowell Murray: Except by the government.

Hon. Jack Marshall: Except the ones that should have seen.

Senator Olson: Well, these little interjections, of course, are trying to test their hindsight against our foresight.

Senator Murray: You have no foresight; that is your problem.

Senator Olson: I know they usually have something close to 20-20 hindsight, although sometimes the way they interpret it, it does not appear to be that good. That is unfortunate because we, at least, do have 20-20 hindsight.

On the prospect of looking at some of these things, if they were so wise and could have seen this downturn in the world economy and world energy prices and upturn in supply, then of course, they would have carried with them wisdom that could have made billions of dollars if they had conveyed it to the right people. But I guess they did not make that sort of money, nor did anyone get the benefit of their advice.

What I wanted to say before I was interrupted by some honourable senators was that there has been a very significant change in the economic factors relating to making decisions which involve several billions of dollars of private sector funds and, in spite of a very large and, indeed, extremely generous, in my view, offer by the two levels of government, they did not want to participate in this. The main reason, I suspect, is the uncertainty of what the international market forces will be to set the return on investment perhaps six or more years down the road. Those are the reasons the private sector gave, in spite of our encouraging them by increasing the generosity of our offer to an extent that, in my view, was as generous as it ought to be.

• (1520)

Senator Flynn: What about the consolation that the Minister of Energy, Mines and Resources found in the other projects that remained? I am quite sure that the minister will tell us about that, and that he is satisfied that the other mega-projects will proceed and be sufficient to meet the objective of self-sufficiency in oil by 1990. I am quite sure he would want to tell us that.

Senator Olson: Yes. Well, I could give a rather significant list of projects that are, in fact, under active construction at this time, so that there is no question about whether they are going to go ahead or not. This is a rather long list, but I will read it as long as my honourable friend can stand it.

Senator Flynn: We are used to very long speeches by you.

Senator Olson: I have another list of hydrocarbon and petrochemical projects that are in the planning stage, and

some that have already been started. If my honourable friend would like me to read that list also, I will do so. If he is ready, I will start.

Senator Flynn: I suggest that you put them on the record. I will ask a supplementary question.

I see that the Leader of the Government is very happy with the situation. He thinks that the abandonment of the Alsands project and the Alaska pipeline is a blessing. He thinks that the government is succeeding in every respect, and that everything is fine as long as we have the present government in office.

Senator Olson: Honourable senators, I want to clear up the question a little bit because, as we all know, my honourable friend has a habit of leaving some ambiguities in his questions, which he thinks are clear.

Senator Flynn: Me? Me, or you?

Senator Olson: I am not sure whether my honourable friend asked only for those mega-projects involving energy or hydrocarbons, or whether he was referring to all the mega-projects.

Senator Flynn: All of them. I would be happy for you to put them on the record.

Senator Olson: I think I should read a few of them, however. I have three pages of them.

Senator Flynn: Thank you, but note again the approval of Senator Perrault for the fiasco brought about by the government.

Senator Olson: In the Beaufort Sea area, Dome's exploration phase is already under way, and that will cost some \$500 million. There is the Esso Beaufort Sea Drilling System, \$130 million; the Gulf Beaufort Sea Drilling System, \$700 million; the Norman Wells Oil Field Development, \$600 million; the Trans Quebec & Maritimes pipeline, \$861 million.

Senator Flynn: What else is new?

Senator Olson: My honourable friend wanted the whole list. Part of the Trans Quebec & Maritimes pipelines is already under way.

Hon. G. I. Smith: And greatly delayed by you.

Senator Olson: The Revelstoke Hydro project, \$1,115 million; the Genesee thermal generating station in Alberta, now nearly completed, \$595 million; the Bruce "B" generating station in Ontario, \$2,287 million; and the Pickering "B" generating station in Ontario, \$1,805 million.

Then we have the metal mining and refining modernization and expansion program in British Columbia, \$700 million; the CF-18 Hornet fighter aircraft project, \$2,990 million; the Quintette coal development project in British Columbia that is under way, \$700 million, and the Ridley Island coal and grain terminals, \$400 million.

Senator Flynn: That has nothing to do with oil and gas.

Senator Olson: Honourable senators, perhaps I did not hear my honourable friend correctly, but I thought he asked me to list the so-called mega-projects already under way.

Senator Flynn: In oil and gas, or energy.

Senator Olson: This is the list. I have three pages of them. If my honourable friend cannot stand this, perhaps I should ask that these lists be taken as read.

Senator Flynn: That is what I suggested you should do.

Senator Olson: My honourable friend agrees. Very good.

There is another list of projects that are in the advanced planning stage. There are also three pages of them.

Senator Flynn: Well, you will have to correct that in a few months.

Senator Olson: They amount to scores of billions of dollars. I would have thought you would want these, because the other day you asked me about the mega-projects, and I am now giving you a list of some 60 of them.

Senator Flynn: If you want to put them on the record, I have no objection.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

(For lists see appendix, p. 4038.)

Senator Flynn: Honourable senators, on a point of order, I want to note, for *Hansard*, that the Leader of the Government is always applauding any failure of the government. The ship of state could be sinking, and he would say, "Are we not lucky to have a Liberal government?"

Hon. Raymond J. Perrault (Leader of the Government): The Leader of the Opposition likes to traffic in economic misery and human woe. He is criticizing the government in connection with these mega-projects, but he should be standing up and applauding Senator Olson's recitation of projects being initiated on behalf of the Canadian people.

Senator Flynn: Just imagine. When everything is going wrong he is standing up and applauding, and saying everything is going well.

I must go back and look up what you said about this a little while ago. I would like to compare that with what you are saying now. Completely irresponsible!

Senator Perrault: My friend can continue with this line of attack if he wishes, but most of us would rather hear him comment in a constructive fashion on the mega-projects that are proceeding despite Conservative opposition.

Senator Murray: By way of a supplementary question to the Minister of State for Economic Development, may I ask the following?

In terms of the direct and indirect employment and investment that will be lost as a result of the cancellation of the Cold Lake and Alsands projects, and the postponement of the pipeline, there is no doubt that these decisions will have a very adverse effect on our immediate economic prospects, which will make this Liberal recession even worse than had been anticipated.

On top of that we have had, within the last day or two, very disturbing projections from the Conference Board of Canada to the effect that there will be a very steep decline in economic growth in most of the provinces, including Ontario. The board says that no area of manufacturing will be spared, since demand weakness is much more pervasive, affecting markets for consumer, industrial and capital goods.

My question is this: Quite apart from the damaging effects that the MacEachen budget has had on the economy and on confidence in Canada, does the minister not think that these recent developments in themselves constitute a sufficient shock to our economy to warrant the introduction of a new budget at this time? I put it to the minister and the government that nothing would have a more salutary and immediate psychological effect in the way of a boost for our economy than the knowledge that the MacEachen budget was being withdrawn, that the government was reconsidering it, and that a new one was being prepared.

Senator Olson: Senator Murray is perfectly within his rights, I suppose, in expressing himself in that way. We have got into the habit of hearing Senator Murray make a little speech to put forward his views on certain things. If he will read the rules carefully, however, he will see that this is not a period of debate; it is a period of questions.

Senator Flynn: Look at yourself now.

Senator Olson: What the rules say is that an honourable senator should seek information, not give it. You disregard the rules, in any event, and sometimes even I was accused of doing so when I sat on that side, though I was very careful not to do so. Even when he is seeking information, honourable senators, he completely destroys the validity of his question by putting certain statements of so-called fact into the preamble which are, of course, absolutely incorrect.

● (1530)

Senator Smith: Who is giving the "brief" replies?

Senator Olson: It is incorrect, first of all, that the so-called MacEachen budget is contributing to a lack of confidence.

Senator Murray: Isn't it?

Senator Olson: That is absolutely untrue.

Some Hon. Senators: Oh, oh!

Senator Perrault: Shame!

Senator Olson: Over the past six weeks we have had the privilege of discussing a number of things with senior businessmen across the country. Every one of the spokesmen representing the various sectors of the business community made representations regarding what could be done by way of tax changes and so on which would benefit their particular sector. There is no question about that.

Senator Murray: What did Mr. MacEachen say about that?

Senator Olson: At the end of the meetings, when we asked for their views as to whether the federal government is taking the right fiscal and monetary stance to deal with the real

problems—namely, the matter of confidence that is related to both inflation and how it drives up interest rates—the unanimous response was that this government is on the right track.

An Hon. Senator: Come on!

Senator Olson: Unless we come to grips with inflation and the cost of capital that is related to confidence in new investments, there will be more uncertainty as to the future. That is where the problem lies.

Honourable senators, if the preamble on which the question is based is destroyed, as I have just successfully done, there is no question left.

Senator Smith: Honourable senators, the great advocate of brevity seems to have extraordinary flexibility in just what his definition of "brevity" is, as compared to his demonstration of what he believes it is. The Leader of the Government, by his antics a few moments ago, would seem to indicate that he believes the country should be grateful that, when a failure has to be interred, he and his colleagues are around to give it a decent burial. That is what he seems to be saying, noisy and erratic as his comments were.

I notice with pleasure, but still with doubt, that the list of mega-projects includes the TQ&M pipeline. It was only a few days ago that I asked about the progress of that pipeline.

Senator Murray: It will be the next to go.

Senator Smith: While I cannot recall the minister's exact reply, it was to the general effect that there has already been a delay of something over two years in the target date for finishing that project. I cannot help but think that that delay is not a particularly encouraging factor in the belief that this project will in fact be fully carried out through New Brunswick and Nova Scotia, as was promised and intended by the federal government—at least, it was promised; whether it was ever intended is another matter. Perhaps the minister would indicate the latest information he has on the progress of that pipeline and the bearing of that progress on the hope of completion by 1985 or 1986, which is his new estimate.

Senator Olson: Honourable senators, I believe that I gave a somewhat more complete answer the other day. I will have to look it up. The information I mentioned earlier today was simply to remind my honourable friends—and more particularly the Leader of the Opposition—that the TQ&M pipeline, which of course includes the Quebec section, is under way. There is no question but that that entire line is going to be built.

Senator Perrault: Hear, hear!

Senator Olson: It was only recently that the National Energy Board made a ruling on certain aspects that this project required in order for it to proceed.

Senator Flynn: How far is it now—about 20 miles out of Montreal?

Senator Olson: Wherever it is, that is not the point—and my honourable friends seem to miss this all the time. I am not managing all of these projects.

Senator Flynn: Thank God you aren't!

Senator Olson: I am not managing the economic factors related to the acceleration or deceleration of their progress. I was asked about the mega-projects that are already under way and committed. Some of the projects are committed almost irrevocably but are not yet under way. I could read more from the list that I have here—

Senator Flynn: You do that very well.

Senator Olson: —but, in fairness to the Honourable Senator Smith, I will go back and refresh my memory as to the exact stage of progress of this project. I seem to recall that I had given certain dates for certain stages it was to go through. If the honourable senator would like me to have the information further updated, I can do that. I simply do not have it with me today.

Senator Smith: I thank the honourable gentleman for his willingness to provide better and further particulars, and I accept his offer with gratitude.

Hon. Orville H. Phillips: Honourable senators, on April 30 the Minister of State for Economic Development announced that Mr. Bruce Rawson had been appointed as the Federal Economic Development Co-ordinator for Alberta. Is Mr. Rawson engaged in co-ordinating federal activity in such mega-projects as Alsands, Cold Lake, the Alaska pipeline and, of course, the double-tracking of the CNR?

Senator Olson: Honourable senators, Mr. Rawson is involved in a number of those activities. I will say this, and with great sincerity, that there were a large number of what we might call "non-price" issues which were involved in the Alsands project—such things as environmental concerns, matters related to transport requirements and so on. Mr. Rawson has been in Edmonton since September 1981. He had acted in the capacity of co-ordinator on a large number of what I call non-price issues. Indeed, I believe he initiated a lot of co-ordinating activities between the various federal departments where there was a service of one form or another expected of the federal government. Mr. Rawson was able to bring about a lot of solutions to those problems.

Yes, Mr. Rawson will be involved in mega-projects and in other areas where the federal government is expected to deliver certain services in that province. He will not, however, be directly involved in the Northern Pipeline Agency. If you will recall, in the act that went through this and the other place, there was provision made for a Northern Pipeline Agency that will be involved in such matters in a far more detailed way than Mr. Rawson could ever be, with the staff that he has. That staff will probably be made up of 10 or fewer people.

The Northern Pipeline Agency, with its head office in Calgary and with branch offices in Whitehorse and in Fort St. John, I believe, although I am not sure, will do that sort of co-ordinating activity. When the legislation went through, it was clear that the Northern Pipeline Agency was to try to act as the "one window" to the services that were expected from the federal government.

Senator Phillips: I have a supplementary question, honourable senators. The announcement states that Mr. Rawson was a senior adviser in western affairs to the Privy Council Office. I presume that this is the appointment Senator Olson referred to when he spoke of the activities in Edmonton.

Senator Olson: Yes, that was his function from September until he was appointed to the Ministry of State for Economic and Regional Development on the date that you mentioned.

Senator Phillips: Thank you, Senator Olson.

During this time, did Mr. Rawson make any recommendations to the Privy Council when he became aware that the national energy policy was torpedoing a number of mega-projects in western Canada?

Senator Olson: Well, when you ask questions like, "Did he make any announcements, when he became aware that somebody was torpedoing something?" I just do not agree with that kind of description in a preamble to a question.

There is another matter that must be taken into account here. I do not know whether advice passed between ministers and their senior advisers will come under freedom of information, but quite frankly I think there are still some communications and memos that are confidential between a minister and his senior advisers, and it may be that Mr. Rawson's comments in that respect would fall into that category.

Senator Phillips: I appreciate the minister's concern about the freedom of information act. Apparently that is as dead as Alsands and the pipeline. My question, however, was not a request for the recommendations themselves. I merely asked whether he had made any recommendations. I did not ask for a full copy of them.

Senator Olson: Well, honourable senators, that has about the same flavour as some of the questions I receive from members of the press when they want to know what we talked about in cabinet. I say, "I am sorry. You know better than to ask that question." Then the next question is, "Well, what was on the agenda?" You know the answer to that question too.

ENERGY

QUEBEC AND MARITIMES PIPELINE

Hon. L. Norbert Thériault: Honourable senators, I should like to pose a question to the minister responsible for economic development. My question, which is more or less supplementary to one asked by Senator Smith, concerns a statement apparently made by the Premier of New Brunswick just lately to the effect that he doubts whether the Trans-Quebec and Maritimes pipeline will ever be built across New Brunswick. I gather he had definite reasons for his doubts.

I pose my question to the minister now because I am becoming concerned that, if that pipeline is not built, it will mean a tremendous loss of potential jobs in New Brunswick.

As the minister has said himself, who can predict what the price of oil will be next year or even next month? Can the minister tell us how much further down the price will go or

how much higher it will have to rise to make it likely that the Trans-Quebec and Maritimes Pipeline will be built? If the pipeline is built, can the minister say whether the gas, which it is proposed will flow through that line, will still be competitive with fuel oil?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Government of Canada has already made a decision that it wants to have a natural gas pipeline from one coast to the other so that all Canadians, from the Pacific coast to the Atlantic coast, will have the option of using gas. We want them to have that option for a number of reasons, the cost being only one factor. More particularly, we are concerned that there be security of supply, but there may also be some further stability in the price of that fuel. Apart from that, natural gas is one of the best, cleanest and easiest fuels to handle for domestic space heating. So the government has made the decision to go ahead with that pipeline.

With respect to the other part of your question regarding how much the price might vary either up or down, it may be that a percentage of customers will be somewhat reluctant to go to the expense of taking gas into their homes or their businesses, or for whatever other requirements they might use that fuel, if other, cheaper fuels are available. However, the present experience is that other fuels are not cheaper. Therefore, we predict that there will be some economic viability in having that gas line and, consequently, we have already made the commitment to go forward with it.

Senator Thériault: Well, honourable senators, the minister is stating that the government has made a commitment, but the government is not building the pipeline.

Hon. Jacques Flynn (Leader of the Opposition): No, but it is authorizing it.

Senator Thériault: That is all right. It is one thing to authorize the pipeline; it is quite another to build it and put the dollars into it. What worries me and prompts me to ask the question is that if the company which is to build the pipeline does not see a profit at the end of the line, it may refuse to go ahead. In other words, if there is less market for the gas company's product because of the present price of oil, and what it was last year and what people are hoping it will be next year, will the gas company still proceed with the pipeline? Is there anything within the authority of the government that can make the company proceed with the construction of that line if it says no?

Senator Olson: Honourable senators, a number of commitments have been made by the Government of Canada. I can bring those back and review them for my honourable friend, but I know that the Government of Canada has allocated up to \$500 million, if required, to support the extension of these new transmission facilities. However, there is more to it than that. In the context of the Alberta-Canada energy agreement, Alberta has offered to support the extension of gas markets through market development incentive payments. That is seen as an important element in the strategy to reduce dependence

on oil in eastern Canada. As you know, up to now eastern Canada has depended heavily on imported oil at vacillating but more or less increasing prices. I think the pipeline will continue to go ahead. As a matter of fact, between the two levels of government, with what the federal government committed itself to prior to the agreement and with what was committed by both levels of government in the agreement, it seems to me we have what is needed to make sure that that gas line is built.

If there is a collapse of international oil prices around the world so that markets will look elsewhere for space heating fuel requirements, obviously those kinds of things will have to be taken into consideration.

It seems to me, however, that the amount of the commitment made, both by the federal government before and by the federal government and the Province of Alberta as contained in the agreement by the two levels of government, is enough under any reasonable prognostication of costs that the pipeline should all go ahead.

NEW BRUNSWICK

CLOSING OF CFB CHATHAM—EFFECT ON LOCAL ECONOMY

Hon. L. Norbert Thériault: Honourable senators, I was pleased to listen to the minister read off a list of large projects, but at this point I am thinking more of the economy of the maritimes and of New Brunswick in particular, especially the area I come from and the region I am supposed to represent here. I want to ask the minister—and I have mentioned this to him before—whether in his planning or the planning of his department regarding the economy of the Atlantic provinces, especially New Brunswick, anyone involved in any department has been taking into consideration the disastrous effects on the Miramichi that will result from the phase-out of CFB Chatham. If so, I would like to know what plans there are to replace the injection of that amount of money into the very depressed economy of New Brunswick.

Hon. H. A. Olson (Minister of State for Economic Development): I will have to take that question as notice. As I understand your question, you are asking for detailed plans for alternative employment to combat the downturn in employment that will result when CFB Chatham is phased out.

I am not sure there is a complete set of plans. I am aware, however, that it is many months, in fact several years, until that phase-out of CFB Chatham will take place.

Senator Thériault: I am glad to hear that it is several years, because the information I have is that it is imminent.

Hon. Jack Marshall: The minister should read *Hansard* of the other place.

Senator Thériault: I hear that it is being phased out now and that it will be completely phased out within two years. That is a serious blow to the province of New Brunswick.

In the meantime I should like to mention, as I mentioned to the minister privately before, that I was reading in some

newspapers—and I cannot recall just which ones at the moment—

Hon. Jacques Flynn (Leader of the Opposition): You had better get the rules.

● (1550)

Senator Thériault: Who mentioned rules?

Senator Flynn: I was repeating the objection of Senator Olson, who does not want references to newspapers.

Senator Thériault: During the three years that I have sat here and listened to the Leader of the Opposition, I am sure that he has broken every rule that exists.

Senator Flynn: I agree, and I think that you should do the same.

Senator Thériault: Due to the fact that I read that there will be a tremendous increase in research on national defence, beginning this year and continuing in the following years, I want to ask the minister whether this has been taken into consideration and whether there is any possibility that part of the research which is to be done will be done in Chatham.

Senator Olson: I shall take the question as notice.

NEWFOUNDLAND

DEVELOPMENT OF OFFSHORE RESOURCES

Hon. Jack Marshall: Honourable senators, I would like to ask a question of the Minister of State for Economic Development. In view of the failure of the Alsands mega-project, what importance is the government placing on giving more priority to the oil offshore from Newfoundland and to consulting with the Premier of Newfoundland? Also, does the minister have anything to report on what action the government is taking to update matters?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is only a few days since the announcement of the abandonment or indefinite postponement of the Alsands project. I believe it was announced last Friday. So we do not have a completely detailed program drawn up on what emphasis there will be on other projects, but there are a number of projects, including Hibernia and some others offshore, with the potential of increasing Canada's oil supply. We are more keenly interested in some of them because the Alsands project is not going ahead, at least, not immediately, but I cannot give the details to answer the question as it was put. Certainly, the alternative of the Hibernia project is not the only one. There are some others that will get more focus and attention, I expect.

Senator Marshall: Would the minister be able to give us a statement tomorrow, or as soon as possible, as to the government's thinking with regard to oil exploration offshore from Newfoundland? I can understand that he cannot give out this information now, because he may not have the answers with him.

Senator Olson: I shall certainly undertake to provide the information as soon as possible, but I cannot give an undertaking to provide it tomorrow. I should remind my honourable friend that, in addition to financial problems, there are some political differences with regard to the situation in Newfoundland, and perhaps he could be helpful in resolving those differences if he chose to do so.

Senator Marshall: They would not listen to me anyway.

ECONOMIC DEVELOPMENT

MEGA-PROJECTS—STREAMLINING OF REGULATORY PROCESS

Hon. Nathan Nurgitz: Honourable senators, I have just one question for the Minister of State for Economic Development and, for the minister's sake, I hope we are getting near to the end of questions. I also hope that the question is not considered as one that is trafficking in human misery, but, as one—and I do not wish to offend the Leader of the Government—that is meant to elicit a sincere answer. The minister mentioned in the long list of mega-projects several of the Arctic developments. They were very early on in the list which the minister read out to Senator Flynn. I trust that implied in the answer is the fact that government policy encourages, indeed, creates a climate that is helpful to those projects. Many of those projects are, I suspect, being conducted by private companies, with and without government participation.

Since the minister has taken on his duties as minister and is no longer a member of the Special Senate Committee on the Northern Pipeline, he may not be aware of the fact that almost all of the various companies involved in Arctic exploration have complained of the regulatory nightmare that exists for them to get approval. For example, Dome was one of the early companies mentioned in the list. Dome attempted to show the committee the regulatory process it would have to go through, the end result of which was that it would take years before they received approval.

I am sorry to be so lengthy, and I am aware of those who make speeches, but my question is: Has the government undertaken to streamline the regulatory process for those kinds of development in order to help the developers, especially those in the energy field, and what progress, if any, is being made in that regard?

Hon. H. A. Olson (Minister of State for Economic Development): I agree with the senator's statement that there has been some attempt to simplify and shorten the timeframe for the allotment of these rules and regulations. I do not have that information with me, but I shall try to get an answer as to what has been done in specific terms. Of course, there has also been a rather significant evolution of certain factors involved in the National Energy Program having to do with a number of things, including such things as environmental considerations and so on. I am not sure just how simplified things have become, but I shall try to get a more specific answer.

THE ECONOMY

DECREASE IN ECONOMIC ACTIVITY—EFFECT ON DEFICIT

Hon. Peter A. Stollery: Honourable senators, I too have a question for the Minister of State for Economic Development. It relates to the area of Canada which I represent and which is more concerned with manufacturing. I would like to know, if the minister is in a position to tell us—if there is a projected decline in tax revenues because of lessened economic activity in Canada, and if the government has projections of lower revenues than anticipated—whether because of the lower than anticipated revenues, because of the economic decline, the government expects that will have any effect on the deficit and whether, in Senator Olson's opinion, that will further exacerbate the economic decline in central Canada.

Hon. Jacques Flynn (Leader of the Opposition): Good question.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall try to be factual, because if I were to follow my own rules I should not express opinions. The facts are that whenever there is a decline such as we have witnessed over the last six months or so in the economy in general, the federal revenue side, of course, experiences an equal or more severe decline than the economy in general. I say that in answer to part of the question, but there was a more specific portion, and that is the revenue from the energy sector. I think it is entirely likely that there will be a decline from the projections that were made in the November 12 budget. Certainly, there will be a decline in the general tax revenue. The Minister of Finance has already indicated that his revenue will be down somewhat from that projection and, indeed, that expenditures will be up. So, the budget will be affected.

However, I am not at liberty to try to prognosticate on what might happen to the balance that comes out of these circumstances and, certainly, the Minister of Finance will make that known to this and the other place when he is prepared to do so.

Senator Flynn: Does that mean a new budget?

Senator Olson: Sometimes there can be a state-of-the-economy speech without having a new budget.

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA—GOVERNMENT POLICY

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate, and it has to do with the situation in the Falkland Islands. Would the Leader of the Government clarify what pressure Canada is exerting in order to find a solution to the problem?

● (1600)

Could the Leader of the Government clarify whether the Prime Minister has spoken to the Peruvian authorities, as reported? Apparently, the officials in the Prime Minister's

Office are not aware of that, nor is the Secretary of State for External Affairs.

Can the leader bring us up to date on this precarious situation and tell us how Canada is going to deal with this, in view of the widespread fear of an escalation of hostilities and the state of Canada's military and materiel? Is it not time that the Canadian government started up-dating the equipment that our armed forces must make use of?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Canada has offered its assistance in efforts to resolve this conflict peacefully. Interestingly enough, this crisis is still not being described as a "war" by Argentina or Great Britain. A report yesterday suggested that the best way to describe this crisis was "events which could possibly lead to war," but when naval vessels are sunk, one wonders about definitions.

Regarding the personal role being played by the Prime Minister of Canada, I have nothing to report to the Senate today. Any information of that nature will be presented to the Senate as soon as it is received by me.

It can be said, however, that Canada has already adopted one of the strongest sets of economic sanctions against Argentina. The ban on military exports, the ban on Argentine imports and cutting off of new export credits to Argentina, are designed to be complementary to measures adopted by the European Economic Community in order to exert maximum pressure on Argentina at this time. It should be noted that Canadian measures are somewhat stronger than measures adopted by the European Economic Community, whose economic sanctions were imposed for a period of only 30 days.

Honourable senators will further note that the measures adopted by the United States on April 30 do not include any ban on Argentine imports, which is at the heart of the Canadian sanctions.

Japan has promised not to undermine the trade sanctions adopted by other countries, but has not introduced any of its own.

There is no reason to believe that a unilateral ban by Canada of all exports to Argentina would add anything further to the support Canada has given to Britain at this time.

One further report which may be of interest to honourable senators is that Canada has responded positively to a request received from the Royal Navy on April 8 for the use of Canadian naval communications facilities located in Nova Scotia to re-transmit, if necessary, signals received from the United Kingdom by satellite to Royal Navy vessels operating in the South Atlantic in response to the Argentine invasion of the Falkland Islands. Those re-broadcasting facilities will serve as a back-up and will only be employed if other British naval communication links cannot be used, or unusual meteorological or other technical conditions are experienced.

In normal circumstances, the Royal Navy would be granted access to those facilities through routine military channels, but because of the Falkland Islands crisis the approval of the

Secretary of State for External Affairs, as well as that of Canadian military authorities, was sought and was given.

As to the state of readiness of Canada's armed forces, that is a rather complex question to deal with, so that portion of the honourable senator's question will be taken as notice.

EMPLOYMENT AND IMMIGRATION

ADVERTISING CAMPAIGN

Hon. Nathan Nurgitz: Honourable senators, I have a question to direct to the Leader of the Government. Last week the Leader of the Government chastized me for being against a public awareness program for people who are unemployed.

I took the leader's comments to heart and went out and found one of those billboards about which I was complaining. I took with me two unemployed persons. The copy on the billboard—because the Leader of the Government asked me for it and I am responding to his question—reads: "Helping Canada Work." Those are the three words. Apart from that, it simply says: "Minister of Employment and Immigration."

Hon. Raymond J. Perrault (Leader of the Government): Is there a box number on it?

Senator Nurgitz: No, there is not. The wording "Minister of Employment and Immigration" is in small print, but the words "Helping Canada Work" are in large print.

I should like to ask the Leader of the Government in the Senate a three-part question, because he may well want to take this as notice. I say that because I was not able to get the answer to these three questions by looking at the billboard, nor were the two unemployed persons who accompanied me.

My questions are: What specific program is this in aid of? How does an unemployed person, with those words in his head, obtain a job or obtain re-training so that he can be qualified for another job? What does this Madison Avenue wording do for unemployed persons?

Hon. Lowell Murray: That is simply trafficking in human misery and lining the pockets of Liberal advertising agents.

Senator Perrault: Honourable senators, the honourable senator ought to be commended for his diligence in going out and checking the wording of the billboard. It may be that this particular billboard does not convey the message which it is intended to convey. However, certain of the visual material which is being featured in this campaign portrays various occupations in which people may obtain employment. At least, that is my understanding of that aspect of the campaign.

Senator Murray: It is simply advertising.

Senator Perrault: If that particular billboard is deficient, then it should be modified, and I appreciate the investigative work done by the honourable senator.

CONSTITUTION

PROCLAMATION ACTIVITIES

Hon. Jack Marshall: Honourable senators, I wish to put a question to the Leader of the Government and, while doing so,

apologize for not bringing it up earlier, but I was away with a Senate committee on other public business.

My question has to do with Her Majesty's visit to Canada for the proclamation ceremony. The Prime Minister asked 282 members of Parliament to invite a local young achiever to dinner with the Queen. I am sorry to see that the Minister of State for Economic Development is not present in the chamber, because he prides himself on being called an M.P.

I am wondering why senators were not offered the same courtesy, why we could not invite 90 or more young achievers to dine with the Queen, which would be an honour for those young people and which courtesy should have been extended to us. Did the Leader of the Government protest that insult and further degradation of this chamber by the Prime Minister and his staff?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I hardly believe that the term "further degradation" or the word "insult" can be applied to the program to invite young achievers to Ottawa.

Hon. Jacques Flynn (Leader of the Opposition): The new Constitution deprives us of our veto on our own abolition.

Senator Perrault: Those are not correct terms to describe the spirit in which that program was evolved. The thought was that every constituency in Canada, represented by an elected member, regardless of political party, be it Conservative, Liberal or New Democratic, or anything else, should have a representative at this so-called young achievers' dinner.

Senator Flynn: "So-called"!

Senator Perrault: Members of the opposition had full access to that program.

In the case of senators, most of whom have general responsibility, obviously the decision was taken that a representative from each constituency would provide the best and most balanced form of representation at that young achievers' dinner. Unfortunately, Senator Marshall has taken this as an insult, but it was not meant to be.

Senator Marshall: Honourable senators, it seems strange to me to see that the 15 or 20 questions I placed on the Order Paper as to protocol and procedure, as well as Order of Precedence, which had not been answered after one year, have been withdrawn from the Order Paper.

Why have the Order of Precedence and protocol changed in this Parliament? Why is there—and I again use the words—a degradation and an insult to this chamber almost every second day? Why is there an attempt to take away the importance of the Senate and the status of honourable senators?

Senator Perrault: Honourable senators, I think that constitutes an unfair comment by Senator Marshall, who usually strives to be as objective as possible.

Senator Marshall: I feel very strongly about this.

Senator Perrault: He strives to be as objective as possible in most circumstances.

During the visit of Her Majesty to Ottawa honourable senators received invitations to be present at the proclamation ceremony and at the gala performance at the National Arts Centre. I sent my personal representations to the office of the Prime Minister to ensure that senators were adequately represented at all of these events, regardless of party. Senator Marshall now suggests that there has been some form of studied discrimination against the Senate, but I do not believe that allegation is based on fact.

● (1610)

Senator Flynn: May I suggest to the Leader of the Government that the Senate has agreed to forgo its veto on constitutional amendments, even on the existence of the Senate, and that in this way it was following the Prime Minister's opinion of this chamber?

Senator Perrault: Honourable senators, a number of senators, as well as a number of Senate reports, have suggested that the absolute veto power of the Senate be modified.

Senator Flynn: On constitutional matters.

Senator Perrault: The Leader of the Opposition is again fair. I know he strives to be fair on all occasions.

Senator Flynn: I try, but I do not always succeed.

Senator Perrault: He must realize that honourable senators have proposed that, in fact, the Senate could be more effective without having this absolute veto power.

Senator Flynn: I am saying that the Prime Minister wanted that; we accepted it; and we are now paying for it.

Hon. Richard A. Donahoe: Honourable senators, I had not intended to speak during Question Period, but I am impelled, by the tenor of the previous questions respecting the visit of Her Majesty the Queen to this country, to ask what I consider to be a very significant question. I would deeply appreciate it if the Leader of the Government in the Senate could tell us whether he thinks the circumstances I am about to detail in any way denigrated or gave less precedence to the true position of the Senate in this Parliament.

On April 17 on Parliament Hill, in front of this building, Her Majesty the Queen signed a proclamation, doing what some people mistakenly called "repatriating" the Constitution. In my opinion, it was giving a new Constitution to Canada and changing the nature of the country we have had up until now. On that day many people were guests on the Hill, including four people who were invited and paid for by the CBC. I understand they received invitations, and perhaps they were invitations given through the media, but many people, including honourable senators and members of the House of Commons, received a gilt-edged invitation requesting their presence, or offering them the opportunity to be present on that occasion.

I am a duly appointed senator of this chamber. Under postmark of April 19 there was delivered to my office an invitation requesting my presence at the ceremony to be held on Parliament Hill on April 17. The invitation directed to me was posted two days following the taking place of the event to

which I was invited. An even stranger circumstance than that is that the actual date of delivery of the invitation to me, through the postal service of the House of Commons, was the Friday of the following week.

My question to the Leader of the Government is twofold. First, was I the only senator who received an invitation postmarked two days after the event and delivered almost a week later, or was that the common fate of all senators? Secondly, whether I was or was not, does he consider it appropriate that an invitation to a public ceremony should be addressed on a form sent out from the office of a member of the government of this country to members of Parliament of this country and postmarked two days after the event has taken place?

Senator Perrault: Honourable senators, if the facts outlined by—

Senator Donahoe: Don't question them!

Senator Perrault: If the information set forth by Senator Donahoe is correct, then this is clearly an unsatisfactory situation and a complaint, quite properly, should be registered, although I am sure the honourable senator has already done that. If he would provide me with a copy of the envelope, I will make personal representations. Clearly, that is an unsatisfactory and unacceptable situation; there is no question about that.

Regarding the allegation that tickets were provided for certain persons to be on the Hill for interview purposes, my personal opinion is that that was a wrong thing to do and I certainly do not approve of that.

Hon. Lowell Murray: What is the Leader of the Government going to do about it?

Hon. Royce Frith (Deputy Leader of the Government): We can't turn back the clock.

Senator Perrault: A new president is being installed in the CBC, and perhaps some of its policies will be changed.

Senator Murray: Never!

Senator Donahoe: I thank the honourable leader for his undertaking and, in turn, I will undertake to supply him with that which he has requested—a certified copy of the envelope and the invitation I received to attend the ceremony involving Her Majesty the Queen on the occasion of the signing of the proclamation respecting the Constitution. I trust that when he has some information on this matter, he will also answer my question as to whether other senators were treated in the same cavalier manner as I was.

Senator Perrault: Is it conceivable that the honourable senator had been moving from place to place or had a change of address? Are there any mitigating circumstances involved?

Senator Donahoe: Honourable senators, the photostatic copy will be provided and it will immediately be apparent that the invitation was addressed to me at my Senate office in this building, Room 361-E—less than a stone's throw away from where the ceremony took place. The fact that I have a home in Halifax, a home in the country and a home in Ottawa had no bearing whatever on the facts.

Senator Perrault: If other honourable senators have encountered similar problems, there should, of course, be a protest registered in the appropriate office, and it will be done.

Senator Donahoe: One should not debate on this occasion, but one cannot refrain from making the comment that if the invitation reached the postal authorities two days after the event took place, it really matters very little what the address was upon the envelope.

UNEMPLOYMENT INSURANCE

USE OF FUND TO FINANCE JOB CREATION PROGRAMS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on March 31 Senator Roblin asked a series of questions concerning the Unemployment Insurance Fund and job creation programs.

The first question was: What is the status of the Unemployment Insurance Fund, given the current high levels of unemployment?

It is too early to speculate on the year-end status of the Unemployment Insurance Fund and on premium rate levels for 1983. While the current unemployment level is higher than that forecast in October 1981, the time at which the 1982 premium rate was set, it is likely that the account could find itself in a deficit position at the end of the 1982 calendar year. The premium rate for 1983 will be set in the fall of this year and will take into account the actual level of unemployment experienced during 1982 and, among other factors, the expected rate for 1983. It should be noted that the account was in a cumulative surplus position of about \$320 million at the end of 1981.

The second question was: What sums are in the government's estimates for these new programs—that is, UI work-sharing and UI job creation?

No additional sums are in the main estimates for work-sharing or UI job creation programs, since the proposals for these programs were presented after the estimates were closed. In any case, none would be required for work-sharing benefits which are financed entirely by employer-employee premiums. By way of example, a \$90 million work-sharing program would have an impact of about \$45 million on the UI Fund, which would be equivalent, in terms of the employee premium rate, to about 1¼ cents per \$100 of insured earnings. It should be noted that the premium rate for employees was lowered in 1982 by 15 cents per \$100 of insured earnings.

The third question was: What is the statutory authority for these programs?

Sections 37 and 38 of the Unemployment Insurance Act provide the statutory authority to operate programs of work-sharing and programs of UI job creation, respectively.

• (1620)

EMPLOYMENT AND IMMIGRATION

NEWFOUNDLAND—COMMUNITY SERVICES CONTRIBUTION PROGRAM

Question No. 72 on the Order Paper—By **Hon. Jack Marshall:**

With regard to the Community Services Contribution Program in the Province of Newfoundland, what is (i) the breakdown by federal district of the \$6,214,250.00 received and (ii) the list of the projects in each district?

Reply by the Minister of Employment and Immigration:

The following information indicates the (i) allocation and (ii) the list of projects by constituency under the Canada Community Development Projects—Round II:

| (i) CONSTITUENCY | ALLOCATION |
|---------------------------------|--------------|
| Bonavista—Trinity—Conception | \$ 3,499,996 |
| Burin—St. George's | 3,162,000 |
| Gander—Twillingate | 3,548,555 |
| Grand Falls—White Bay—Labrador | 3,529,000 |
| Humber—Port-au-Port—Saint-Barbe | 3,730,000 |
| St. John's East | 1,295,500 |
| St. John's West | 3,499,000 |
| Total | \$22,264,051 |

(ii) BONAVIDA—TRINITY—CONCEPTION

Project Name

Portland Community Wharf Project
 Community Wharf Burgoyne's Cove
 Petley Playground and Sports Field
 Canning's Cove Wharf Extension Project
 Community Wharf Extension
 Municipal Building Improvements
 Renovations to Church Hall—New Perlican
 Musgravetown Fire Protection Project
 Participation for Women
 Brigus Community Pasture Fencing Project
 Improvements to Library
 Development Building—Hopeall
 Lethbridge Wharf Project
 Western Bay Wharf—Additional Facilities
 Small Craft Harbour
 Energy Conservation for Masonic Lodge Heart's Content
 Wharf Extension and Slipway
 St. Mary's Church Restoration: Heart's Content
 Extension to the Port Blandford Fire Hall
 Blackhead Wharf Repairs and Slipway Extension
 Boat Slipway Extension: Carbonear South
 Wharf Construction
 Wharf & Fish Landing Facilities: Bishops Cove
 Bunyan's Cove Fire Hall Project

Islington Wharf Improvements
 Community Development Project—Northern Bay
 Repairs to Building Occupying Senior Citizens
 Fishermen's Wharf Extension & Road Improvement Project
 Slipway and Adventure Type Playground
 Wharf Extension: Carbonear
 Breakwater Extension and Slipway Completion
 Installation of Shut-off Valves on Artesian Well Lines
 Community Stage and Landing Facilities
 Burnt Point Fishing Facility Improvement Project #II
 United Church Women Social & Recreational Centre
 Recreation Centre Construction
 Norman's Cove Waste Disposal Site Improvements
 Clarke's Beach Cribbing and Guard Rail
 Extension Northwest Brook Wharf
 New Wharf Construction
 Breakwater Construction
 Construct Seafence Around Shoreline
 Butlerville Recreational Improvement
 Port Rexton Pasture Project
 Town Building Development: Tilton
 Hallstown Tourist Park
 Water and Sewer Extensions—Spaniard's Bay
 Gooseberry—Butter Cove Slipway
 Hodge's Cove Fish and Gear Holding Unit
 Port-de-Grave Harbour Improvement
 Southport Slipway and repairs to Twine Wharf
 Upper Amherst Cove Wharf
 Main Brook Slipway and Community Stage Breastwork—to complete & add crib to existing wharf
 Bellevue Fire Hall
 Divisional Fencing Swansea "Regional" Pasture: Victoria
 Roman Catholic Parish Hall renovations & improvements—Improvements and expansion to Slipway
 Recreation and Tourism Promotion: Blaketown
 Harbour Development: Cavendish
 St. Matthew's Hall—Green's harbour
 Slipway Construction
 All Hallow's School Community Playground: North River
 Men's Community Club: Harbour Grace South
 Planning/Construction of Energy Efficient Library Complex
 Trinity Emergency Retaining Wall Project
 Water Supply for Salmon Drive: Salmon Cove
 Milton Community Building Committee
 Slipway—Long Cove Pond

Bryant's Cove Improvement Project
 Restoration of Community Pasture
 Restoration of Bay Roberts Historic Building 1873-1981
 Small Boat Slipway
 Repair to Wharf #1: Jamestown
 Whitbourne Recreation Facilities—Extensions & Renovations
 Harbour Grace Recreation Centre Extension Repair: Phase II
 Fire Hall
 Anglican Hall Remodelling
 Knitting Twine
 Fish Netting
 Fishery Facilities Improvement
 Fishery Facilities Repair and Improvement
 Improvement to Fishing Facilities
 Project—Fish Nets
 Improvement of Fishing Facilities
 Upgrading of Fishing Facilities
 Fishery Facilities Improvement
 Fishing Facilities Improvement
 Wharf and Slipway Improvements
 Upgrading Fishery Facilities
 Improvement to Fishing Facilities
 Upgrading to Fishing Facilities
 Wharf Construction
 Hillview Public Wharf
 Extension to Government Wharf
 Extending Slipway Building Storage Shed: Low Point
 Canopy Repairs

BURIN—ST. GEORGE'S

Project Name
 Epworth Fishermen's Community Stage
 Forest Management Project
 Jean-de-Baie Fishermen's Committee Breakwater Wharf Ext.
 Fisheries, Harbour Improvement Project
 Fisheries Improvement Project
 Construction of Community Fire Hall
 Slipway Extension
 Fishing Facilities Improvement Project
 Multi-Purpose Field (Recreation)
 English Harbour East Fish Salting Shed
 Baine Harbour Fishermen's Wharf
 Improvements to and Maintenance of Winterland Reg. Pasture
 Water Line Extension & Main Street Upgrading

Southeast Bight Road and Breakwater
 Placentia West Matmakers Building
 Provision of Water Supply to Community
 Municipal Waste Disposal Site
 Marystown Municipal Assembly Hall and Equipment Repository
 Little Bay East Fish Salting Shed
 Multi-Purpose Community Building
 Recreation Centre Improvements
 Fire Hydrants
 Point May Cribwork Construction
 Burin Peninsula Fire Fighters Training Grounds
 Burin Peninsula Divisional Campsite
 George's Brook Drainage Improvements
 Sidewalk Installation, Main Street, Grand Bank
 Pavement Protection Program—Lord's Cove
 Little Bay Water Supply Extension
 Wharf Improvements and Small Boats Slipway
 Butler's Cove and Norris Cove Sewer Outfalls
 Harbour Improvement Project
 Construction of Retaining Wall
 Garnish Facility Improvement Project
 Swift Current Government Wharf Replacement
 Municipal Waste Disposal Site Improvements
 Petite Forte Community Centre
 Morrisville Community Council
 Wharf Construction
 Wharf Extension
 Slipway Protection—English Harbour West
 Sea Wall Construction
 Breastwork Construction—Phase I—Rencontre East
 Conne River Medical Clinic
 Recreation and Water & Sewer Development
 Landing Facilities
 Water Supply—MC Callum
 Slipway Construction
 Community Centre and Garbage Pit
 Community Centre
 Lions Club Extension
 Phase II—Upgrading Robinson's Community Pasture
 Upgrading Fish Holding Facilities
 Firehall Building
 Community Wharf Extension
 Codroy Valley Lions Club Community Project
 Fish Processing Facility Extension
 Main Street Restoration
 Mouse Island Sewer

Lakeshore Drive Renovations
 Extension to Vegetable Storage
 Seawater Breastwork
 Municipal and Environment Improvement Program
 O'Regan's Regional Pasture Development and Improvement
 Brown's Cove—Slipway
 Codroy Valley Arena Upgrading Project Number I
 Town of St. George's Improvements
 Robinson's Hall Retro-Fit Program
 Community Infrastructure Project
 Renovation of United Church Community Hall
 Breakwater and Unit Repairs
 Fisheries Improvement Program—Fortune
 Lamaline Fisheries Improvement
 Extension to Slipway and Cribwork
 Bait Unit and Stage
 Bait Unit
 Fishermen's Wharf and Gear Shed

GANDER—TWILLINGATE

Project Name
 Fogo Town Hall
 Gear Storage Shed
 Aspen Cove Wharf and Slipway
 Longliner Tie-Up
 Municipal Park Improvements
 F.I.D.A. Centre
 Landed Site Improvements
 Recreation Complex
 Restoration of Christ Church Community Centre
 Re: Construction Loon Bay Camp
 Wharf Repair
 Seldom Fish Plant Improvements
 Fish Plant and Wharf Improvements
 Restoration & Relocation of Community Hall
 Community Hall Construction
 Gear Storage Shed and Wharf Extension-Glovertown North
 Terra Nova Wharf Replacement
 Provincial Boy Scout Camp—Northwest Pond
 Fishermen's Storage and Repair Shed
 Energy Reclamation—Interior Conversion—Landscaping—Improvement
 Tannery Development Program
 Girl Guide Hut Improvements
 Slipway Construction

Municipal Energy Conservation 82
 Municipal Facilities 82
 Newtown Slipway
 Extension of Fishing Facilities
 Renovations to Wing's Point Community Hall
 Town Recreation Facilities Improvement and Additions
 Handicapped Centre Improvements
 Fishermen's Wharf Project
 Tilting Community Hall Repairs
 Breakwater—Wharf & Fishing Stage Improvements
 Community Development Program
 Waste Disposal Site & Town Hall Repairs
 Construction of Community Hall
 Wesleyville Small Boat Emergency Slipway
 Davidsville Wharf
 Harbour Facilities and Improvement
 Camp Nipper Restoration Project
 Town Hall—Multi-Purpose Municipal Government Building
 Improvements to Municipal Waste Disposal Site
 Lumsden South Wharf Improvements
 Council Office and Fire Hall Construction
 Port Albert Wharf Repairs
 Boyds Cove Wharf Repairs
 Multi-Purpose Rink and Fire Hall Construction
 Multi-Purpose Building
 Community Hall
 Wharf Extension—Bridgeport
 Slipway
 Community Wharf Construction
 Wharf Construction
 Wharf Reconstruction—Summerford
 School Playground
 Renovations of existing Youth Hall
 Marginal Wharf Construction
 Roberts Arm Park Improvement
 Community Slipway
 Extension on Town Hall
 Multi-Purpose Municipal Building
 Glovers Harbour Wharf Project
 Beautification—Memorial Grounds & Legion Building
 Sidewalks—Rewa Avenue & Riverside Drive
 Municipal Picnic & Swimming Area
 Slipway Construction
 St. John Ambulance Garage
 Recreation Facilities
 Fishing Facility Improvements

Wharf Extension
 Stage Repairs and Wharf Completion
 Joe Batt's Arm Fish Plant Improvements

GRAND FALLS—WHITE BAY—LABRADOR

Project Name
 Extension—Municipal Building
 Water Installation
 Beachside Community Hall and Council Office
 Fire Hall Construction
 Main Brook Municipal Building Construction
 St. Carol's—Harbour Breakwater—Phase I
 Community Hall
 Municipal Improvements
 Sealers Wharf
 Water Project—Phrase IV
 La Scie Public Library
 Breakwater Construction
 Fishermen's Wharf
 Hampden Medical Clinic
 Environmental Improvement
 Memorial Hall Extension
 Harry's Harbour—Community Centre
 Completion of Fire Hall
 Recreation Complex
 Multi-Purpose Centre
 Seaplane Base—Main Brook
 Gear Holding Unit
 Small Boat Launch
 Extend Community Building
 Smith's Harbour Slipway
 Softball Field
 Water and Sewer Extension
 Frontier Community Parks
 New Town Hall—Construction
 Small Boat Slipway (Extension)
 Indian Point Restoration
 Home Insulation for senior citizens
 Fish Canopy and Salt Shed
 Burlington Community Wharf
 Senior Citizen Club Building Renovations
 Fishermen's Salt Shed
 Fish Landing Wharf
 Improvements to Fishermen's Wharf
 Salt Fish Holding Shed
 Baie Verte Smallcraft & Boat Marina
 Municipal Development

Extension to Wharf
 Multi-purpose Municipal Building
 Incinerator and Winter Trail
 Community Centre Renovations
 Parish Hall Energy Conservation and Improvement Project
 Community Theatre Restoration
 Camp Ground and Picnic Park Construction
 Pinware—Longliner Wharf (Phase I)
 Multi-purpose Municipal Building
 Black Tickle Office Centre
 Fishermen's Wharf
 West St. Modeste Rink Improvement
 Trail Groomer Equipment Shop
 Lodge Bay Recreation Centre
 Salt Fish Landing Shed
 Pinsents Arm Wharf Extension
 Fire Hall Construction
 Fire Stop
 Spotted Island Community Stage and Wharf
 Fishermen's Wharf and Bridge
 Longliner Slipway
 Canopy Extension
 Slipway Repairs
 Slipway Repairs
 Fish Bags and Wharf Repairs
 Slipway Repairs
 Fisheries Facilities Repair
 Wharf Extension
 Slipway Construction and Repair
 Slipway Repairs

HUMBER—PORT-AU-PORT—SAINT-BARBE

Project Name

Renovation to Community Hall
 Community Wharf—Eddies Cove East
 Water and Sewer Project
 Little Port Parking Area
 Small Boat Slipway
 Old Cove Road Water and Sewer Project
 Construction of fish Holding Unit and Storage Shed
 Small Boat Unloading Facility & General Wharf Improvements
 Small Boat Slipway
 Hawkes Bay Community Wharf Project
 Community Development—New Town Office
 Spirit Cove Smallboat Slipway Project

Renovation and Repair to Hospital Property
 Wharf Construction
 Community of Meadows—Breakwater
 Kinsmen Particpark
 Municipal Building Improvement
 Lions Community Centre Project
 Extension to Community Landing Wharf
 Fire Station and Council office
 Pigeon Cove Gear Storage Shed Project
 Job Skills Training for the Handicapped
 Expansion & Renovation—Cow Head Lions Den
 Regional Pasture
 Community Hall Exterior Renovations
 Extension to Fishermen's Landing Facilities—Phase I
 Recreation Improvement
 Trout River Community Pasture
 Irishtown Park and Pool Renovation
 Corner Brook Physically Handicapped Group
 Municipal Improvements II
 Town Office Project
 Fire Hall—Housing Unit for Fire Truck
 Bartlett's Harbour—Fishermen's Wharf Extension Phase I
 Senior Citizens Centre
 Sidewalks, Wheel Chair Ramps at Intersections
 Margaret Bowater Park Silver Anniversary Project
 Construction of Water Reservoir
 Plum Point Water Line Improvements
 Community Fire Protection
 Multi-Purpose Community Centre
 Wiltondale Museum Extension
 Fire Hall
 Mount Moriah Fire Hall
 Waterline Improvements
 Gravity Water Supply System
 Community Water Line Improvements
 Castor River North Slipway Project
 Community Infrastructure
 South Brook Recreation
 Volunteer Support
 Summerside Recreation Program
 Upgrading of Recreational Facilities
 Norris Point Fisheries Development Project
 Waterhouse Breakwater
 Extension to Water Services
 Fishermen's Long-Liner Landing Wharf Phase I
 Improved Water System and Dam

St. Paul's Retaining Wall
 Slipway—Three Mile Rock
 Flower's Cove Stage and Wharf Extension Phase I
 Minor Hockey Program
 Marble Mountain Expansion Program, 1982
 Waste Disposal Site Improvement
 Port au Port West Sports Facility Project
 Three Rock Cove Recreation Facilities
 Community Development
 Piccadilly Head Water Supply—Phase I
 Campbell's Creek Retaining Wall
 Felix Cove Slipway
 Community Council Facility
 Waste Disposal Site—Phase I
 Pasture Extension (1982)
 Branch Centre Extension
 Parrie Pond Park—Phase II
 Sidewalks 1982
 Community Centre Additions
 Creation of Centre for Training & Rehabilitation—
 Disabled
 Town Services Extended
 Stephenville Surface Drainage Improvements including
 Curb
 Criminal Justice Education Program
 Arc: Assistance Program
 Repairs to Marine Facilities
 Bait Depot Upgrading
 Small Boat Slipway
 Repairs to Community Wharves and Stage
 Bait Unit Construction
 Knitting Fish Unloading Bags
 Upgrading of Fishing Facilities—Green Gardens
 Renovation and Repairs to Community Stage
 Renovations of Community Stage

ST. JOHN'S EAST

Project Name

Wharf Extension—Colliers
 Access Guide
 Project Continuity
 Fishermen's Helper
 Reactivation of Episcopal Library—St. John's
 Kitchens Marginal Cribbing Completion
 Improvements to Wabana Firefighting Facilities
 Phase II—West Mines Water Mains
 Avondale Town Hall & Community Centre

Landing Facility
 Repairs and Renovations to Social Centre
 Creative Playgrounds and Research
 Marysville Wharf Program
 Caspar de Corte Real Historic Park Project
 Opportunity Plus
 Lance Cove Wharf Construction Project
 LSPU Hall Tourist and Community Audience Develop-
 ment Campaign
 Campsite for the Disabled
 Construction of Gear and Repair Shed
 Fire Hall Extension
 St. Phillips Multi-Purpose Municipal Building
 Town Depot
 Conception Bay South Community Works Project 1982
 Siles Cove Park Improvements
 Additions and Improvements to (Softball) Recreation
 Park
 Harbour Main Regional Pasture Improvement Project
 Repairing of Launch and Area (Beach)
 Fishing Facilities Improvement—Portugal Cove
 Slipway

ST. JOHN'S WEST

Project Name

Gear and Boat Shed for St. Vincent's Fishermen
 Wharf Reconstruction
 Wharf Extension
 Renovations & Repair Parish Hall/Community Centre
 Cape St. Mary's Community Pasture Development—
 Improvement
 Wharf Completion
 Dump Site Improvement
 Road Cribbing Going to Fishermen's Wharf
 General Community Development Program
 Gear Shed Construction
 Marine Haulout and Cribbing
 Community & Environmental Improvements
 Outdoor Education Project for Roman Catholic Schools
 Wharf Repair and Extension
 Shea Heights Community Development Project
 Harbour Development
 Construction of Gear Shed
 Wharf Completion—Marginal Wharf
 Community Hall Complex
 Open Me Up Please
 Long Harbour—Mount Arlington Community Complex

Aquaforte Fisheries Improvement Project
 Fishermen's Wharf
 Wharf Extension and Fishing Facility
 Extension to Fishermen's Breakwater
 Gaskiers Community Pasture Improvement Project
 Improved Ballfield Facilities
 Improvement to Fishermen's Wharf, Breakwater & Cons.
 Slipwy.

Town Hall Extension Project
 Completion of Community Centre
 Completion of Wharf Project
 Witless Bay Canal
 Municipal Facilities Improvements
 Bowring Park: Future Land Use Development
 The Masonic Senior Citizen Complex
 Ship Harbour Wharf Project
 North Side Boat House Wharf
 Cochrane Pond Regional Pasture Improvement
 Regional Pastureland Project
 Biscay Bay Wharf Extension
 Improved Community Services
 Extension to Island Furniture Plant
 Lions Club Improvement Program
 Point Lance Community Centre
 Petty Harbour Wharf—Phase III
 Community Recreation Centre
 Fermeuse Municipal Centre
 Fire Training Facilities
 Cuslett Slipway
 Point Verde Community Environment Improvement
 Project
 Small Boat Slipway & Repair Centre
 Jerseyside Link Dock
 Fishermen's Slipway
 Long Harbour Pasture Project
 Water Supply Project
 Harbour Improvement: St. Joseph's
 Cowan Heights Recreation Area
 Waste Disposal: St. Bride's
 Blueberry Grounds Development: Riverhead
 Shell Landing Docks & Related Works
 St. Mary's Community Centre Improvement

Extension to Municipal Building: Fox Harbour
 Repairs to Fishing Facilities—Peters River
 Multiple Community Project
 Slipway Improvements
 Fisheries Improvement Project
 Fishing Facilities Improvement

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, may Order No. 2 stand in Senator Bird's name? I believe she wishes to speak to it next, perhaps tomorrow.

Subject to correction by Senator Macdonald, honourable senators, I think all other orders stand.

Hon. John M. Macdonald: That is correct.

Hon. Jean-Paul Deschatelets: Honourable senators, perhaps Senator Frith can tell us whether there is to be a meeting of the Standing Senate Committee on Legal and Constitutional Affairs this afternoon.

Senator Frith: Yes. I was going to mention that before the adjournment.

[Translation]

Honourable senators, as Senator Deschatelets has just mentioned, the Committee on Legal and Constitutional Affairs was expected to sit today after the adjournment of the Senate. This sitting had been scheduled so that the committee could discuss the bill respecting young offenders, to repeal the Juvenile Delinquents Act, with the Solicitor General of Canada, the Honourable Robert Kaplan.

I was advised that the minister was leaving for Toronto around 5 o'clock and that the sitting of the committee had therefore been cancelled, with the suggestion that it be held next week under the same conditions.

Honourable senators, the Special Committee on the Northern Pipeline will sit as expected. I even believe that the committee is sitting right now and that Senator Olson, who is the minister responsible for the administration of the Northern Pipeline, is appearing before the committee to discuss matters related to the pipeline, and so on.

Hon. Jacques Flynn (Leader of the Opposition): Good news?

Senator Frith: To remain neutral, let us say "news".

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 4023)

ECONOMIC DEVELOPMENT

MEGA-PROJECTS

I. UNDER ACTIVE CONSTRUCTION

| Project | Estimated Investment Over Life of Project (\$ 1980 million) | Project | Estimated Investment Over Life of Project (\$ 1980 million) |
|--|--|---|--|
| Dome Beaufort Sea Oil/Gas Exploration Phase (N.W.T.) | 500 | La Grande Phase 2 (James Bay, P.Q.) | 3,487 |
| Esso Beaufort Sea Drilling System (N.W.T.) | 130 | Norman Wells Oil Pipeline (N.W.T. to Alta.) | 400 |
| Gulf Beaufort Sea Drilling System (N.W.T.) | 700 | Ridley Island Petrochemical Terminal (B.C.) | 100 |
| Norman Wells Oil Field Development (N.W.T.) | 600 | Sable Island Offshore Gas (N.S.) | 2,000 |
| Trans Quebec Maritimes Pipeline | 861 | Canadian Patrol Frigates (N.B./P.Q.) | 1,890 |
| Revelstoke Hydro Project (B.C.) | 1,115 | Plains Upgrader (Sask.) | 2,000 |
| Genesee Thermal Generating Station (Alta.) | 595 | G.P.U. Interconnection Submarine Line/Station (Nanitcoke, Ont.) | 490 |
| Bruce "B" Generating Station (Ont.) | 2,287 | Carmont Heavy Fuel Oil Upgrader (P.Q.) | 2,600 |
| Pickering "B" Generating Station (Ont.) | 1,805 | Lower Churchill Falls Phase I (Nfld.) | 1,650 |
| Metal Mining and Refining Modernization and Expansion Program (B.C.) | 700 | Bredenbury Potash Mine (Sask.) | 700 |
| CF-18 Hornet Fighter Aircraft Project (Ont., P.Q.) | 2,990 | | |
| Quintette Coal Development (B.C.) | 700 | | |
| Ridley Island Coal and Grain Terminals (B.C.) | 400 | | |
| Algoma Seamless Tube Mill (Ont.) | 300 | | |
| Synthetic Crude Oil Refinery and Benzene Plant (Alta.) | 600 | | |
| Tumbler Ridge Branchline (B.C.) | 315 | | |

III. ON HOLD

II. ADVANCED PLANNING AND DESIGN STAGE

| Project | Estimated Investment Over Life of Project (\$ 1980 million) | Project | Estimated Investment Over Life of Project (\$ 1980 million) |
|--|--|---|--|
| Hibernia Oil Development (Offshore Nfld.) | 4,000 | Heavy Fuel Oil Upgrader (Sarnia, Ont.) | 350 |
| | | Petalta Benzene/Styrene Plant (Alta.) | 650 |
| | | Ethylene Plant III (Alta.) | 355 |

HYDROCARBONS AND PETROCHEMICAL PROJECTS IN THE PLANNING STAGE

| Project Name | Construction Man-years | Operation Manpower | Investment (\$ 1980 million) |
|--|---------------------------|-----------------------|---------------------------------|
| Projects \$500 Million and Over | | | |
| Export of LNG to Japan-Dome | 8,200 | 200 | 2,000 |
| Rim Gas Project | 2,000 | 120 | 1,400 (2,000 in 1985 \$) |
| Nitrogen Fertilizer Complex | 1,800 | 240 | 670 |
| Synthetic Crude Oil Refinery and Benzene Plant | 5,000 | 270 | 600 |
| Heavy Oil Reserves Development and Upgrading Plant | ? | ? | 2,000 |
| Trans Québec Maritimes Pipeline | 11,457 | 324 | 861 |
| Offshore Sable Island Gas Development | ? | ? | 2,000 |
| Hibernia Oil Development | ? | ? | 4,000 |
| Offshore Labrador Developments | ? | ? | 1,000 |
| Beaufort Sea Oil and Gas Development | 10,000 | 4,600 | 44,000 |
| Polar Gas Pipeline | 36,950 | 743 | 10,700 |
| Alaska Highway Gas Pipeline | 11,875 | 400 | 5,100* |
| Dempster Gas Pipeline | 6,000 | 130 | 1,700 |
| Arctic Pilot Project | ? | ? | 1,600 |
| Gulf Beaufort Sea Drilling System | ? | ? | 700 |
| Norman Wells Oil Field Development | 1,200 | 100 | 600 |

*Overall project estimate currently being revised.

| Project Name | Construction Man-years | Operating Manpower | Investment (\$ 1980 million) |
|--|---------------------------|-----------------------|---------------------------------|
| Projects \$100—\$500 Million | | | |
| New Methanold Plant—Kitimat, B.C. | 250 | 80 | 140 |
| Gas Pipeline to Vancouver Is. | 350 | 5 | 124 |
| Nitrogenous Fertilizer Plant | 1,500 | 150 | 400 |
| Ethylene Plant II—Joffre, Alta. | 1,810 | 93 | 355 |
| Ethylene Derivatives Plant—Prentiss, Alta. | 1,070 | 120 | 300 |
| Refinery Expansion—Edmonton, Alta. | ? | ? | 200 |
| Suncor Expansion Program | 900 | 175 | 185 |
| Polyethylene Plant—Joffre, Alta. | 546 | 150 | 142 |
| Strathcona Refinery Expansion | ? | ? | 100 |
| Trans Canada Pipeline Expansion Sask., Man. and Ont. | 950 | 10 | 360 |
| Trans Canada Pipeline—North Bay to Morrisburg, Ont. | 1,200 | 4 | 357 |
| Heavy Fuel Oil Upgrader | 4,000 | 70 | 350 |
| Ultramar Refinery Upgrader | ? | ? | 150 |
| Semi-Submersible Drill Rig | ? | ? | 125 |
| Norman Wells Oil Pipeline | 800 | 50 | 400 |

| Project Name | Construction Man-years | Operating Manpower | Investment (\$ 1980 million) |
|------------------------------|---------------------------|-----------------------|---------------------------------|
| Projects Under \$100 Million | | | |
| Refinery Expansion, Montreal | 250 | | 61 |

THE SENATE

Thursday, May 6, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

PRIVATE BILL

THE ARMY, NAVY AND AIR FORCE VETERANS IN CANADA—
FIRST READING

Hon. Jack Marshall presented Bill S-25, respecting The Army, Navy and Air Force Veterans in Canada.

Bill read first time.

Senator Marshall moved that the bill be placed on the Orders of the Day for second reading on Tuesday, May 11, 1982.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SCHEDULE OF AUTHORIZED SALARY REVISIONS TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled a schedule of authorized salary revisions for certain Senate positions effective April 1, 1982, as approved by the committee at its meeting today, Thursday, May 6, 1982.

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE RESPECTING THE ESTABLISHMENT OF
POSITION OF DEPUTY SPEAKER OF THE SENATE TABLED AND
PRINTED AS APPENDIX

Hon. H. Carl Goldenberg: Honourable senators, I have the honour to table the report of the Standing Senate Committee on Legal and Constitutional Affairs respecting the establishment of the position of Deputy Speaker of the Senate, and ask that it be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix, p. 4049.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Goldenberg moved that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

[Translation]

ADJOURNMENT

Hon. Léopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Tuesday next, May 11, 1982, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[Translation]

THE CABINET

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I notice that three out of four ministers in the Senate are absent, in fact, the three ministers who have specific and well-defined responsibilities, so there is only the Leader of the Government who can take questions as notice but cannot do much else.

The other day I was looking at *Hansard* for the period during which we were on the other side and formed the government, and I was interested to see that the then Leader of the Opposition, Senator Perrault himself, complained whenever a minister was not present in the Senate, and suggested that perhaps parliamentary secretaries should be appointed—a remark that caused considerable hilarity at the time.

I wonder whether he is now considering appointing parliamentary secretaries who would answer on behalf of ministers who are absent at least once a week, on the two or three days on which the Senate sits.

[English]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there may well be merit in the suggestion advanced by the Leader of the Opposition. I am gratified, even moved, by the thought that he believes there may be merit in an idea we advanced earlier. Hopefully, one or two of the three ministers will return before the afternoon is over. They are, of course, involved in public business. Senator Olson is considering yet another mega-project—

Senator Flynn: Another collapse!

Hon. Martha P. Bielish: Another project which will go down the tubes in just the same way as the others.

Hon. Duff Roblin (Deputy Leader of the Opposition): It's not a good sign.

Senator Perrault:—which may serve to assist the economy of the nation.

Honourable senators, I regret the fact that all of our minister colleagues are not present. I will certainly take the questions as notice, if I am unable to provide replies, and do what I can, ultimately, to provide the answers.

Senator Flynn: I draw to the attention of the Leader of the Government that it is becoming a habit for those three ministers to be absent from the chamber. As I have said on previous occasions, perhaps it is in the public interest that they are absent from the chamber.

Hon. D. G. Steuart: Don't be bitter.

Senator Flynn: I'm smiling as much as I can.

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA— GOVERNMENT POLICY

Hon. Heath Macquarrie: Honourable senators, as I wait for the jollity to subside and I am always in favour of oral goodwill—lest the Leader of the Government think that he is not really appreciated, I will dredge up a question and direct it to him. Despite the levity of the preamble, it is not really a lightsome question in any way; it is a question in connection with the Falkland Islands. Had I seen Senator Asselin come in, I would have deferred to him.

We have been hearing in recent hours indications that the Secretary General of the United Nations is taking an initiative in reference to mediation, conciliation and cessation of hostile activities. I should think that all members of this chamber and all members of our citizen body would agree that, in the long run, peace is better than war, and perhaps the Secretary General of the United Nations is in a very good position, because of his background and because of his international status, to be a mediator.

I am asking the minister if he can report to us, on this very important and crucial matter, whether or not the Canadian government has had communications from the U.N. Secretary General; whether the Canadian government has indicated its reaction to the proposals for mediation which are now being considered very carefully—at least in Buenos Aires; and, further, in light of that barely positive suggestion that an interim solution might involve U.N. jurisdiction for a period, whether Canada has been asked for any practical and cognate indication of its support of this view.

• (1405)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Secretary of State for External Affairs has had a number of conversations with representatives of other countries with respect to the dangerous situation in

the Falkland Islands. Shortly before 2 o'clock this afternoon I was provided with further information from the department.

The name of Canada has been brought up by other countries in the context of playing a possible role in an interim administration. However, there are a number of initiatives in play at the present time. As the Secretary of State for External Affairs indicated on Tuesday, the important thing is that the parties involved in this dispute demonstrate the desire and the willingness to reach a negotiated settlement.

Negotiations based on any number of formulae proposed by various parties are possible. However, it will not help the cause of peace to discuss the details of any of these proposals publicly.

Canada stands ready to seriously consider participating in a solution if asked to do so by the parties involved. Our diplomatic missions in Latin America, New York and Europe have been instructed to keep in close contact with other interested parties to see if we can be of assistance in helping to find a settlement to this dispute.

I can say further that the Secretary of State for External Affairs has met with the Peruvian ambassador and has reviewed with him, in general, some proposals that have been discussed in relation to peace initiatives. We have asked for further information on the status of these proposals. The ambassador was exploring Canadian interest in being associated with an initiative, to which the Secretary of State for External Affairs replied that Canada would consider any proposal that had the support of both parties to the conflict. We are gravely concerned about the escalation of hostilities, and we regret the tragic loss of life on both sides. We extend our sympathies to the families of the victims who have thus far been lost in this conflict. This emphasizes, in our view, the urgent need to achieve a negotiated settlement to end the conflict.

Security Council resolution 502, calling for an immediate cessation of hostilities and an immediate withdrawal of all Argentine forces, provides the basis on which the parties can seek a diplomatic settlement. We welcome recent indications that both parties are willing to explore various ideas and concepts for a settlement.

As I mentioned a moment ago, there are a number of confidential initiatives in play—one by Peru, another by the UN. Secretary General, in addition to continuing American efforts. In at least some of these scenarios, Canada would play a role. It would be premature for me to comment on any of these initiatives, except to say that the Secretary of State for External Affairs, the Honourable Mark MacGuigan, has instructed Canadian representatives in various locations to maintain the closest contact with their colleagues and to facilitate such initiatives in any way that might be useful. This they are doing.

As I have said, at this critical stage it would be most important to avoid comment or speculation that might undercut these initiatives. In support of a negotiated settlement, we would be willing to consider most carefully any approach made

[Senator Flynn.]

to us. In consultation with others, we shall use our best influence to achieve a negotiated settlement.

Senator Macquarrie: Honourable senators, I thank the minister for his response. It is indeed a delicate and difficult situation. Since the NATO Defence Council has unanimously asked for a negotiated settlement, I wonder if the minister is in a position to say whether there have been any overtures from the United Nations, which now seems to be the most hopeful avenue open? I ask that question bearing in mind that he might wish to defer replying to it at this time.

Senator Perrault: Honourable senators, there are certain member states in the United Nations who feel that Canada may be able to play a very constructive role in this particular situation. Beyond that, I cannot supply further information.

● (1410)

BRITISH COLUMBIA

PRINCE RUPERT—CONSTRUCTION OF GRAIN PORT

Hon. R. James Balfour: Honourable senators, I have a question to direct to the Minister of State for the Canadian Wheat Board. Is it correct that construction of the \$300 million grain port located at Prince Rupert is threatened with cancellation?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I am not aware of any imminent threat of cancellation of that undertaking. I have not seen any report to that effect.

I know that there have been discussions going on with respect to some re-arrangement of financing, but no information has come to me which would suggest it will not be constructed.

FREEDOM OF INFORMATION

PRESENTATION BY CANADIAN BAR ASSOCIATION

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government. The Canadian Bar Association, to which many members of this chamber belong, presented a final appeal to the federal government last week to proceed with the freedom of information legislation. In its lengthy presentation—I believe a 60-page brief—the Canadian Bar Association offered a point-by-point refutation of the arguments raised by the provincial governments and cited by the federal government as reasons why the bill cannot proceed at the present time.

Does the government accept the Canadian Bar Association's dismissal of these anti-freedom of information arguments, and if it does not, will it provide a comprehensive rebuttal to the arguments raised in this rather excellent presentation by the Canadian Bar Association?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, of course this government is sensitive to provincial concerns. For that reason, there has been a delay in

the implementation of our proposals with respect to freedom of information legislation.

Hon. Jacques Flynn (Leader of the Opposition): When it serves its own purpose.

Senator Perrault: The question will be taken as notice.

I do not have replies as yet to earlier questions asked by Senator Nurgitz on this point. Supplementary information will be sought.

Senator Nurgitz: I have a supplementary question to ask the Leader of the Government. Can he confirm, in the event that there is some validity to the arguments advanced by the Canadian Bar Association, whether freedom of information legislation is no longer a federal concern, or is being put aside because of what appears to be over-protection of cabinet documents by the Prime Minister, the Solicitor General and other cabinet ministers? I know that only because of what I have read in newspaper reports.

I ask that question because of the RCMP trials now under way in Montreal.

Senator Perrault: Honourable senators, this government has been desirous for some time of a freedom of information statute. Unfortunately, there have been delays. The views of the Canadian Bar Association are being studied carefully now by the Minister of Justice.

Senator Flynn: Honourable senators, the last we heard on this from the Prime Minister was that the bill was not a priority of the government. Has there been any change in the position taken by the Prime Minister?

Senator Perrault: The bill is certainly a priority. It depends upon how high it is on the list of priorities.

Senator Flynn: He said that it was not.

Senator Perrault: It depends upon its place on the priority list.

Senator Flynn: The Prime Minister said that it was not a priority any more.

Senator Perrault: It is a matter of interest and concern to the ministry—

Senator Flynn: They are empty words. Please answer my question. Has there been any change since the Prime Minister made that statement?

Senator Perrault: —and we want to see a freedom of information statute—

Senator Flynn: When?

Senator Perrault: —enshrined in the law of Canada.

Hon. Richard A. Donahoe: What does he want?

Hon. Jack Marshall: What is its priority on a scale of one to ten?

Senator Flynn: Does the government intend to proceed with that bill during the current session of this Parliament? The bill

has been on the Order Paper in the other place since the beginning of the session.

Senator Perrault: The honourable senator will have to change party affiliation and be admitted to the cabinet before we will share that information with him.

Senator Flynn: It has been on the Order Paper since the beginning of this session. It is not a question of cabinet secrecy. The Prime Minister has said that it was not a priority of the government, and I am asking the Leader of the Government whether there has been any change in the Prime Minister's position since he made that statement?

Hon. R. James Balfour: May I ask the Leader of the Government whether it remains the policy of the government, as articulated by the Prime Minister some time ago, that members of the government and the senior bureaucracy should comport themselves as if the freedom of information bill had been passed? Is that still the policy of the government?

Senator Perrault: Honourable senators, this line of—

Hon. Lowell Murray: Yes or no.

Senator Perrault: This verbal assault is very interesting. Here we have a situation where the delay in moving ahead with this important and badly needed piece of legislation is because of the opposition of provincial governments, most of which are Conservative governments. The Conservative provincial governments are saying "Delay, don't advance it; these are our concerns," and we now have the opposition in this chamber accusing the government of being dilatory and preventing the bill from becoming law just because of our sensitivity for the concerns of the provincial governments.

• (1415)

Hon. G. I. Smith: You are not sensitive to the views of provincial governments, so what is the use of trying to throw upon us that distortion of the facts? We all know that is not true. Why does the honourable gentleman lower himself by making such ridiculous assertions?

Hon. David Walker: I believe he is only joking. Give him credit.

Senator Flynn: So it is not a priority of the government?

Senator Perrault: I will not dignify that comment with a reply.

Senator Balfour: Without labouring the question, I asked the Leader of the Government what the policy of the government is. Will he answer the question?

An Hon. Senator: He doesn't know.

CANADA-UNITED STATES RELATIONS

BRITISH COLUMBIA—POSSIBLE FLOODING OF SKAGIT RIVER VALLEY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, questions were asked by Senators Robichaud and Macquarrie on April 29, 1982 concerning the

[Senator Flynn.]

Skagit Valley flooding and the International Joint Commission order.

The IJC finds it has continuing jurisdiction over its 1942 order. It has reviewed the British Columbia request and all arguments presented and finds they "do not constitute sufficient grounds to persuade it to exercise its jurisdiction . . . and declines to grant the relief sought"; in other words, it rejects the request, but is careful not to say so explicitly.

Nevertheless, it also decides that in view of the B.C. and Canadian governments' positions and "under present circumstances," the valley should not be flooded provided that adequate compensation is paid to Seattle for loss of a valuable source of potential power. A negotiated solution requires an "immediate total commitment, by both parties, to the process of negotiation."

Seattle and British Columbia have not engaged in direct negotiations since the commission took up this matter in October. The special advisers' report shows that there are reasonable alternatives to the flooding.

To permit further negotiations, the IJC orders that the reservoir be maintained at its present level for one year. It also recognizes the important role to be played by the two federal governments in any final settlement. It creates a board chaired by two commissioners and including its two technical consultants, and invites Canada, British Columbia, Seattle, and the United States to name representatives to it. This board will "co-ordinate, facilitate, and review on a continuing basis, activities directed to achieving and implementing a negotiated, mutually acceptable agreement".

In a statement attached to the order, with which the two U.S. commissioners present associated themselves, Chairman Olson noted that the Canadian commissioners agreed to this order on the assumption that it would lead to a negotiated settlement. If such a settlement does not result "for reasons related to the position" of any of the parties concerned, the commission will take this into account in any further orders it may have to make.

We appreciate the efforts of the IJC in attempting to resolve this very difficult and long-standing issue. We are now carefully studying the order. As a preliminary reaction, we are pleased the commission has recognized that the valley should not be flooded, and that it has prohibited any further flooding in the immediate future while the parties seek a negotiated settlement.

It is clear that the Canadian position was not disadvantaged by having only two Canadian commissioners. Indeed, the order was signed by two Canadian and two U.S. commissioners.

Hon. Jacques Flynn (Leader of the Opposition): They have not been able to find a replacement for Senator Robichaud.

Senator Perrault: There is such an abundance of talent in this country that it is difficult to make a final selection.

[Later:]

Hon. Heath Macquarrie: In connection with the delayed answer to my question, may I ask the Leader of the Govern-

ment in the Senate if it is now government policy that it is better to have only two members from the Canadian side on the International Joint Commission? Does this in fact portend a situation in which we will have but one Canadian, and then, eventually, only Americans on the commission? Is that the view of the government, or is there some other reason why we cannot have the three members appointed?

Senator Perrault: Honourable senators, I really cannot provide any information beyond what I have provided today. It is hoped that a decision will be taken shortly to appoint Canada's full complement to that commission.

Senator Macquarrie: I did not consult with Senator Robichaud beforehand, but perhaps the time is approaching when concerted efforts will be made to draft that distinguished person as a member of the commission, much as we would miss him here.

Hon. Louis-J. Robichaud: Honourable senators, I am not available. However, in light of the statement made by the Leader of the Government in the Senate, which was of course anticipated, I will say—and I am not about to ask a question—that I question the advisability of the Seattle Power Corporation and the Government of British Columbia again negotiating the possibility of flooding the Skagit River valley to a depth of 125½ feet over and above what is being flooded now. That would mean the loss of between 4,000 and 5,000 acres of land.

Senator Macquarrie: Hear, hear.

Senator Robichaud: That is perfectly beautiful land in British Columbia that would be flooded.

Senator Macquarrie: Hear, hear.

Senator Robichaud: I simply want to be on record as being vehemently opposed to such a move.

Hon. Senators: Hear, hear.

● (1420)

Senator Perrault: I know that the people of British Columbia will be heartened by that expression of support by the Honourable Senator Robichaud, who comes from the great province of New Brunswick.

Senator Flynn: They should be able to count on you, too, occasionally.

Hon. Martial Asselin: Do you share those views?

Senator Perrault: I share them completely. I thought it unnecessary to state that.

PARLIAMENT BUILDINGS

CENTRE BLOCK—INSTALLATION OF STEEL DOORS IN CORRIDORS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on March 17, 1982 Senator Hicks asked a question concerning the installation of doors in the corridors of the Centre Block.

The first safety improvements in the Centre Block were undertaken upon the authority of the Minister of Public Works, as recommended by the Dominion Fire Commissioner and in consultation with the authorities of the Senate and the House of Commons.

On October 29, 1979 the Dominion Fire Commissioner, in reply to questions asked in the Senate about fire protection measures in the Centre Block at the time of the burning of the Rideau Club, reported to the Speaker of the Senate the ongoing program of fire safety improvements in the building based on the commissioner's fire protection survey of 1973.

Phase one of the program is now being implemented. The detailed plans for phase one were submitted prior to tendering for approval through the Gentleman Usher of the Black Rod. Similarly, all future work will be submitted for approval before any work commences.

The purpose of the glazed metal partitions with doors in the corridors of the first, or ground, floor of the Centre Block and around two interior stairwells from the first to the sixth floors is to have them act as fire and smoke barriers.

According to today's safety standards, all stairwells in the Centre Block ought to be enclosed. Owing to the architecture of the building, however, it is impossible to enclose all stairwells without damaging the building's appearance and historical value. The Dominion Fire Commissioner agreed, therefore, that if the entire building were sprinklered—with the exception of corridors above the first floor and special areas such as the Senate and Commons chambers where decorative ceilings do not admit of sprinklers—then fire and smoke partitions would be required only where they are now being installed.

Since the interior stairs now being enclosed do not open directly to the outside of the building at the first floor level, smoke partitions have been installed in the corridors of the first floor to isolate the spread of smoke. The double doors in these corridor partitions will be held open by magnets which will only release the doors in case of fire.

The stairwell and corridor partitions are made of steel and wired glass to provide the required fire resistance. They will be painted to match their surrounding wall surfaces and will have an oak panel inserted in the middle rail. The hardware will be in bronze to match existing doors. They will fulfill their function of increasing the safety of building occupants without being unnecessarily obtrusive.

● (1425)

FREEDOM OF INFORMATION

STATUS OF PROPOSED LEGISLATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I refer you to page 3786 of *Debates of the Senate* of March 9, where I spoke about the freedom of information legislation. May I just repeat these words:

—consultations with the provincial attorneys general have recently taken place. The government is now re-examin-

ing certain aspects of the legislation in light of the representations made by the provinces on the subject.

That re-examination is still going on, and the views of the Bar Association will be given careful consideration.

Then there was another inquiry about whether the government officials will act as if the freedom of information legislation had been passed. I said at that time:

I have made inquiries on this point and can report that the policy announced by the Prime Minister has not been countermanded or nullified. However, it is certainly difficult to give a definitive answer on this point since certain aspects of the legislation are being re-examined. Obviously, we may end up with slightly different provisions in the bill when it comes before Parliament again.

That is the most recent statement on the subject.

Hon. Jacques Flynn (Leader of the Opposition): But the statement of the Prime Minister is more recent than that.

Hon. Lowell Murray: If the policy of the government continues to be that ministers are to comport themselves as if the freedom of information legislation were in effect, why then will the government not release the poll taken in Quebec by the Canadian Unity Information Office, especially since a large part of that poll has already appeared in the press in that province?

Senator Perrault: The question will be taken as notice.

HEALTH AND WELFARE

CANADA-ITALY SOCIAL SECURITY AGREEMENT

Question No. 73 on the Order Paper—**By Hon. Peter Bosa:**

1. When did the Social Security Agreement between Canada and Italy become effective?

2. How many applications originating in (a) Canada and (b) Italy have been received by the Department of National Health and Welfare since the agreement was signed?

3. How long does it take on average to process an application originating in (a) Canada and (b) Italy?

4. When an application is received by International Operations, how long does it take before it is sent to the destination in Italy?

5. How long does it take on average for the Italian provincial administration to process an application originating in Canada?

6. What percentage of applications originating in both countries are delayed as a result of incomplete information submitted?

7. What is the main complaint most frequently made by applicants to the Department?

8. In the experience of the Department, is there a variance in the amount of time that it takes to process an application by the provincial administration in Italy, and, if so, please indicate?

[Senator Perrault.]

Reply by the Minister of National Health and Welfare:

1. January 1, 1979.

2. (a) 10,932 (2,467 applications for Canadian benefits and 8,465 applications for Italian benefits);

(b) 656 (applications for Canadian benefits only)

3. (a) Approximately 6 months.

(b) Approximately 1½ years.

4. Approximately 6 months as delays are often experienced in obtaining the required documentation before forwarding the application.

5. Approximately 1½ years.

6. Approximately 85 per cent.

7. Length of time to process applications.

8. Processing times vary depending on the complexity of cases.

THE SENATE

REFORM—MOTION RE ELECTION OF MEMBERS—DEBATE CONTINUED

The Senate resumed from Thursday, April 29, the debate on the motion of Senator Roblin:

That this House affirms that the federal character of representative and responsible government in Canada will be strengthened if the membership of the Senate is constituted by election rather than by appointment.

Hon. Florence B. Bird: Honourable senators, I wish to thank Senator Bosa for yielding to me this afternoon.

I think it is important for us to conduct a thoughtful and reasonable debate on Senator Roblin's motion because he proposes a drastic change in Canada's form of government and because it is true, as he said in his carefully prepared intervention, that a great many intelligent, well-informed people now believe, as he does, that our parliamentary system will be improved by an elected Senate. On the other hand, there are many intelligent, well-informed people, such as members of the Standing Senate Committee on Legal and Constitutional Affairs, who think we do not need an elected Senate.

[*Translation*]

Of course, in view of such divergent opinions Senator Roblin's motion should be debated without any influence from personal considerations or political opportunism.

[*English*]

Senator Roblin's main argument is that an elected upper house will better serve regional interests. I cannot help wondering how many elected senators, no matter what their method of election, would be better informed and have a better understanding of the needs of the provinces than the five former provincial premiers and the 16 former provincial cabinet ministers who sit with us today.

[Translation]

It seems to me that Senator Roblin may be somewhat overly influenced by the prestige and the authority of the American Senate.

I am sorry that he is not here today, but he had the courtesy to inform me that he had to leave at a quarter to three. However, he promised to read my speech.

[English]

He does admit that he prefers our parliamentary system to the American congressional system. At the same time, rather illogically, he hankers after an elected Senate. He talks about checks and balances, as did the authors of the American Constitution, and says he hopes that an elected Senate might be able to check the power of Canadian prime ministers which he calls "unprecedented in parliamentary government over the centuries".

I agree with Senator Roblin that Canada's parliamentary system of responsible democratic government is superior to the American system. The 55 remarkable men who drafted the American Constitution in 1787 had a great command of the English language. They were high-minded, idealistic, intelligent and eloquent, but they were not particularly good political scientists and they lacked experience in the political arena. They were theorists rather than pragmatists. For example, I have never been able to understand why they thought it was a bright idea to have the House of Representatives elected every two years. They also required the Senate to be elected by both houses of the state legislatures. That was changed in 1912 because senators were thought to be dominated by the trusts and big business. The 17th Amendment provided that senators be elected by direct popular vote.

• (1430)

When being critical of the American congressional system, as I am, it must be remembered that after the Declaration of Independence and the successful revolution, Jefferson, Hamilton, Munroe and the others were determined to break with time-honoured parliamentary procedures and write a constitution suitable for a new republic in a new world. Understandably, they had a low opinion of monarchs in general and George III in particular. They therefore devised what they thought was a foolproof system of checks and balances by separating the executive from the legislative function.

In order to prevent the President from having the nearly absolute power of the eighteenth century King of England, they made him the chief executive. They gave legislative power to the Congress.

The system of checks and balances has not had the desired effect. Today the President of the United States, with due respect to Senator Roblin, exercises far more power than any Canadian Prime Minister or any other president or prime minister in a free, democratic society. He is not only chief executive; he is the head of state, the leader of his political party and the commander-in-chief of the armed forces.

He also has the right of veto. His veto can be overruled by a two-thirds majority of both houses. But so great is the almost

mystical quality of the popular image of the President that Congress is very reluctant to vote against him. The record tells the story.

Franklin Roosevelt vetoed 621 bills, and only nine of those vetoes were overridden. None of Kennedy's 13 vetoes or Johnson's nine was overridden. Nixon vetoed 10 bills, and only one veto was overridden. Carter vetoed nine bills, and only two were overridden.

The veto seems to increase the popularity of the President because it shows he is willing to stand up to Congress. According to Lord Bryce, "the larger the community becomes, the less does it respect an assembly and the more it is attracted by an individual man." That is something we might think about here, too.

Although Congress retains the right to declare war, the President often acts in his executive capacity without letting it know what he is up to.

Truman, as commander-in-chief of the armed forces, authorized the dropping of the atomic bomb. Eisenhower sent the marines into Lebanon. Kennedy launched the disastrous Bay of Pigs operation and ordered the blockade during the Cuban missile crisis. Nixon authorized 3,900 bombing missions over Cambodia.

All of these decisions were carried out first and Congress was told afterwards. Such actions could hardly be possible under a parliamentary system of responsible government where the Prime Minister must answer to the House of Commons every day while the house is in session.

Senator Roblin suggests that an elected Canadian Senate might be given the power to ratify appointments to regional and national bodies as the U.S. Senate does for supreme court judges, cabinet ministers, senior public servants and ambassadors.

This constitutional power was given, idealistically, to the U.S. Senate in order to restrict the opportunity of patronage by the chief executive. It was one of those checks and balances considered so important by the drafters of the American Constitution.

The desired check has not taken place. The President's power is in large part due to patronage. This has been possible for two reasons. If the Senate majority belongs to the President's party, it does not want to restrict patronage. As a result, appointments are arranged between the President and his supporters in the Senate so as best to serve the party's interests. If the opposition party is strong in the Senate, it tends to support the worst appointments in order to discredit the President, who takes the blame. It is the appointer and not the ratifier who is criticized.

It seems likely that, since human nature is much the same everywhere, the same sort of political behaviour might also occur in Canada, so the quality of appointments would not be improved by giving the job of ratification to the Senate.

Honourable senators, there is a strong argument against an elected Senate that should be considered in the light of improving the efficiency of our present parliamentary system.

When the American and the Canadian Constitutions were drafted, Senates were considered necessary for the same reason. They were both expected to give careful study to legislation in order to prevent the elected body from passing unwise or unworkable laws that might be detrimental to the people and to the Commonwealth.

On this subject, the differences between eighteenth century language in the United States and nineteenth century language in Canada is, I think, worth quoting. I find it amusing. Alexander Hamilton said the United States Senate was needed "to restrain fickleness and the impetuosity of the popular House and so guard against the effects of gusts of passion or sudden changes of opinion in the people." Eighty years later, Sir John A. Macdonald translated Hamilton's embroidered language into three words: "sober second thought".

As we all know, the majority of the members of the other place are, quite naturally, interested in being re-elected. Inevitably, this means that they are inclined to think in the short term about the reaction of the electorate to legislation. Senators do not have to come up for election and so are able to take a long-term view. We have shown that again and again, I think, by the excellent way in which we amend legislation. But at the same time, for 40 years we have refrained from using our veto. This was not always so. Between 1921 and 1930, 47 bills failed to pass the Senate, 32 of them being government bills. Between 1930 and 1940, 13 bills from the Commons were rejected. Does this perhaps indicate that we have not been doing our duty with regard to taking a long term view of the effects of legislation?

Perhaps this is one of the reasons we have so little prestige now. Is it possible that a suspensory vote might enable us to do our job better without encroaching on the rights of the elected body?

In conclusion, I want to say that I believe very strongly that it is important to have men and women in the Senate who have experience with legislation and with government. This is one of the strengths of this house at the present time. The former

cabinet ministers and the former members of Parliament and of provincial legislatures who sit here today do provide very valuable knowledge about the problems of government. This has been brought home to me, again and again, when I have listened to the questions asked in joint committees. Senators know more, understand more, and ask more probing and pertinent questions than members of the other place. The work of our committees is also outstanding because of the knowledge and experience of people who have been studying legislation for years.

I doubt very much if elected senators would have the same degree of know-how and savvy. There is also a possibility that an elected Senate might become a replica and a rival of the other place. The dangers of that were ably pointed out by Senator Leblanc last week.

Aside from Senator Roblin's motion, I am sure we all agree that a great deal of internal reform of the Senate is necessary. For that reason, I hope that we are going to debate seriously the recommendations contained in the report of the Standing Senate Committee on Legal and Constitutional Affairs.

On motion of Senator Bosa, debate adjourned.

● (1440)

THE SENATE

On the motion to adjourn:

Hon. Jacques Flynn (Leader of the Opposition): We are glad to see that the Minister of State for Economic Development has arrived right at the proper time.

Hon. Jack Marshall: He timed it very well.

Hon. H. A. Olson (Minister of State for Economic Development): I look forward to seeing the Leader of the Opposition next week right on time.

Senator Flynn: He can count on that, I'm sure.

Hon. Martial Asselin: Perhaps the minister is nervous about arriving early.

The Senate adjourned until Tuesday, May 11, at 8 p.m.

APPENDIX

(See p. 4041)

STANDING SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE RESPECTING THE ESTABLISHMENT OF
POSITION OF DEPUTY SPEAKER OF THE SENATE

THURSDAY, May 6, 1982

The Standing Senate Committee on Legal and Constitutional Affairs, which was authorized "to examine and report on the establishment of the position of Deputy Speaker of the Senate, including the need for such a position, the recommended procedures therefor, and the compensation to be paid the incumbent" has, in obedience to the order of reference of February 24, 1982, examined the said matter and now reports as follows:

The need for the position of Deputy Speaker was outlined to the Committee by the Speaker, the Honourable Jean Marchand. He emphasized that his concern was not just for the Speaker but also for the Senate. Because the Speaker of the Senate is fourth in the line of protocol, after the Governor General, the Prime Minister, and the Chief Justice of Canada, he is frequently required to serve as a representative of Canada on special occasions. His role in this respect is similar to that of the speakers of second chambers of other states, who also represent their countries on various occasions.

The Speaker submitted that the necessity to attend to duties outside the Senate often places him in the position of having to secure a replacement for what could be either a short or an extended period. The request sometimes comes without much notice and requires rearrangement of plans by, and other inconveniences to, the Senator asked to occupy the Chair.

The Committee considered whether, on the basis of the *Speaker of the Senate Act*, the Senate has the authority on its own to create the position of Deputy Speaker simply by a change in the *Rules of the Senate*. The evidence presented to the Committee revealed that the establishment of, and payment from public funds of remuneration for, the position of Deputy Speaker requires more than an amendment to the *Rules of the Senate*. It requires legislation.

The Committee, however, does not recommend legislation to establish the position of Deputy Speaker at this time. It believes that the problem can be met in another way.

Under section 3 of the *Speaker of the Senate Act*, the Senate has the authority "whenever the Senate is informed by the Clerk at the Table of the unavoidable absence of the Speaker" to "choose any senator to preside as the Speaker during such absence".

Two conditions, therefore, must exist before the law operates: (1) the unavoidable absence of the Speaker; and (2) the

giving to the Senate of information regarding such absence by the Clerk at the Table.

Once these conditions are met two rights (or powers) may be exercised: (1) the right of the Senate to choose any senator "to preside as the Speaker"; and (2) the right of the senator chosen to have and execute "all the powers, privileges and duties of Speaker, until the Speaker himself resumes the Chair or another Speaker is appointed by the Governor General".

The Committee is of the opinion that, if the Senate, in the above circumstances, can choose any senator "to preside as the Speaker" during the Speaker's absence, then it can choose the same senator each time. If the same senator can be chosen each time, then the Senate can at the beginning or during the course of a session, as a matter of convenience, exercise that right and make its choice known in advance of being informed of the Speaker's unavoidable absence. In other words, it becomes a matter of internal policy whether the Senate chooses a senator for such purpose once for each session or whether it chooses that same senator each time he or she is required to replace the Speaker.

The Senate could, for convenience, make its choice known in each session by way of a motion to that effect and the senator named in such a motion would then regularly replace the Speaker on a *pro tempore* basis. He or she would be in the same position as the Deputy Speaker of the House of Commons who, when the Speaker of the House is unavoidably absent, can only take the Chair after the Clerk at the Table has so informed the House. The difference would be that the senator chosen in advance to be "Speaker *pro tempore*" would not have the title of Deputy Speaker nor would he or she be entitled to remuneration. The Committee was informed and believes that many senators would consider it an honour to be so chosen and would be pleased to assume the added temporary duties involved without additional compensation.

Accordingly, the Committee recommends as follows:

(1) That for each session there be a senator to preside as "Speaker *pro tempore*", such senator to be chosen by the Senate through the adoption of a motion with effect as follows:

"Whenever the Senate during the course of the present session is informed by the Clerk at the Table of the unavoidable absence of the Speaker, the Honourable Senator (name of Senator), if present, shall preside as Speaker *pro tempore* during such absence."

(2) That rule 10 of the *Rules of the Senate* be amended to read as follows:

"10. Whenever the Senate is informed by the Clerk at the Table of the unavoidable absence of the Speaker, or of any senator designated in a motion of the Senate to preside as Speaker *pro tempore*, the Senate may choose any senator to preside as Speaker during such absence;

and such senator shall thereupon have and execute all the powers, privileges and duties of Speaker, until the Speaker, or the Speaker *pro tempore*, resumes the Chair, or another Speaker is appointed by the Governor General."

Respectfully submitted,

H. CARL GOLDENBERG,
Chairman.

THE SENATE

Tuesday, May 11, 1982

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

CANADA ELECTIONS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-58, to amend the Canada Elections Act.

Bill read first time.

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER—MESSAGE FROM COMMONS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to acquaint the Senate that the report of the Commissioner of Official Languages for the year ending December 31, 1981 has been referred to the Special Joint Committee on Official Languages.

THE LATE CHARLES A. CLARK

EXPRESSION OF SYMPATHY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on behalf of the government and honourable senators on this side of the house, I should like to express our condolences to the Right Honourable Joe Clark, his wife and family, on the death of his father.

[Translation]

Hon. Jacques Flynn (Leader of the Opposition): Needless to say, on this side of the house we also want to express our condolences to the Right Honourable Joe Clark and his family.

The Hon. the Speaker: Honourable senators, I shall see to it that the expressions of sympathy of the Senate on this occasion are forwarded.

[English]

CUSTOMS TARIFF

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE
PRESENTED AND PRINTED AS AN APPENDIX

Hon. Salter A. Hayden: Honourable senators, I have the honour to present the report of the Standing Senate Commit-

tee on Banking, Trade and Commerce to which was referred the subject matter of Bill C-90, to amend the Customs Tariff and to repeal certain acts in consequence thereof, and to ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix, p. 4067.)

Senator Hayden: Honourable senators, having regard to the fact that this is a subject-matter report and is not, as a matter of practice, adopted by the Senate, I should like to give a word of explanation of the bill, as I have done on previous occasions.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

● (2005)

Senator Hayden: Honourable senators, this bill implements a ways and means motion which was part of the material tabled by the Minister of Finance on November 12, 1981. It deals with two kinds of preferences—the negotiated preferences with New Zealand and the unilateral preferences given to developing countries. The bill contains an updating of the provisions of the Customs Tariff relating to New Zealand that give effect to the agreement on trade and economic co-operation between the Government of Canada and the Government of New Zealand dated September 25, 1981, which came into force on January 1, 1982.

The bill proposes to repeal the New Zealand Trade Agreement Act, 1932 and the New Zealand Trade Agreement Amendment Act, clauses 20 and 21. The bill confirms the existing tariff treatment, but deletes obsolete phrasing from the tariff which is based on the prior trade agreement.

The bill proposes, as well, changes to the general preferential tariff Schedule I, most of which were recommended by the Tariff Board in May 1981.

Clause 3 of the bill provides that the Governor in Council may designate any country, to which the general preferential tariff has been extended, to be a least developed developing country.

As honourable senators who are members of the committee will recall, that phrasing provoked considerable discussion among the members, and also among the officials of the department when they were before us, as to what is a least developed developing country. Most of us thought, or perhaps all of us thought, that there could be only one of that kind of animal, but, apparently, what is intended is that there may be a category into which a number of developing countries will

fall to a level that may be the lowest level of all the developing countries. This particular item that I am referring to deals with that, and since we do not appear to have the patience to try to rephrase the expression, as far as this report is concerned, there has been no objection taken to it, but I have added these words of explanation.

However, the result of this will be the removal of duties on goods covered by the general preferential tariff when imported from countries which are so designated. It is to be noted that a large number of products, including textiles and apparel products, are not subject to the general preferential tariff, and such products will not enjoy any exemption from duty.

Clause 4 of the bill contains a safeguard mechanism for Canadian manufacturers which will allow the Governor in Council to establish tariff rate quotas should the Tariff Board recommend such quotas and should the Minister of Finance and the Minister of Industry, Trade and Commerce agree with the Tariff Board's recommendations. As a result, there will be a limitation on the quantity of goods which can be imported under the general preferential tariff. Once the quantity is reached, the most favoured nation rate will apply which will subject the goods to a higher rate of duty. This is designed to provide relief for developing countries in cases where their products are causing difficulties for Canadian manufacturers, but at the same time will allow some trade to take place at lower rates of duty. This will allow developing countries to obtain greater export earnings on some exports to Canada.

It is also proposed that Tariff Item 47800-1 be introduced to authorize the Governor in Council to provide duty-free entry for products that are designed for disabled persons. This will include, for instance, removal of duties on selector controlled devices used by disabled people, and electronic devices to aid persons who have speech impediments. Duty-free entry is proposed for certain religious printed material and unexposed instant film for hospitals.

The bill also provides authority for the Governor in Council, on the recommendation of the Minister of Finance, to amend the Customs Tariff by striking out "any measurement expressed in Imperial measure" and substituting the metric equivalent therefor.

The subject of the metric equivalent is one that has occupied considerable space in the press recently. The state of the law has developed, as it concerns the Senate, since August 1977, when the bill governing conversion to the metric system of measurement was debated and passed by the Senate. At that time Senator Molgat moved second reading of the bill. That act would appear to give authority to Parliament to make provisions of the kind proposed in this bill, although it was the view of the committee that we would have a more flexible statute if the alternative Imperial measurements remained in the statute with the metric measurements, so as to more readily deal with countries which retain the Imperial measurement.

The report also deals with certain dental materials. Your committee had raised this issue last year in connection with an

[Senator Hayden.]

earlier bill, and the minister had undertaken to study it. Certain changes have been made. Duties have been lowered, and if it appears that the duty is causing an unduly high price for these dental amalgams in the home market, then the minister has undertaken to have another look at it. Subject to that, that is the substance of the study which the committee made of this bill.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to make a brief observation on this bill, because there is one feature that caught my eye when it was discussed in committee, and perhaps it should be dealt with specifically at this stage. It has to do with the list of countries which are regarded as being "least developed" and therefore entitled to special consideration with respect to their exports to Canada.

One would have thought that the idea behind this piece of legislation was to make sure that countries which were least developed—in the sense of being poverty stricken or lacking those assets, materials or resources to graduate from the least developed stage—would be the ones to which we would extend the best tariff consideration. I confess that that is a principle to which I do not object and which I thought was the substance of the bill; but, on inquiry, we discovered that the list of countries to be included in this category of "least developed" was strange, to say the least. Unfortunately, I do not have the complete list in front of me, but I well remember—and this might be of interest to the house—that Kuwait was described as being one of the least developed countries. I think it probable that Kuwait has the highest per capita income of any country in the world. How that country can be classified as least developed puzzles me. I found that Brazil was among the countries described as least developed. While Brazil is not in the same class as Kuwait, it is certainly regarded as a country that has made excellent progress and by most, I am sure, as being out of the least developed category. If I had before me the full list of countries which are included in this category I am sure I could point to a number that would cause eyebrows to be raised.

• (2010)

Hon. David Walker: What about Argentina?

Senator Roblin: I wish I could remember. It is certainly least developed, but not in a material sense. It is least developed in some other sense.

In any case, I want to tell the house that this provision in the bill which includes Kuwait and Brazil in the category of least developed countries seems to me to be highly questionable. When this bill reaches the stage where we look at it in a formal sense, there may be the opportunity to offer an expression of opinion and the advice that we amend that list to make it reflect what most people regard as the least developed countries in the world.

[Translation]

THE LATE GILLES VILLENEUVE

EXPRESSION OF SYMPATHY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(h), I move, seconded by the honourable Senator Flynn:

That the Honourable the Speaker of the Senate forward the most sincere condolences of the Senate of Canada to Mrs. Johanne Villeneuve and her children, to Mr. and Mrs. Séville Villeneuve, and to the members of their family in their grievous bereavement caused by the death of Gilles Villeneuve.

The Hon. the Speaker: Is leave granted, honourable senators?

Some Hon. Senators: Agreed.

Motion agreed to.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER REFERRED TO SPECIAL JOINT COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(e), I move:

That the report of the Commissioner of Official Languages for the calendar year 1981, tabled in the Senate on March 16, 1982, be referred to the Special Joint Committee on Official Languages; and

That a message be sent to the House of Commons to acquaint that house accordingly.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[English]

RESTAURANT OF PARLIAMENT

STANDING JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Hon. John M. Macdonald: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(i), I move:

That the name of the Honourable Senator Donahoe be added to the list of Senators serving on the Standing Joint Committee on the Restaurant of Parliament; and

That a message be sent to the House of Commons to acquaint that House accordingly.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

• (2015)

QUESTION PERIOD

[English]

THE SENATE

PRESENCE OF MINISTERS IN CHAMBER

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the Leader of the Government in the Senate will not be in attendance this evening, but his colleagues, Senator Argue, Minister of State for the Canadian Wheat Board, Senator Olson, Minister of State for Economic Development, and Senator Austin, Minister of State, as you will no doubt have noticed, are here.

Hon. Jacques Flynn (Leader of the Opposition): Has the Leader of the Government in the Senate no parliamentary secretary, as was suggested on a previous occasion?

Hon. W. M. Benidickson: He has a deputy, of course.

Senator Flynn: The deputy leader, of course, is not as loquacious as the leader himself, and so is not as much fun.

ECONOMIC DEVELOPMENT

MEGA-PROJECTS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, with Senator Olson here we can always use up at least an hour of our time in seeking replies to questions.

Tonight I want to tell Senator Olson that I have begun a study of the lists of mega-projects he provided last week. Those lists, of course, suggest many questions, all of which, however, I do not intend to put to him tonight. I will try just a few and see how he responds; then, tomorrow and on following days my colleagues on this side will no doubt be provoked to add more. I doubt, however, that we will be provided with appropriate answers. In any event, from a historical point of view, the record will ultimately speak for itself.

The minister gave us four lists of mega-projects. One is entitled, "Advanced Planning and Design Stage." Included under that heading is "Plains Upgrader, Saskatchewan." Is this well known to the minister?

Hon. H. A. Olson (Minister of State for Economic Development): Yes. I understand.

Senator Flynn: What assurance does the minister have that this project will proceed, and in what time frame?

Senator Olson: Honourable senators, as Senator Flynn has already pointed out, as he always does—he gives all the facts and nothing but the facts—this project is in an advanced planning and design stage. A number of other projects are in that stage, too, but my honourable friend will realize that there have been some very significant changes, both in the

demand for and the price of crude oil. What this upgrader will do is to take heavy oil and upgrade it to a synthetic fuel that will be suitable for a lot of refineries in a wide spectrum of refining design across this country.

I am not sure that I can give my honourable friend an exact date on which everything is going to go ahead, any more than other people can when costs of investment, driven either by inflation, or time lags, or indeed, by price itself, cause people to consider timing, and that sort of thing, as is normal with most astute businessmen. I do not have with me tonight a detailed analysis of commitments from the people directly involved in making investments.

Senator Flynn: I suppose, if you were to translate that reply into a few words, you would say, "I have no assurance, and cannot reply to the question of time frame."

Senator Olson: I tried to give the honourable gentleman, as I am sure he realizes he deserves, an expanded explanation so that he would not be disappointed at not getting some information after all his efforts.

Senator Flynn: The minister causes me to remember that the wife of one of my friends used to say, "If he knows the answers to the question it will be very short; but if he makes a long reply it means he doesn't know the answer."

● (2020)

I have a supplementary question, to which I suppose I will get the same kind of answer. Would the minister explain why two of these mega-projects, the TQ&M Pipeline and the Norman Wells Development, appear on two lists, one entitled "Under Active Construction," and the other, "Hydrocarbons and Petrochemical Projects in the Planning Stage"?

Senator Olson: That is because there is validity to both of those replies. With respect to the Norman Wells Development, the actual construction of the pipeline itself is not under way at this point in time, but the necessary authority and commitments by the government are in place to the effect that that project will proceed to the construction phase, which is to take place, I believe, in the third quarter of 1983, although the date may not be exactly that precise. That much time was given in response to some requests that were made by a number of interested groups.

There are, of course, some other activities related to that project, such as drilling out sufficient capacity from a known oil field so that the pipeline capacity of 25,000 to 30,000 barrels a day will be available when the pipeline is completed. I think that the commitment to go forward with that mega-project is of a level such that already some work has indeed been done with respect to the preparation: Therefore, I expect that it can quite truthfully be said that certain preliminary stages are under way.

Turning for a moment to the TQ&M Pipeline, the "Q" part of that represents the section in Quebec, as my honourable friend is well aware. Although I would like to verify this, I believe that there are three pipeline laying spreads that are actually under way on certain sections of that pipeline. I

[Senator Olson.]

believe there is a river crossing under construction, for example, and that there are two other spreads actively working now.

You keep asking me about mega-projects that are going to go ahead and I have to keep reminding you that all of these things are, in fact, happening.

Senator Flynn: Yes, but slowly.

Hon. G. I. Smith: Some of them are not!

Senator Olson: There is another phase of the TQ&M Pipeline which involves some sections in the maritime provinces where the design and engineering have not been completed. That, I suppose, would fall into the category of planning.

I hope my honourable friend will ask me a question about the \$600 million mega-project that is going forward in the Beaufort Sea, because otherwise I may have to find some way of reminding him of that.

Senator Flynn: There will obviously be a question with regard to that, but I leave it to my friend, Senator Roblin. I cannot swallow more than I have heard now.

Hon. Duff Roblin (Deputy Leader of the Opposition): If my honourable friend, the Leader of the Opposition, has concluded his inquiries for the moment, I will ask a couple of questions supplementary to his.

I think it would be helpful if the minister who provided us with this list of mega-projects were to withdraw it in order to revise it or, at least, explain it, because there are some items in it that certainly require an explanation.

Senator Olson: I could start at the top and explain each one, if you like.

Senator Roblin: One of the things that bothers me is that the Hibernia Oil Development appears on this list twice. Are we to add those together or does that constitute double counting?

Senator Olson: There are no totals taken of this list. As you know, it adds up to many billions of dollars. We are not trying to add things twice in order to arrive at a larger total, but if a mega-project falls into more than one category, such as "Under Active Construction" and "Advanced Planning and Design Stage" or whatever, in fairness, and in the precision and accuracy that we attempt to give, it should be placed in more than one category.

Senator Flynn: It is repetitious, as usual.

Senator Roblin: I agree with the minister; it is perfectly fair to count them twice and he has done that with great efficiency.

Senator Olson: No, I did not say that.

Senator Roblin: If the minister has not counted these projects twice, perhaps he could revise the list for us so that we may better understand what he is trying to tell us. For example, Heavy Fuel Oil Upgraders appears on this list no less than four times, I believe. Are these separate projects? If so, which ones are they? I think they should be detailed for us.

Perhaps the minister would look at some of these other items as well. He has the Dempster gas pipeline here. He also

has the Alaska Highway gas pipeline on the list, but I hesitate to mention that, because I am sure that the minister has forgotten about that. If the Alaska Highway gas pipeline is not going to go forward, does the minister seriously suggest that the Dempster gas pipeline will go ahead? If that is so, it certainly seems to me that he owes us an explanation.

● (2025)

He also has on the list the polar gas pipeline. Is there anyone in Canada who thinks that the Polar gas pipeline is going to go ahead during the life of this Parliament or the next?

Senator Smith: Or the life of this government.

Senator Roblin: The life of this government may be much shorter than that.

Senator Olson: You have to use foresight and imagination. These mega-projects go beyond the year 2000.

Senator Flynn: Imagination, yes!

Senator Roblin: I pay my respects to the minister; he has enough imagination for two people. You will understand what I am saying after you have read this list of mega-projects.

He also has export of liquid natural gas to Japan, when we have not even received a National Energy Board declaration that there is enough conventional gas to export to the United States in excess of current authorizations, to say nothing of the finds in the north, which are far from being quantified in terms of appreciation of supply by the National Energy Board.

He also has the Suncor expansion program on this list. When does he think that is coming on? Is that scheduled in the near future?

Senator Olson: There has been planning done on that.

Senator Roblin: He is right, there has been a great deal of planning done. There was a great deal of planning done for the Alaska Highway gas pipeline; there was a great deal of planning done for Cold Lake. Cold Lake is still on this list, by the way.

An Hon. Senator: Oh, no!

Senator Roblin: Oh, yes, Cold Lake is here, as well as the Alsands project. All these other mega-projects, if not figments of the imagination, are certainly so far into the future that they are quite useless in providing any real guidance for tracing the economic course of this country within the next short while, at any rate.

So, I say to my honourable friend that this list may have some merit. I am not one to say that there are not going to be many projects of value and of use to this country put into place in these fields in the next few years. I am sure that there are. I am betting that there are.

Senator Smith: In spite of the government.

Senator Roblin: This government will not be around much longer.

So, I say to the minister: Would you please help us out? Would you please revise this list? Would you give us some idea of the time frames? Would you give us an idea as to which are

duplications and which are not? Would you give us some up-to-date material so that we can form a true appreciation of the extent of the individual projects and the time factors attached to them?

If we had that, I think it might be of some assistance to those of us who want to consider government policy with respect to mega-projects. If the minister will not do that for us, then this information is not very helpful.

Senator Olson: Honourable senators, I am just amazed at the attitude taken by the opposition. I provided that list to my honourable friends in the form in which they asked for it. They asked for a list with respect to mega-projects. They know—and I know that they will not even try to deny this—that the major projects task force set themselves the task of looking at projects defined as being projects over \$100 million between now and the year 2000. That is exactly what they did.

I have given that to the members of the opposition. As well, I have added those projects that we know will go ahead, and one example is the major expansion of the railway capacity in western Canada.

Senator Flynn: Double tracking.

Senator Olson: That, by the way, will cost approximately 130 times the minimum definition of a mega-project. If my honourable friend the Leader of the Opposition wants to be fair, and I know that he does, he should regard that as being 130 mega-projects, according to the definition.

Another amazing thing is that Senator Roblin acts as though the Alaska Highway gas pipeline has been cancelled. He knows that nothing could be further from the truth. There is simply a soft gas market in the United States at the moment, so the companies want time so that they can sign the gas contracts when it is to their advantage, and in an era when it is more economical for them to do so. He also knows that it is necessary to have these contracts signed prior to the final details of this massive financing program being worked out. He knows that they must be in place before the final details of this massive financing program can be put together. As a matter of fact, he probably also knows that there will be somewhere in the neighbourhood of \$300 million to \$400 million spent this year on the eastern leg of the Alaska Highway gas pipeline.

● (2030)

The honourable senator suggests that it has been cancelled and asks why it is on the list. Two or three times as many dollars are being spent this year in order that it may qualify as a mega-project. The balance of the massive part of the 56-inch line from Caroline, Alberta, to the Yukon and Alaska border is not cancelled and will, very likely, be completed in this decade and, certainly, within the time frame in respect of which the senator was asking for a list of mega-projects.

Honourable senators, my answer is probably a little longer than those opposite like.

Senator Flynn: It's not much longer than those you usually give.

Senator Olson: Senator Roblin asks if I will come back with another list which will include a more precise time frame as to when they will start, be completed, and so on. The problem with that, of course, is that he is now asking for my opinion.

Senator Smith: You have not given it yet.

Senator Olson: He is asking me to give an estimate as to when the mega-projects will be going forward, and the details I gave are based on facts. A lot of work has already been done by a number of companies in the private sector, and they carried that information not only to the government but to the task force that studied mega-projects. That information is included in the compilation of the information before you.

If that is not what the honourable senator wants, then I can do it some other way, but I am not going to fall into the trap—

Senator Smith: You are always falling into the trap.

Senator Olson: —of coming forward with my opinion based on someone else's decision as to when all of these will go forward.

I should like to suggest to the party opposite, and its spokesman, in this case Senator Roblin, that they need a little more imagination than they have displayed now.

The government and private sector, especially in projects of this size, need some forward planning and consideration for many reasons such as market conditions, design, engineering, financing and all those sorts of matters. It seems to me that those opposite should lift their sights a little and look into the future, as we are doing. They will then generate the kind of optimism that we have in Canada, and that could well permeate that party for a while too.

Senator Roblin: My honourable friend has given us some excellent advice. He says that we should look forward into the future. How I wish he had had that thought in his mind when he and his colleagues looked forward into the future when the National Energy Program was put together; how I wish he had had that thought in his mind when he brought in a tax régime that made it impossible to proceed with many of the energy projects he is talking about; how I wish there had been a little foresight when those enthusiastic amateurs over there started to fiddle with the energy industry in Canada. That would have been of service to the country.

If my honourable friend has learned something from that and now wishes to look into the future, I wish him well. However, when he tells me that the Alaska Highway gas pipeline has not been abandoned and says that the proof of that is that the eastern and western legs are going forward, and I know about that—

Senator Olson: There is far more to it than that. If I had wanted to take longer, I could have laid it all out.

Senator Roblin: My honourable friend can lay it all out because, whatever he may say, the connection of supply between Alaska and the lower 48 states is not going ahead at the present time.

Furthermore, he might very well explain to us why our ambassador to Washington has said that the deal will have to

[Senator Flynn.]

be re-negotiated. Mr. Allan Gottlieb has said that the agreement with the two countries on building the 7,700-kilometre pipeline will now have to be re-negotiated and that Parliament will probably have to re-authorize the construction of the line. If that does not mean it has reached a pretty serious patch, I would like to know what it does mean.

I should like the minister to answer a question which he ducked the other day in connection with a letter sent by the Secretary of State for External Affairs to the Secretary of State of the United States, Alexander Haig, in which there was an implied threat as to what Canada would do if the pipeline did not go ahead. Is this what he was talking about? Was he going to tell the Americans that the deal was off; that we were going to re-negotiate; and that it would have to go back to Parliament? In fact, I think the wording of the present law may indicate that it has to go back to Parliament, but that can be looked into at a later date.

If my honourable friend wants to talk about mega-projects, then I certainly invite him to do so. I invite him to relate the failure of Cold Lake, the failure of Alsands, the failure of the Alaska Highway gas pipeline, and the failure of Judy Creek.

Senator Olson: That is the wrong terminology.

Senator Roblin: It has failed as of this moment. Can my honourable friend tell me that it is going ahead? He cannot; he can only say that it may go ahead.

Senator Olson: Does my honourable friend want to stop long enough in order to get a reply?

Senator Roblin: My honourable friend favoured me with a reasonably long reply, and I am going to favour him with a reasonably long question.

Hon. Royce Frith (Deputy Leader of the Government): Unreasonably long.

Senator Roblin: That is your opinion and you are entitled to it, but I am not going to endorse it.

Senator Smith: Even if it is wrong.

Senator Roblin: I would not endorse it if it were right or wrong because it is his opinion and not mine.

I want the honourable minister to face up to the fact that we have missed the boat in using energy to boost the Canadian economy. He thought he was going to do it when he wrote *Economic Development for Canada in the 1980's*, which was contained in the last budget papers.

I should like him to relate the forecasts that were made at that time of energy being the motive force of the Canadian economy, and the very unsatisfactory and unhappy situation in which my honourable friend finds himself at the present time.

Senator Olson: Honourable senators, I will be brief. I do not believe that two wrongs make a right. Ambassador Gottlieb has said that the article contained in the *New York Times* was full of errors of fact and misinterpreted Canadian policy, which will be evident to any Canadian and most Americans who read that article.

Senator Frith: That's what makes it attractive.

Senator Olson: As Senator Frith has said, that is what makes it attractive to members of the opposition.

Senator Flynn: Be careful if you are being coached by Senator Frith. You may shorten your answers to come to grips with the facts.

Senator Olson: In response to the other part of the preamble that had at least an element of an inquiry for information, it is my information that the sponsoring companies, that is Foot-hills in Canada and the consortium in the United States for both the lower 48 section as well as the Alaska section, are continuing to contribute, to the tune of scores of millions of dollars per year, towards the preparation of the building of that line. I am not sure there is anything that can speak louder than that kind of continued support for the building of the pipeline.

Hon. Richard A. Donahoe: Honourable senators, I have listened with great interest to the minister outline the mega-projects which he says are to be the cornerstone on which the prosperity of this country is to be re-built.

Senator Olson: Honourable senators, I did not say that at all.

Senator Donahoe: I did not wish to imply that those were his exact words, but if that is not his meaning, then his recitation of the meaning of mega-projects that he listed is meaningless.

Senator Smith: Such imagination.

Senator Donahoe: I understood my honourable friend to say that; at least that was the sense which I took, inasmuch as there was any sense, from what the minister had to say. I noted one striking omission from the list of mega-projects, and I rise to my feet to ask a supplementary question, which is: Did the minister intentionally avoid any reference to the Guysborough Railway, or can he now give us a status report on that mega-undertaking?

Senator Olson: Honourable senators, I will have to take that question as notice since I do not have a detailed or updated report with me.

Senator Roblin: How did you miss it?

Senator Smith: The honourable gentleman has entertained us with his very fancy flights of imagination, and they have distracted his attention from the problems of the future and, no doubt, he hopes they will distract ours.

However, I would ask him to come back now to some of the hard facts of life if he can bring himself down to the level of facts. I would remind him that the official unemployment statistics last week indicate that there are 1.5 million unemployed people in this country.

Can the honourable gentleman connect his flights of imagination about mega-projects before the year 2000 with the daily needs of these people and their opportunities for jobs? I would be glad to have him do it now. How does he connect those two things?

Senator Olson: Honourable senators, I want to reply to the preamble to the question.

Senator Smith: No, no.

Senator Olson: If the preamble has no meaning and the honourable senator does not want me to deal with it, he should not have included it.

Senator Smith: I included it because it is true.

Senator Olson: He can have it one way or the other. I would tell my honourable friend and Senator Donahoe that it is not a matter of downgrading for me to come down to the facts of life, because I live there all the time.

Senator Smith: What a change.

Senator Roblin: Like the mega-projects?

● (2040)

Senator Olson: When questioned, I have said over and over again in this chamber and at various meetings that, in my opinion, the so-called mega-projects—the ones that are known or are on the list—will amount to approximately 20 to 25 per cent of the total capital investment that will be required and will be made in this country between now and the year 2000. In aggregate, a number of massive investments is required in this country. How either Senator Smith or Senator Donahoe—and the Leader of the Opposition does it every once in a while too—can accuse me, and at the same time keep a straight face, of hanging our hat on the mega-projects as the main thrust of economic development in this country is beyond me. I have said exactly the opposite. The arguments that we have presented in a number of papers say exactly the opposite. If they want to go down that road, I guess that is up to them, but I have to tell them, over and over again, that I am going to correct them when they make that erroneous statement.

Regarding the rate of unemployment, that is an extremely serious matter.

Senator Smith: Yes, it is.

Senator Olson: We have not attempted, in any way, to mislead the opposition, or the people who are suffering as a consequence of unemployment, to the effect that a number of these mega-projects, which will obviously not get under way for several months and in some cases for several years, should be construed as an immediate remedy for the very serious economic and social problems—

Senator Flynn: It's about time you made that clear.

Senator Olson: —that stem from today's unemployment. No one needs to spend a lot of time on that, and I do not think it is particularly helpful for the opposition—

Senator Smith: It's not helpful to him.

Senator Olson: —to constantly play that old record because—

Senator Flynn: It's your old record.

Senator Olson: —we look to the future, bearing in mind the social and economic hardships that are being experienced as a consequence of the international economic downturn. I will not apologize for my colleagues and I having some vision in

looking towards proper consideration, which includes things I mentioned a minute ago—planning, designing, engineering, financing and market conditions—for all of the great things that are going to go on in this country between now and the end of the century.

Senator Smith: Honourable senators, I have no doubt that, as soon as the public has a chance to change the government of this country and some other government takes office, some of those things will come about, but right now the people who have responsibility for this have responsibility not only for these flights of imagination as to what will happen before the year 2000 but also for dealing with those people who are out of work and are hungry today. What will a mega-project that matures in the year 2000 have to do with that? It is time the honourable gentleman quit fooling himself. He is not fooling anybody else, so why should he continue to worry about fooling himself as to the great importance to today of these mega-projects for the year 2000, and not decide to change the present policy or institute some other policy that will help to ameliorate the problems of the million and a quarter people who are out of work today because of the policies of this government, which we have been telling him about now for years and which he pays no attention to but which pretty soon he will have to pay attention to, or he will not be around to pay attention to anything.

Senator Olson: Honourable senators, there is a rather simple and brief answer—

Senator Smith: Any answer you give will be simple.

Senator Olson: —to both those questions. They are so simple that my honourable friend should have known them before he asked the questions. Apparently, he does not; otherwise I presume he would not have asked them.

Senator Smith: Don't worry; I know them.

Senator Olson: In the first place, insofar as making some change is concerned, the people of Canada had a chance and they did that in May of 1979.

Senator Flynn: They made a big mistake.

Senator Olson: It took them only until February of 1980 to realize what a very serious mistake they had made, and they remedied it.

Senator Smith: On a falsehood.

Senator Roblin: Make the most of it.

Senator Olson: Well, you can call it what you like.

Senator Smith: Call it like it is.

Senator Olson: When people go to the polls, that is not a false situation; that is what they want to happen at that time.

Senator Smith: It didn't happen.

Senator Olson: We accept that for May 1979, and you might as well accept it—

Senator Smith: It didn't happen.

Senator Olson: —for what happened in February 1980, too.

[Senator Olson.]

Senator Flynn: You went under false pretenses.

Senator Smith: Honourable senators, I note the careful attention the honourable gentleman paid to answering my question, and what a great amount of encouragement and relief there must now be welling up in the heart of every unemployed person.

THE ECONOMY

GOVERNMENT POLICY

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development which I think will elicit a "yes" or "no" response.

Hon. Jacques Flynn (Leader of the Opposition): Oh, gee whiz!

Hon. Duff Roblin (Deputy Leader of the Opposition): Careful now!

Senator Murray: Was the speech delivered yesterday by the Minister of Finance at the OECD meeting intended to reflect any change in the economic policy or priorities of the government?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Minister of Finance, of course, can give a more detailed answer himself when he—

Hon. G. I. Smith: Well, he's not here.

Senator Olson: He'll be back before long. The Minister of Finance indicated in very clear and precise terms that Canada wants a major focus to deal with the unemployment problems—

Senator Flynn: It's about time.

Senator Olson: —that are a result of the monetary and fiscal policies of a number of nations in the western world. If my honourable friends knew that and had read some of the articles that are reasonably accurate before they came in for Question Period today, then, of course, they were seeking answers to questions they already knew the answers to. In any event, I should like to re-emphasize for them, in case they missed it, that the Minister of Finance is extremely concerned about the hardship and other social and economic problems resulting from this international slump or downturn in the economy, and Canada would like to play its part in remedying that as soon as possible, with a higher level of emphasis on the unemployed than has been the case in dealing with inflation and all of the undesirable consequences like high interest rates that stem from that.

Senator Murray: Does this represent a change in the economic policy or priorities of the Government of Canada?

Senator Olson: Honourable senators, I guess Senator Murray can decide what—

Senator Murray: No, Senator Murray cannot decide.

Senator Olson: —definition he wants to give it.

Senator Murray: The minister is supposed to tell us.

Senator Olson: He can read what the Minister of Finance has said. It may not be completely accurate or complete, but it may be fairly close, and he can decide if there is a change.

Senator Murray: That is an irresponsible answer.

Senator Olson: What the Minister of Finance has said is that he wants to raise the concern about unemployment and the consequences of it, and it ought to be self-evident to my honourable friend that there may be some shift—

Senator Flynn: He hasn't replied to the question.

Senator Olson: —in the emphasis on what needs to be attended to because of the secondary and consequential problems.

Senator Murray: If, as the Minister of State for Economic Development states, it was the hope and intention of his colleague to raise the concern for unemployment, is it now the position of the government that they have shown inadequate concern for unemployment to this point?

Senator Olson: Honourable senators, Senator Murray misses a lot of things. For example, the Minister of Finance gave a detailed explanation to anyone who wanted to read either *Hansard* of the other place or the record of wherever he made these speeches. For example, he made a good speech in New York and he made several other excellent speeches explaining that in great detail. He has contended—and I am sure that even Senator Murray, in his quieter, more reflective moments, would agree—that inflation going at the pace it is, and the costs of production and interest rates, all of which are intertwined, related consequences of this, represent one potential cause of more severe unemployment down the road. The root cause of all of this is one that the minister is concerned about, and he has continually made a very clear explanation of the interrelation and the consequences.

Senator Murray: Finally, may I ask the minister whether this raising of concern for unemployment, which he has just heralded, is to be reflected in a new set of policies or amended policies, or a new budget? How is this raised concern going to be translated into action by the government?

• (2050)

Senator Olson: Honourable senators, the Minister of Finance has raised that as a higher priority, and perhaps a suggestion that there may be some action the western countries, in their fiscal, monetary and other policies, can take to accelerate the remedial action that should be taken to relieve the hardship that has accompanied the high level of unemployment.

The honourable senator's next question was whether there was going to be a new budget; but he knows as well as I do that whenever there is a new budget, whether it is going to be in September, October or November—

Senator Smith: Or never.

Senator Olson: —is something that will be announced by the Minister of Finance, and only by the Minister of Finance.

Senator Murray: In speaking to the other western countries about what the western countries should do, the Minister of Finance can urge various courses of action upon them. He can, however, speak only for the Government of Canada. Are we to assume, therefore, that this raised concern is going to be translated into action by a new set of policies, or modifications of existing policies, and, if so, when?

Senator Olson: My honourable friend can take it that the Minister of Finance has demonstrated a high concern for the unemployment situation. Now he is stating it more directly, and the honourable senator can also be assured that the Minister of Finance will be in the forefront of having an ongoing concern and review of policies that will relieve it to the greatest possible extent.

Senator Smith: As a supplementary, I should like to ask the minister when and how this great concern of the Minister of Finance has been demonstrated with respect to unemployment—

Senator Flynn: In words.

Senator Smith: —and whether his expression of concern yesterday to other nations about what they should do is merely an attempt to make Canadians think it is someone else's fault, or whether it indicates that he is going to try to do something himself to help affairs in Canada, and not beg other countries to give him a hand when he is not doing anything himself.

Senator Olson: That is the most contradictory preamble to a question I have ever heard. I have never heard the honourable senator argue both sides of such a major question in one sentence in such a way that he did not have to take one breath while he said it.

Senator Smith: Because it is apparent to everyone, that's why. Give us an answer.

Senator Olson: The Minister of Finance has stated clearly over past months—it is partly a repetition of the reply I gave to Senator Murray—that one of the causes of some degree—not all of it, but some degree—of the unemployment in this country is the cost of production based on our losing the productivity and our competitive position with other countries. It is therefore necessary, if we are going to shorten the period until we get back into that competitive position, to bring our inflation rate, interest rates, and other costs down to a competitive position.

Honourable senators, I do not believe that we should go any further with this subject during Question Period. We should have a full-scale debate on it, and honourable senators could then take the speech that I would be prepared to make, together with the speeches of my other colleagues, and, if they did not understand it the first time, they could take it back to their offices and read it over several times until they understood it.

I would suggest to the honourable senator that there is a change in emphasis. What is pointed out is that Canada is doing its share. However, we know that if we are going to be in the business of trading with other nations and having a free

flow of capital, unless we are prepared to insulate ourselves from all of that, then Canada, as a responsible member of that group of countries, should try to get them to work along and help ease the situation.

The honourable senator focused on some of the main problems that are keeping capital investment and related matters at an unacceptably high level to the private sector.

Senator Smith: As a preliminary to a supplementary, I can well understand that the honourable gentleman does not want to continue to pursue this subject, because he is continually demonstrating that he knows nothing about it, and his inability to defend the government on this indefensible position is becoming recognizable to everyone. Therefore, I do not wonder that the honourable gentleman wishes to end the debate.

Hon. D. G. Steuart: What is the question?

Senator Smith: We will deal with the question. If the honourable gentleman has any questions to ask, let him ask them.

Senator Steuart: What are you talking about?

Senator Smith: I would not expect the honourable senator to understand it, anyway, and if he does not understand it he cannot understand my honourable friend either; so he should not get so noisy, unless he has something to contribute.

We have heard the minister say that Canada is having some difficulty because of a certain lack of productivity. He cannot deny that; he has just said it. I now ask him: Whose governmental policies have been in effect during all but approximately nine or ten months during the past 20 years when that loss of productivity has occurred, and what policies have contributed to that lack of productivity, if it exists? And I do not agree that it does. If it does, then under whose policies did it grow, and what policies has the present government implemented to improve that situation?

Senator Olson: Honourable senators, it is easy to answer that question. My honourable friend has a particularly well-developed talent to leave out those parts that he wishes to leave out. I said that productivity and the relationship of our competitive position in international markets is important—and it is a fact; it is not my opinion. The fact is that in some respects Canada has not done as well, for example, in bringing down inflation and our competitive costs, as some of our trading partners, particularly the United States. Yet, at the same time, when we bring out a budget, and a major thrust of that budget is to try to come to grips with the inflationary problem and the capital costs that are so difficult, we hear, of course, a never-ending chorus of complaints. The answer is self-evident. A great deal has been done, and it is not always so palatable to deal with those very difficult problems.

Senator Smith: The honourable gentleman has successfully evaded answering any question we have asked him tonight, and he has done so with a large number of long and evasive speeches which have simply contributed to the growing belief—in fact, it is now an accepted belief almost everywhere—that the government has no defence. The honourable

gentleman is a very poor person to try to defend it, because he does not even believe in what it is doing.

Senator Olson: I totally disagree with that summary.

CANADA-UNITED STATES RELATIONS

THIRD REPORT OF FOREIGN AFFAIRS COMMITTEE

Hon. Richard A. Donahoe: Honourable senators, after the exercise in futility that we have had in connection with replies, I would like to direct a question to the chairman of a committee of this house. It is one which should have been directed to him at a much earlier stage, but this is my first opportunity to direct it—not because I have not been here but because the person to whom it is directed has not been here; and I am delighted to see him present tonight.

My question to Senator van Roggen is whether the section in the recent third report of the Foreign Affairs Committee study on Canada-United States relations was hastily rejected by the Prime Minister and the Minister of Industry, Trade and Commerce because of the statement contained in the report that:

—Canadian industrial development policies are not only failing to achieve a restructuring of industry in this country, but they are also causing Canada to become a target for the U.S.—

Hon. George van Roggen: Honourable senators, while I understand it is perfectly proper during Question Period to ask a question of a chairman of a committee, I believe such questions should be confined to the activities of the committee itself. I am not familiar with the quotations to which the honourable senator is referring, but I do not think they relate to the activities of the committee.

• (2100)

Senator Donahoe: I am not surprised that the honourable senator is not familiar with the quotations I used, though I extracted them exactly from the report he prepared himself, but I am surprised that he would plead ignorance of them. The senator need not stand, because he knows that he said that he was not familiar with the quotations. I am telling him the source of the quotations, and I will give him another one. Despite the initial rejection of the report, does the senator propose to continue to impress upon the government that:

—measures to strengthen the position of industry are not generally having the desired effect of stimulating the growth and competitiveness of the manufacturing sector.

Senator van Roggen: Honourable senators, if I may deal specifically with the honourable senator's remark about my not understanding the quotation from the committee report, I recognize the quotation completely. However, the honourable senator's remarks prior to that quotation involved quotations made by other people commenting on the report of the committee, and those are the quotations to which I referred. The report of the committee speaks for itself, and I would be very pleased to have the honourable senator quote from it at any time.

[Senator Olson.]

Senator Donahoe: Honourable senators, perhaps I should not say anything further, but I shall conclude simply by saying that I made no reference whatever to anything said by any other person on the quality of the report. I referred solely and simply to the action taken by certain individuals as a result of the report.

Hon. G. I. Smith: We know his memory is bad.

ECONOMIC DEVELOPMENT

TQ&M PIPELINE—COMPLETION DATE

Hon. Robert Muir: Honourable senators, I should like to pose a question to the Minister of State for Economic Development and Mega-Projects 2000.

Hon. G. I. Smith: Oh, not him.

Senator Muir: In response to questions posed earlier by some other honourable senators regarding the Trans-Quebec and Maritimes pipeline, I believe that the minister said, to paraphrase his comments from my notes—and I hope I am not paraphrasing him wrongly—that some of the work was under way now, that in the Atlantic provinces there was no actual work under way, that the development of the pipeline with regard to that area was possibly still at the planning and drafting stages. Will the Minister advise this house when the planning and drafting stages of this mega-project with regard to the Atlantic region will be completed? Will it be some weeks, months, or years?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I reported to the Senate on this matter some days ago. I am not sure whether it was in response to a question asked by Senator Muir or by Senator Smith, but it was with regard to the projected dates for certain phases of the Trans-Quebec and Maritimes pipeline. However, if there is an update available, I shall bring it to the chamber, but I think my last reply is only about six weeks old.

Senator Muir: Honourable senators, I quite realize that it was either Senator Smith or myself, but since the minister brings in different answers to so many questions on so many different occasions, it does not hurt to repeat the question to see what he will come up with next.

NOVA SCOTIA

SYDNEY STEEL CORPORATION—INELIGIBILITY OF LAID-OFF EMPLOYEES FOR UNEMPLOYMENT INSURANCE BENEFITS

Hon. Robert Muir: In any event, I have another question for the minister in charge of “mega-mouth”—I mean, the minister in charge of economic development. Bearing in mind the minister’s response to Senator Murray, that his heart is bleeding and, as Bobby Burns would say, he is “greetin’” for the unemployment and for how terrible things are, what does the minister intend to do about the situation with regard to the Sydney Steel employees. As he is well aware, there has been a strike, a settlement and the employees have voted to return to work. A great number of these employees, and I am not sure

how many, though it is close to 1,500 to 2,000, will be laid off. Unfortunately, when these people apply for unemployment insurance benefits, due to some small technicality involving certain bureaucrats, they are being told they do not qualify.

I ask the honourable gentleman—as brilliant as he is, I do not expect him to have all the information pertaining to this matter at hand; it only came to my attention this evening—to check into the matter and to enquire as to why this situation exists. I am told that the matter involves some slight technicality which involves the fact that the employees were on strike, voted to go back to work but were unable to go back to work because in the interim Sydney Steel Corporation had received no more orders and, therefore, could not carry the men on the work force. So would the minister be good enough to inquire and ascertain how soon these men and women may qualify for their unemployment insurance benefits?

Hon. H. A. Olson (Minister of State for Economic Development): I shall take the question as notice and try to determine what the honourable senator calls “a small technicality”. I do not accept that the situation involves a small technicality, but an inquiry shall go forward.

Senator Muir: I thank the minister for his kind response. Of course, he does not accept anything because he always wants to lecture on something of that nature, although tonight he has been brief with me compared to the replies he gives to most senators. I am not begging or asking him to accept what I said. I was given that information and, considering the source from whence it came, it appears to me to be sincere, trustworthy and honest. If it is a lie—

Senator Olson: It must be.

Senator Muir: —then someone is lying to me. I hope the honourable gentleman is not suggesting that I am lying.

Senator Olson: Oh, no.

Senator Muir: I hope that he will look into the matter and ascertain just how soon these people will receive their benefits. They are hungry, they need work and they need their unemployment insurance benefits.

SYDNEY STEEL CORPORATION—QUALITY OF PRODUCT—ALLEGED COMMENTS BY MINISTER OF TRANSPORT

Hon. Robert Muir: I have another question for the minister. Would he ascertain why the Minister of Transport of this country is parading around stating that rails produced by Sydney Steel Corporation are of inferior quality.

Hon. Royce Frith (Deputy Leader of the Government): Oh, oh.

Senator Muir: The deputy leader should not be trying to help the minister here.

Senator Frith: Why not? Is there something in the rules against it?

Hon. Duff Roblin (Deputy Leader of the Opposition): He needs your help; give him a hand.

Senator Muir: The minister usually has all of the answers and I am sure he will have the answer to this question. The Minister of Transport has stated that the steel rails manufactured in the steel mill are of inferior quality and that, therefore, Canadian National Railways will not purchase them and has gone outside Canada to give work to people in other countries as opposed to Canadians.

If the honourable senator will check the records of the many committees of the other place, and the statements made by ministers in the other place over a period of many years, he will see that they have always stated that the rails produced in the Sydney steel mill were the best produced anywhere. They have been shipped to Korea and Mexico through the efforts of the Export Development Corporation with which the minister is very familiar and probably was involved in to some extent. The rails have been judged to be very good. But here we have free "advertising" by a minister who is stating that the rails are of inferior quality.

Hon. Lowell Murray: The minister is of inferior quality.

Senator Muir: If they are of inferior quality, will the minister ascertain why they are of inferior quality and what we can do to try to remedy the situation. There may be some problem, though I am not aware of it. Will the minister assure me that he will investigate the situation and ascertain what is the problem?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the first thing I shall do is ascertain what the Minister of Transport said, and whether it is exactly the same as the interpretation we have heard this evening. Thousands and hundreds of thousands of excellent rails—

Senator Muir: Would you like to check on some of the news reports concerning the minister?

Senator Olson: I shall do that. Hundreds of thousands of tonnes of good, excellent rails have been produced by the mill. However, I think it is fair to say that recently there were some particularly special steel rails for a special purpose in the area west of Edmonton which were sent for a random check to the labs to determine certain quality factors, and it was found that the rails did not meet the specifications. I shall check the matter out and try to obtain a more detailed answer. However, I do not wish to discuss off the top of my head the various qualities that were looked for in the steel, because I am not that technically familiar with the background. But I shall obtain the information.

Senator Muir: I thank the honourable gentleman. Would he also ascertain whether the matter involves the 60-foot heavy duty rail and its metallurgical quality and whether, since this event, there have been any more orders taken. If there was a second order, will the minister determine whether the quality has improved, or are the powers that be just going to say, "No, from now on there will be no more steel rails ordered from Sysco for CN; we will buy them in Japan or some other country."

[Senator Roblin.]

• (2110)

Senator Olson: Honourable senators, that is overstating the case very severely. There is, of course, at least one other major supplier of steel rail in Canada that, as far as I know, is not at capacity of output, and it may be that it was necessary to place an order with that company. I am referring, of course, to Algoma.

I will check, and try to find an answer. I am sure, however, that the honourable senator's comments with regard to buying rail in Japan, or any other foreign country, are not valid.

Senator Muir: Are you saying that there were rail purchases by Canadian National Railways outside Canada?

Senator Olson: Honourable senators, what I said was that I would check into it, but that there was another Canadian supplier.

Senator Muir: Thank you. I know there is steel rail made in Canada besides what is made in Sydney, Nova Scotia. I do happen to know that. Can the honourable the minister tell me if the rail that would have been purchased from Sysco was purchased from Algoma?

Senator Olson: Honourable senators, I said I would check into it. I think it would be rather helpful if the honourable senator would give me the time to do so rather than, first of all, asking the question, asking me to check into it, and then proceeding to ask about all the little details before I get a reply to the inquiry I have already given an undertaking to make.

Senator Muir: I thank the honourable gentleman for his response. I should think that he would be most grateful to me for providing him with all the background possible, so that he can bring back a better answer.

Hon. G. I. Smith: May I ask a supplementary, honourable senators?

I heard the honourable minister say that he understood—I know he did not state the matter as a fact, but that he believes the situation to be so—that certain random tests had been made of the quality of the rails produced by Sysco, which were found not to measure up to certain standards. My supplementary is simply this: Were those standards the standards which were demanded of the rails when they were purchased, or were they alleged, if they were defective, to be defective in respect of some other factor aside from the specifications which were put forward when the rails were ordered?

Senator Olson: Honourable senators, I think I will wait before giving a detailed reply to that question. I have already had some briefing about this problem. We are very, very concerned about it.

What we are talking about in this case, of course, I think, is a change in specifications intended for some very severe surface areas where the weight is up to what I think they refer to as 136-pound or 138-pound steel. For this purpose they required a different alloy which would stand up under the pounding that the rail gets in those areas from unit trains rolling over it approximately every hour. Therefore, there were some requirements in existence.

I have already said more than I ought to, however, without the detail that I want to get. When I have that detail I will reply to my honourable friend.

Senator Smith: Honourable senators, I appreciate the honourable gentleman's caution about this matter, and if I were in his position I would be very cautious too. But I would like to know, as I am sure he would—I am just repeating my question, but I am trying to make it clear—whether the rails were deficient in respect of some specifications that were required when the order was given, or whether, after an order without specifications was given, the rails that had been manufactured were then tested and found to be not up to certain standards which they were then measured against.

If the honourable gentleman will permit me to give a word of explanation, he will perhaps recall that I have had something to do with this question over years past. I believe—and I suggest to him that it is true—that the people who are responsible for the design and content of Sydney rails are the equal of any in the world. They have earned that reputation against competition all over the world over a great many years. It therefore surprises me no end that some deficiency has been found.

I cannot help but wonder whether this deficiency was measured against—and I am saying it again, because I think it is vitally important—specifications that were put forward at the time the order was given, or whether they were measured against specifications that were put forward after the order was given and the rails were manufactured.

Senator Olson: Honourable senators, I think I understand the nuance in the question very well, and I will initiate an inquiry in order to get a reply to it.

Senator Smith: I thank the honourable gentleman.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, I know that the hour is late, but I have exercised a lot of patience up to this point.

My question is a very important and urgent one, and I must bring it to the attention of my leader so that in turn he may take it to cabinet as soon as possible. I am asking the deputy leader to bring the question to the attention of our leader.

My question refers to the Garrison dam. It seems to me that since Christmas my colleagues from Manitoba and I have kind of laid low, assuming that everything would be all right, since there would be representation from the Province of Manitoba and from the Department of External Affairs, and so on. This however, has turned out not to be the case, and that is why my question is so important.

I would like to read a quotation from the *Winnipeg Free Press*, as follows:

Construction of the \$1 billion Garrison irrigation project is more likely following a U.S. Court of Appeals

ruling striking down a lower court decision that until February had held the project in check.

The court ruled Friday that Congress does not have to reauthorize the Garrison Diversion Unit, an irrigation project Canadian officials fear would result in the introduction of undesirable aquatic life to Canada's rivers and lakes.

The judges ruled that Interior Department officials no longer are bound by an agreement formulated by the administration of former U.S. President Jimmy Carter that held the project in check for five years while environmental studies were being done. That agreement also said the project couldn't be completed until Congress voted to reauthorize it.

This is not the case.

The court didn't rule on the broader constitutional matter of whether Reagan administration officials could be held accountable under an agreement of a previous administration.

The Garrison dam project would affect all the pure water in our province. I would like to say that this matter is more than important, it is urgent. It is urgent that the cabinet act with regard to this situation and give us at least some assurance that this project will not proceed.

Senator Roblin and I and others have been getting up for some time now, showing our concern in this particular regard. I have no doubt that we ought to be getting an assurance that it will be delayed once and for all. If this cannot be achieved, at least the water flowing from the project should be diverted into the United States and not into Manitoba, Canada.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have some information on the decision of the U.S. Circuit Court of Appeals.

The court's decision allows further construction and releases approximately \$9 million previously appropriated for Garrison. Reports indicate that construction may begin this spring on the West Oakes irrigation test area in the James River basin. This would not affect waters flowing into Canada.

In a diplomatic note of February 5, 1974, the United States gave formal assurances that it will honour its obligation under the Boundary Waters Treaty not to pollute Canadian waters, and that no construction potentially affecting these waters will be undertaken until it is clear that this obligation will be met. United States authorities have regularly reiterated these assurances, most recently during bilateral consultation in February 1982. We are continuing to emphasize to the United States our opposition to any aspects of the Garrison project which could potentially affect Canadian interests.

• (2120)

I will draw Senator Guay's question and this information to the attention of Senator Perrault, as has been requested.

Senator Guay: I thank the honourable gentleman for that. The reason for my concern is that we get the same answer all the time. I appreciate that consultations have been going on

over many years, but it seems to me that the project is taking place in bits and pieces. Eventually, if you follow the course of the entire project, it seems that they will get that water. That is the reason for my concern with regard to any assurances we may get. I appreciate the information that has been given me but I am not yet satisfied. I still fear that the project will continue on the basis that has been outlined with regard to the \$9 million this year, and probably the same amount the following year.

Senator Frith: Honourable senators, I simply want to emphasize that I think it is quite clear from this information that, as Senator Guay is saying, there is good evidence that the project will be going ahead. However, as I understand it, the concern over this project has to do with the pollution of Canadian waters. According to our information, nothing has changed with regard to that aspect of the project. I realize, however, that the senator wants to have assurances about that aspect of the project, and I will draw his request to the attention of Senator Perrault.

PRIVATE BILL

THE ARMY, NAVY AND AIR FORCE VETERANS IN CANADA— SECOND READING

Hon. Jack Marshall moved the second reading of Bill S-25, respecting The Army, Navy and Air Force Veterans in Canada.

He said: Honourable senators, I have the pleasure and the honour to present Bill S-25, respecting the Army, Navy and Air Force Veterans in Canada, for second reading.

The bill is a simple one and seeks to amend the act of incorporation of the association known as The Army, Navy and Air Force Veterans in Canada. Its purpose is to broaden the conditions of eligibility for membership in the association in order that persons who support the purposes and objects of the association can become members. It also proposes to amend certain provisions relating to provincial commands, local units and ladies' auxiliaries. It seeks as well to effect other technical changes of a minor or incidental nature.

Honourable senators may remember that, in November of last year, a similar bill was presented by Senator Godfrey respecting the Royal Canadian Legion, which bill served roughly the same purpose.

I feel that I am fulfilling a duty and responsibility to this veterans' organization by putting on record some of the background of The Army, Navy and Air Force Veterans Association. Perhaps some Canadians think that there is only one organization representing veterans in Canada, that being the Royal Canadian Legion. There are, however, several such organizations and The Army, Navy and Air Force Veterans in Canada holds the proud distinction of being the oldest veterans' organization in the country.

Documentary evidence shows that the organization was in existence in 1840 under the title of "Army and Navy Veter-

ans," and it is reasonable to believe that units of the association were active before that date. Membership in the earliest units was recruited from the ranks of veterans of the War of 1812-14 and migrating veterans of the navy and Wellington's army. It is even possible to assume, therefore, that some form of this organization was in existence as early as 1812. The first actual record of the Army and Navy Veterans in Canada indicates its existence in the city of Montreal in 1840, and that date is arbitrarily accepted as the time of its founding.

Soldiers who served in various campaigns abroad, such as the India Mutiny of 1858, along with other battles back in those years, formed, through their achievements, a sense of comradeship born of dangers faced together. From this comradeship grew ever-increasing membership in the oldest of all Canadian veterans organizations.

As a matter of fact, during the South African War, Canada had in service nearly 9,000 men, probably half of whom served in South Africa, but most of whom comprised the bulk of the membership of the Army and Navy Veterans up to the time of World War I.

When the country was confronted by the grave crisis of August 1914, members of the Army and Navy Veterans in Canada of that day were foremost in volunteering their services and in aiding the authorities to recruit men for the first contingent. As an instance of this effort, reference was made to the history of the Princess Patricia's Canadian Light Infantry, which, as everyone is aware, was a famous regiment that served in the wars fought by Canada.

The activities of the association in World War II are of recent memory. Added to the numbers of those who served in the army and navy from the outbreak of hostilities to the eventual collapse of Germany and Japan was the very large contingent which fought in the RCAF. By act of Parliament passed in 1946, the name of the association was changed to The Army, Navy and Air Force Veterans in Canada.

Veterans of the Korean conflict and those who served in the Special Forces in peacekeeping missions have added to the membership of the association. As I understand it, there are now 40,000 members across Canada, and there are units in every province with the exception of Newfoundland, New Brunswick and Prince Edward Island. Of course, the fact that there are no units in Newfoundland won't be held against them.

The association belongs to the National Council of Veterans Associations of Canada, which is comprised of most of the leading veterans' organizations, and which organization makes representations to the government on behalf of all veterans, even those who do not belong to the association, of whom there are many, such as the National Prisoners of War, the War Amputees, the Hong Kong Veterans, the Jewish Veterans of Canada, and the Dieppe Veterans.

The association is also a member of the World Veterans Federation, which consists of veterans associations from every continent of the world, and has a total membership running into the millions. Among the principal aims of the federation

are: the establishment of permanent relations between associations of veterans, aid to veterans through the exchange of information on legislation and rehabilitation, and promotion of international peace and security through support of the United Nations Charter.

Honourable senators, it was an enlightening experience to have met with the officials of The Army, Navy and Air Force Veterans of Canada, who are unheralded but are indeed doing work equal to that done by the Royal Canadian Legion—perhaps in a more minor way, but certainly to the benefit of the veterans who belong to this organization.

Honourable senators, I reiterate that this is a simple bill but it means so much to The Army, Navy and Air Force Veterans. They will meet in convention this year around July 1. It is hoped, as the veterans grow older, that they will be able to continue to receive the benefits provided by those leaders who now serve that membership, and that those who will become members later will carry on the great work of this organization.

Honourable senators, if this bill receives second reading I shall move that it be referred to committee for further study.

Hon. Duff Roblin (Deputy Leader of the Opposition): Hear, hear.

Hon. John M. Godfrey: Honourable senators, as Senator Marshall has mentioned, I sponsored a similar bill with respect to the Royal Canadian Legion. I believe that I was the third sponsor of that particular bill. It had been started by Senator Connolly back in 1978 or 1979, and it was not passed. Under the Conservative regime, Senator Marshall sponsored the bill and again it was not passed. Finally, I sponsored it. I recall that at that time some objections were made, particularly from Nova Scotia, and Senator Macdonald was the main proponent of those objections. I was delighted tonight to hear that he seconded the motion of Senator Marshall. I know that he has examined this bill carefully and has no objection to it.

Honourable senators, I have examined the bill and all it really does is recognize the fact that veterans are getting older and that, if the association is to continue to exist, it must bring in new people. I think that if there are any objections or technicalities with respect to this bill, they should be raised in committee. Therefore, I support the bill and the suggestion that it be referred to committee.

● (2130)

Hon. John M. Macdonald: Honourable senators, I strenuously opposed a similar bill which came before the Senate respecting the Royal Canadian Legion. Let me say at the outset that the mere fact that I seconded Senator Marshall's motion in no way should be taken as an indication that I support this bill. I did that simply as a courtesy to him, which courtesy I would extend to any honourable senator wishing to have a seconder to a motion.

Hon. Royce Frith (Deputy Leader of the Government): That could be useful information.

Hon. Jacques Flynn (Leader of the Opposition): I doubt it.

Senator Macdonald: In any event, since I have strenuously opposed a similar bill respecting the Royal Canadian Legion, I wish to place on the record of today's proceedings my objection to this bill—at least, the main provision of this bill.

I have no connection with The Army, Navy and Air Force Veterans in Canada, but I do have a connection with the Royal Canadian Legion. I have been a member of the Royal Canadian Legion since 1945 and can say that that is the only organization to which I belong, apart from the Conservative Party of Canada and the Roman Catholic Church.

Hon. Lowell Murray: You do pick winners, don't you?

Senator Macdonald: I oppose this bill simply because we are in a period of transition as far as veterans are concerned. Veterans are growing older and their numbers are diminishing. Veterans organizations today are simply looking for people to take the place of veterans.

What I refer to as being the main provision of this bill is clause 2, subparagraph (a), which states:

unite fraternally persons who have served in Her Majesty's armed forces or any auxiliary force thereof or in the armed forces or any auxiliary force of any nation allied to the British Commonwealth of Nations engaged in an active combat zone—

Up to that point, the clause deals with veterans who have served in some way or another in combat or in the armed services in one form or another. However, they add the following words—and this was the same situation in the bill respecting the Royal Canadian Legion:

—and persons who support the purposes and objects of the Association—

With that wording, there is no need for the other wording. They can simply say:

unite fraternally persons who will support the purposes and objects of the Association.

With those words, it is no longer a veterans' organization. That wording simply gives the organization the power, the authority, to allow entry to persons who are not veterans and who have had no connection with veterans.

I also oppose this because there are no limitations on the membership, as was the case with the bill respecting the Royal Canadian Legion.

This does not say that membership should be confined to those who support the aims and objects of the association and who reside in Canada, or persons who are Canadian citizens, but allows any person in the world, possibly persons who were enemies in the last two wars, to simply say that they support the aims and objectives of the association and, therefore, should be allowed to take out membership in the association, and there probably are people foolish enough to let them. Former SS people could say that they support the association.

As I said, honourable senators, there are no limitations. I suppose one could say that persons who served with the enemy forces in the Japanese war and who fought in Hong Kong could say that they support the aims and objectives of the

association and, therefore, should be members. I believe that there should be some limitation.

If the bill would allow only those who had had some association with veterans, well and good; I can see that that may be necessary, but I do not think it is necessary to bring in any Tom, Dick, Harry or Mary into these associations simply because they say that they support the aims and objectives of the association. There should be a restriction that they at least reside in Canada.

The title of this bill is:

An Act to incorporate The Army, Navy, and Air Force Veterans in Canada.

Further on the bill states that any person who lives anywhere in the world can be a member of the association.

For these and other reasons, which appear to me to be perfectly good reasons, I oppose this bill. I will not object to the bill's being referred to committee, and I know that it will be passed simply because the bill respecting the Royal Canadian Legion was passed, and we cannot very well object to one when we have passed the other. I simply wanted to make it clear that I am not in favour of this bill.

Hon. G. I. Smith: Honourable senators, I would not like it to be thought that my colleague Senator Macdonald stands alone in his opposition to this bill. I want to make it clear that at least one other senator supports his stand, as I did with respect to the bill concerning the Royal Canadian Legion. I support his opposition to the bill for the reasons which he so eloquently put forward.

Just as Senator Macdonald has said, I do not oppose this bill's being referred to committee, but I do want it to be clearly understood by veterans' organizations in Canada that I think they are following the wrong path and that some of their members—and I am a member of the Royal Canadian Legion—are not in sympathy with them.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Marshall moved that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 4051)

STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

REPORT ON THE SUBJECT MATTER OF BILL C-90
"AN ACT TO AMEND THE CUSTOMS TARIFF AND TO REPEAL CERTAIN
ACTS IN CONSEQUENCE THEREOF"

May 11, 1982

On January 28, 1982, Bill C-90, intituled: "An Act to amend the Customs Tariff and to repeal certain Acts in consequence thereof", was tabled in the House of Commons. This Bill is intended to implement the Ways and Means Motion relating to the Customs Tariff that was tabled by the Minister of Finance on November 12, 1981.

By resolution of the Senate of February 16, 1982, the Standing Senate Committee on Banking, Trade and Commerce was authorized to examine and consider the subject-matter of the Bill in advance of the Bill coming before the Senate, or any matter relating thereto.

In accordance with the Order of Reference, the Committee has considered Bill C-90 and in connection with such consideration has retained as its counsel Mr. Thomas S. Gillespie of Ogilvy, Renault, Montreal. The Committee has heard from representatives of the Department of Finance, Tariff Division and has received a written submission from the Canadian Dental Association. The Canadian Hospital Association declined to make any submission or appear before the Committee, indicating it was satisfied with the Bill. The Honourable Pierre Bussières, Minister of State (Finance), has also appeared before the Committee.

The Bill deals with two kinds of preferences: the negotiated preferences with New Zealand and the unilateral preferences given to developing countries.

The Bill contains an updating of the provisions of the Customs Tariff relating to New Zealand to give effect to the Agreement of Trade and Economic Co-operation Between the Government of Canada and the Government of New Zealand, dated September 25, 1981, and which came into force January 1, 1982. The Bill proposes to repeal the *New Zealand Trade Agreement Act, 1932* and the *New Zealand Trade Agreement (Amendment) Act* (Clauses 20 and 21). The Bill confirms the existing tariff treatment but deletes obsolete phrasing from the Tariff which is based on the prior Trade Agreement.

The Bill proposes changes to the General Preferential Tariff (Schedule I), most of which were recommended by The Tariff Board in May 1981 in its Report of Part I of Reference No. 158 and which are proposed to improve preferential access to developing countries under certain tariff items.

Clause 3 of the Bill provides that the Governor in Council may designate any country to which the General Preferential

Tariff has been extended to be a "least developed developing country". This will result in the removal of duties on goods covered by the General Preferential Tariff when imported from countries which are so designated. It is to be noted that a large number of products, including textiles and apparel products, are not subject to the General Preferential Tariff and such products will not enjoy any exemption from duty.

Clause 4 of the Bill contains a safeguard mechanism for Canadian manufacturers, which will allow the Governor in Council to establish tariff rate quotas should The Tariff Board recommend such quotas and should the Minister of Finance and the Minister of Industry, Trade and Commerce agree with The Tariff Board's recommendation. As a result, there will be a limitation on the quantity of goods which can be imported under the General Preferential Tariff. Once the quantity is reached, the Most Favoured Nation rate will apply which will subject the goods to a higher rate of duty. This is designed to provide relief for developing countries in cases where their products are causing difficulties for Canadian manufacturers but, at the same time, will allow some trade to take place at lower rates of duty. This will allow developing countries to obtain greater export earnings on some exports to Canada.

It is proposed that Tariff Item 47800-1 be introduced to authorize the Governor in Council to provide duty-free entry for products that are designed for disabled persons. In addition, it is proposed that duties be removed on selector controlled devices used by disabled persons (Tariff Item No. 47800-1) and electronic devices to aid persons with speech impediments (Tariff Item 47831-1).

Duty-free entry is proposed for certain religious printed materials (Tariff Item 17210-1) and unexposed instant film for hospitals (Tariff Item 47605-1).

The Bill also provided authority (Clause 5) for the Governor in Council, on the recommendation of the Minister of Finance, to amend the Customs Tariff by striking out any measurement expressed in Imperial measure and substituting the Metric equivalent thereof.

The Committee considers that greater flexibility is necessary in respect of goods imported from countries which continue to use the Imperial measure. The Committee therefore recommends that the Customs Tariff be amended to stipulate both Metric and Imperial measure and that importers be given the option of choosing either.

DENTAL MATERIALS

On June 29, 1981, the Minister of State (Finance) made certain commitments to the Committee respecting the dental supply industry which were confirmed by letter dated July 2, 1981 and which letter reads, in part, as follows:

"Upon completion of the review of the dental supply industry which is currently being conducted by officials of the Departments of Finance and Industry, Trade and Commerce, I will introduce amendments to the Customs Tariff to provide duty-free entry for those dental supplies for which demand in Canada is judged to be too small to support production in this country. If the review should indicate that the tariffs currently applicable to dental amalgam and other dental materials of a kind manufactured in Canada are higher than would be absolutely necessary to maintain production in Canada, the legislative amendments referred to above will provide, as well, for lower rates of duty on these products.

I expect to be in a position to propose such amendments at the time of the next Budget. Your Committee would, of course, have an opportunity to review them when the relevant Bill is before Parliament."

The Canadian Dental Association has reiterated its position submitted in a brief dated April 13, 1981, and indicated that it continues to disagree with the placement of any duty on

imported dental materials. In particular, it objects to duty being imposed on dental amalgams and other similar dental filling materials (Tariff Item 48007-1). The intent of this Tariff Item is to protect the sole manufacturer of such materials in Canada, Johnson & Johnson. The Canadian Dental Association suggests that this protection given violates the principle of the GATT Agreement which is to reduce the tariff over a period of time.

The Committee notes that the Minister has honoured his commitment to the Committee and has introduced amendments to the Custom Tariff for certain dental supplies. It also notes that the Bill proposes that the Most Favoured Nation rate of duty for dental amalgams be reduced from 14.4% to 12.5%. It seems preferable to the Committee that duty be maintained on dental amalgams and other similar dental filling materials unless and until it can be demonstrated that the imposition of such duty will have a significant impact on the cost to the patient.

CONCLUSION

Your Committee has examined and considered the subject-matter of Bill C-90 in accordance with its terms of reference and has no further comment to make on the Bill at this time.

Respectfully submitted,

SALTER A. HAYDEN,
Chairman.

THE SENATE

Wednesday, May 12, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PRIVILEGE

ALLEGED COMMENT BY UNITED STATES AMBASSADOR TO CANADA

On Notices of Inquiries:

Hon. L. Norbert Thériault: Honourable senators, I do not know whether this is the proper place in the order of business to make my point. However, as one who has spent much time and effort in public life, along with many others, in trying to promote social services as we know them in this country, I rise today to protest what I call interference by a non-Canadian in the affairs of this country.

I refer honourable senators to a press report in this morning's *Toronto Globe and Mail* which states that the United States Ambassador to Canada said that Canada overspends on social services.

I am sure that many of us would like to express our feelings on the policies of the present administration in the United States. Personally, I do not think that is any of my business. In this day and age, when conservative—and I do not mean Progressive Conservative, but regressive conservative policies and politics are being promoted by so many people, both in this country and abroad, and when many of us in Canada are proud of the fact that we have in place social policies that guarantee a certain level of support against hunger and for shelter and so on, I believe it is my business to protest such statements.

In the name of all the people who are protected by the social policies which have evolved at the various levels of government over the past 30 or 40 years, and considering the good that such policies have brought to the infirm, the old, the poor, single parents and so on—again, as one who, along with many others, has worked and still works to promote such social policies—I protest such statements being made by a foreign ambassador to Canada.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, dealing with the question of whether or not this is the proper heading of the order of business under which to raise this point, I suggest, for the sake of the record, that if Senator Thériault wishes he may draw this matter to the attention of the Senate by way of an inquiry. The honourable senator is free to give notice under Notices of Inquiries that he wishes to initiate an inquiry. He could then make an intervention, as he has now done, and other senators could also do so. Or he may wish to move a motion on the subject.

In any event, if Senator Thériault wishes to continue with the matter as an inquiry, then he may wish to give notice of inquiry and continue with the matter tomorrow. Otherwise, I do not believe this is the proper point in the proceedings to raise this subject. I am speaking only to the form, not to the substance of the matter.

Hon. Jacques Flynn (Leader of the Opposition): This is not the place or the method.

Senator Thériault: Honourable senators, I have made my point.

Senator Flynn: Of course, but you were out of order.

QUESTION PERIOD

[English]

ENERGY

ALASKA HIGHWAY GAS PIPELINE—FINANCING OF PREBUILD PORTION

Hon. Guy Charbonneau: Honourable senators, I wish to direct a question to the Minister of State for Economic Development. According to the minister and Mr. Sharp, Commissioner of the Northern Pipeline Agency, the Canadian prebuild portion of the Alaska Highway gas pipeline is self-financing on the basis of take-or-pay contracts.

However, some western oil or petroleum sources state that this is due to a lot of traffic being diverted from the TransCanada pipeline. Would the minister care to comment on this?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not believe that this is due to any gas being diverted from the TransCanada pipeline, which was, in fact, included in the export permits that had previously been issued and which related to the gas flow already in the pipe. I suppose, if you use the word "diverted," it would infer that the gas had to be travelling by some other route before.

To be absolutely sure I am accurate, I will check my statement, but I am reasonably sure that all of the gas now going through, and projected to go through, both the western and eastern legs of the southern section of the Alaska Highway gas pipeline pertains to new applications, and those volumes are included in the export permits that were issued specifically to that line by the National Energy Board.

There is, of course, another argument that, if those permits had not been issued, some of that gas might have been conveyed through existing TransCanada pipelines to some

markets in the United States, but that is a quite different argument from that pertaining to gas being diverted.

HOUSING

GOVERNMENT POLICY

Hon. Guy Charbonneau: I have another question for the Minister of State for Economic Development. The HUDAC research report released on Tuesday predicts that 1982 housing starts will drop by 18½ per cent from 178,000 in 1981 to 145,000 in 1982, reaching their lowest level in 15 years.

The minister is no doubt aware that almost 24 per cent of the construction industry's labour force was unemployed in March. Is the economic development branch of the government considering any policies to encourage the construction segment of the economy in order to put people in more industries back to work and to address the need for housing which will fall short of traditional needs by 60,000 to 70,000 starts this year alone?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the minister who is more directly involved, the Honourable Paul Cosgrove, has initiated a number of programs to increase the activity in the housing construction sector.

We are aware, of course, that interest rates have moved up to where they discourage the pace for housing that we saw some time ago. I would be very happy to bring the honourable senator a comprehensive list of a number of activities the minister announced recently in order to be as helpful as we can in this situation.

Senator Charbonneau: Would the honourable minister tell us when we may expect to be told of these measures?

Senator Olson: Honourable senators, a great number of those announcements have been made, and my honourable friend can find them in some of the communiqués that have been sent to his office. However, to save him all that trouble, I will ask my office to put together a brief or concentrated dossier on this subject.

VETERANS AFFAIRS

INDEXING OF PENSIONS

Hon. Florence Bird: Honourable senators, some time ago the Standing Senate Committee on Health, Welfare and Science recommended that legislation be passed that would entrench the indexing of veterans' pensions instead of requiring them to come cap-in-hand from time to time asking for increased payments.

I should like to know if the government intends to implement our recommendation and, if not, why not?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Hon. Jack Marshall: I have a supplementary question. Senator Bird has indicated that the problem of establishing

and entrenching in the legislation the basic rate of pension has been hanging around for many years. She has also referred to one of the recommendations of the committee. What seems strange is the fact that after so many months the minister has not reacted to that recommendation, other than to make vague promises to correct the situation, which should be corrected now, or there will be fewer veterans to take advantage of the legislation.

● (1405)

I wonder if the Leader of the Government would use his influence to have that legislation come forward in the near future.

Senator Perrault: The honourable senator's concerns will be expressed in the appropriate quarters. Honourable senators are aware that this government has pioneered enormous advances for the veterans of this country and maintains a lively interest in further improvements.

CANADIAN FORCES

STATE OF PREPAREDNESS

Hon. Jack Marshall: I wonder if I could move from veterans' pensions to a related subject. My question has to do with the Prime Minister's recent visit to Maritime Command. In view of the fact that the Prime Minister is so enthused with respect to the state of the Canadian navy—and is perhaps the only person in Canada who would make the statement that the navy is in good shape—will the Leader of the Government invite the Prime Minister to the west coast so that he can see what we have there, and, if so, how will the Prime Minister travel to the west coast?

Hon. Raymond J. Perrault (Leader of the Government): The Prime Minister is always welcome on the west coast.

Hon. Jacques Flynn (Leader of the Opposition): We know that.

Senator Perrault: The Prime Minister, as are all Canadians, is very proud of the Canadian armed forces. Instead of attempting to find reasons to criticize them, we should be praising them. Based on their numbers, they are making as great a contribution to NATO as any other country in terms of quality and proficiency. The Canadian people should be told that.

Senator Marshall: The Senate Subcommittee on National Defence recently visited Halifax, and I can say that we were overwhelmed by the dedication shown by the members of Maritime Command. The officers and men of that command are very dedicated, in spite of the fact that they have next to nothing to work with. The Canadian government does not deserve that type of dedication.

Bearing in mind the various crises which arise in the world almost daily, we should be up-dating our equipment so that the members of the armed forces have modern equipment with which to work.

Senator Perrault: Honourable senators, the fact of the matter is that,—and this can be attested to by Senator Olson—

Senator Flynn: Why? He has nothing to do with that.

Senator Perrault: —in terms of the percentage of budget expenditures, there has been a marked improvement and increase in the amount allocated to defence spending in recent months. Examples of these are: The purchases of the new Leopard tanks; the new aircraft that are being purchased, and the work now being done to strengthen our maritime component. A great deal of activity is planned for the maritime sector in the near future.

These are facts that should be brought to the attention of the nation instead of the ever-lasting assaults on the Canadian armed forces by the opposition, who know better.

Senator Marshall: Everyone realizes that the increase in spending is 19 per cent, which is very good, but that should have occurred 10 years ago.

The Leader of the Government did not answer my question as to whether, first of all, it is proper for the Prime Minister to make such mischievous remarks to members of the press. Should he say that our navy is in good shape when we, the members of the Subcommittee on National Defence, heard the very opposite? Also, the Leader of the Government did not answer my question as to how the Prime Minister is going to travel to the west coast. If he is going by ship, how long will it take him to get there?

Senator Perrault: Of course, the honourable senator's question is facetious. What Senator Marshall is not quoting is the rest of the Prime Minister's statement in which he elucidated the advances which have been made in improving the status of Canada's armed forces. Of course, that was totally omitted from Senator Marshall's question.

The Prime Minister has said that there is excellent morale in the navy, as I read the article, and there is great morale in the rest of Canada's armed forces. Of course, improvements should be made and need to be made, just as they are required in many other sectors of this country. Progress is a never-ending thing. The suggestion that somehow Canada's navy is made up of a bunch of "leaky tubs" in imminent danger of sinking because of neglect, is totally false and mischievous. Senator Marshall is not helping this nation by making allegations of that kind.

● (1410)

Senator Flynn: Honourable senators, that is very interesting. I wonder if the Prime Minister will be happy to read the sort of defence the Leader of the Government is offering. He might again find himself saying, "Lord, deliver me from my friends; I'll look after my enemies."

I have a question for the chairman of the Standing Senate Committee on Foreign Affairs with regard to the report of the Subcommittee on National Defence. Would Senator van Roggen submit to the committee the views the Prime Minister expressed over the weekend for them to be compared with

what the committee reported in its recommendations concerning Maritime Command, especially since the report quoted—

Senator Perrault: The Leader of the Opposition is asking for an opinion.

Senator Flynn: Yes, but the committee is not only composed of opposition members. Unless I am mistaken—

Senator Marshall: It is a good report.

Senator Flynn: The majority are government supporters, and the Leader of the Government is suggesting that only opposition members are questioning the Prime Minister's recent comments.

At page 25, the report states:

Another witness noted that Canada had no minesweepers at present. The fleet has a very limited capability for identifying and tracking naval threats to Canada—

From the same page, it says:

Concerning the present state of the fleet, a former Commander of Maritime Command testified before the Sub-committee that "of the 23 destroyers in Canada's navy, four are able to fight a modern war. The other 19, to be truthful, should not be sent to sea to fight a present-day war. They are not capable of looking after themselves against air missiles or submarines."

Some Hon. Senators: Shame!

Senator Flynn: This is the committee reporting these statements, and thereby adopting them. My only question to the chairman of the committee—

Senator Perrault: That is completely out of order.

Senator Flynn: If the Leader of the Government wants to make a point of order, he can go ahead.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will make the point of order.

Hon. Guy Charbonneau: It is getting too embarrassing for the Leader of the Government.

Senator Frith: While I am not suggesting that the question asked by the Leader of the Opposition is an improper question—

Senator Flynn: How can he know that? I have not put the question yet.

Senator Frith: He has laid enough foundation by quoting from the committee report. I think that might very well be a proper question directed to the Leader of the Government in the Senate.

Senator Perrault: And I'll answer it, too!

Senator Frith: Rule 20 states that it is proper to ask the Leader of the Government in the Senate questions if they are questions relating to public affairs. I am not suggesting that the question is an improper one, but the rule does say that a question may be addressed to "the chairman of a committee, if it is a question relating to the activities of that committee."

Senator Flynn: That is right.

Senator Frith: Therefore, I am suggesting—

Senator Flynn: Perhaps you would wait until I put the question.

Senator Frith: —that the question, if it relates to the activities of the committee as distinct from its report, should go to the chairman; if it relates to the report as a matter of public affairs, it should go to the Leader of the Government.

Senator Perrault: Honourable senators, I should like to reply to the Leader of the Opposition.

Senator Flynn: A point of order has been made and if the deputy leader wishes to withdraw his point of order, fine, but at least let me put my question, or first reply to the point of order.

I have not put my question, and it is in relation to the activities of the subcommittee that I was quoting from this report. My question is: In view of the fact that the subcommittee is continuing its examination of our problem of national defence, is the committee going to invite the Prime Minister to appear, is it going to consider whether this testimony, which the committee has adopted—and apparently supports—should be deleted or corrected in a future report? Is the committee going to do something about the flagrant contradiction that exists between its position and the position taken by the Prime Minister?

● (1415)

Senator Frith: Honourable senators, the first part of the question is in order, because it dealt with the activities of the committee; but when the Leader of the Opposition talks about dealing with the flagrant contradiction between a report of a committee and something said by someone, then that part of the question should be directed to the Leader of the Government. There were two parts to the question—

Senator Flynn: Let them share the responsibility of answering them.

Senator Frith: My respectful submission is that the first part of the question, as put to the chairman of the committee, is in order but the second part is not.

Senator Flynn: I have no objection to the Leader of the Government's replying in his usual fashion.

Hon. George van Roggen: Honourable senators, if I understand the Leader of the Opposition's question correctly, it is whether or not the recent remarks of the Prime Minister, which he quoted, will be referred to the committee. As chairman of the committee, I can only say that I shall bring his observation and request to the attention of the chairman of the subcommittee, Senator Lafond, who unfortunately is not in the chamber at present.

Senator Flynn: Agreed.

Senator Perrault: Honourable senators, this entire exchange began with the Honourable Senator Marshall—

Senator Flynn: Are you replying or debating?

[Senator Flynn.]

Senator Perrault: The Leader of the Opposition has had his opportunity to make a statement, and he shall receive a reply. The original statement was made by Senator Marshall. He quoted completely out of context certain remarks attributed to the Right Honourable the Prime Minister. He did not bring a full text of the altered speech or the alleged statement. In Tory fashion, he lifted two or three random phrases out of a tattered newspaper and dragged them into the house like a red herring and said, "Isn't it terrible?". Well, we do not frighten that easily on this side. The Leader of the Opposition, gadflying through a committee report, hops and alights on one paragraph, which is part of the testimony and not the conclusions of the committee.

Senator Flynn: It was adopted by the committee.

Senator Perrault: It was someone who testified before the committee. The Leader of the Opposition gadfied on to this point and engaged in his emotional fireworks. The fact of the matter is that too often the quality of Canada's armed forces has been attacked by irresponsible people in public life—

Senator Flynn: By the committee, I suppose.

Senator Perrault: If one checks on the performance of our armed forces, whether it be the air component, the maritime component or the land component, and compares that performance with that of other armed forces making up NATO in war games, he will find that Canada is always at or near the top of performance—and that is doing very well.

Some Hon. Senators: Hear, hear!

Hon. Stanley Haidasz: Honourable senators, perhaps the Leader of the Government would elucidate and clarify for opposition critics of Canada's national defence that Canada's anti-submarine capability is the best in NATO and is rendering a most valuable contribution.

Some Hon. Senators: Hear, hear!

Senator Flynn: How do you know? Are you a member of the subcommittee?

Senator Haidasz: That is the testimony of the generals of NATO Command.

Senator Perrault: I thank Senator Haidasz for his valuable contribution to this exchange. Those honourable senators who had an opportunity to meet recently in Ottawa with the NATO military leadership, those responsible for the operation of NATO, would have been gratified at the praise heaped upon Canada's armed forces. It is unfortunate that members of the opposition seem to be attempting to make political capital out of something that should not be a political football.

Senator Flynn: Honourable senators, I rise to point out that, in flagrant contradiction to what Senator Haidasz has just said, on the committee we have Senators Buckwold, Hicks, Langlois, McElman, Molgat, Neiman, Perrault—of course—Thompson and van Roggen.

Senator Haidasz: And you are a member.

• (1420)

Senator Flynn: Yes, I am. I certainly am. But, Senator Haidasz, you should appear before the committee, and bring forward this evidence. Then, if the committee is wrong, it should be ready to admit it. After all, the committee has been criticized, and its chairman is not even able to defend his own committee from the accusation by the Leader of the Government.

Senator van Roggen: On a point of order, honourable senators—

Senator Flynn: You may rise on a point of order as much as you like. You never bother to defend yourself when the Leader of the Government attacks you.

Senator van Roggen: Don't get excited, now. The Leader of the Government has not been attacking the committee. The Leader of the Government has been properly defending our excellent armed forces.

Senator Flynn: But not defending you.

Senator van Roggen: If you would take the time, since you appear to be dealing with Maritime Command at the moment, to look at the first report of the subcommittee you will see that it is on manpower. The subcommittee is presently studying Maritime Command, and has not yet come out with its report on that subject.

Hon. Duff Roblin (Deputy Leader of the Opposition): Just wait till you get it. You'll have to cry "uncle".

Senator Haidasz: Honourable senators, I would just like to say that it is regrettable that the Leader of the Opposition in the Senate is not aware of the testimony of the NATO generals, who were here in Ottawa a month ago testifying before the House of Commons defence committee, to the effect that Canada's naval anti-submarine capability is the best in NATO, and is making a very useful contribution.

Senator Flynn: Since Senator Haidasz rose on a question of privilege, I suppose I should quote from the report. This will also be a reply to Senator van Roggen. At page 26 the report says:

There should be no increase in the Command's manpower until there are new ships and equipment to be manned. The immediate goal should be to make up current shortages in recognized requirements.

Perhaps I do not know what the NATO officials said, but they apparently do not agree with the report of the subcommittee.

Senator Marshall: Honourable senators, with regard to the comment of Senator Haidasz, who—

Senator Perrault: Honourable senators, it is an interesting thing that during that mercifully brief period—

Hon. G. I. Smith: Senator Marshall is already asking a question.

Senator Perrault: Is there another question? I wanted to reply to the one put by the Leader of the Opposition.

First of all, it is unfortunate that the Leader of the Opposition did not grace the NATO meetings with his presence so that he could learn the facts. In the second place, it was during their mercifully brief tenure of office that the Conservative government delayed the frigate program, designed to arm Canada's naval forces more adequately.

Senator Flynn: I do not agree.

Senator Perrault: You were responsible for the delay.

Senator Flynn: Don't be stupid.

Senator Perrault: And now we see—

Senator Flynn: Don't be stupid.

Senator Perrault: And now we see this exhibition today.

Senator Flynn: How can you speak of delay when we were in office only six months, in practical terms? Who do you think we are?

Senator Perrault: The people found out who you are. If you had been in power long enough, you would have armed us with rowboats.

Senator Marshall: Honourable senators, I want to reply to Senator Haidasz either on a point of order or a question of privilege.

The words he used are correct, but unfortunately these are not the words the committee heard from Admiral Train in Norfolk, Virginia, nor are they the words of Admiral Fulton in Halifax, nor those of General Pickering. Unfortunately, there are no printed proceedings of those statements because the hearings were *in camera*, but the record speaks for itself respecting what those who are concerned about the future of the navy and the future of world peace have said.

Senator Perrault: Honourable senators, as I said earlier in this exchange, we felt that further progress was necessary, and that further steps must be, and are going to be, taken to improve the maritime component of our forces. But this process of attacking what we have, and suggesting that somehow it is a disaster area, is simply not an accurate portrayal of the facts.

Senator Flynn: We never said that.

Senator Roblin: You should have said it, though, because it is a disaster area.

Senator Smith: Honourable senators, I put it to the Leader of the Government in the Senate that he does not recognize that the criticism being made now by this side of the house is not of the armed forces, but of the government that refuses to contribute sufficient money to put those armed forces in proper shape. It is no good his trying to divert attention from this by alleging that we are attacking the dedicated members of our armed forces, because that is not true. Such an attack was never made.

• (1425)

If the minister of failed mega-projects is going to get into this, I suppose he will talk about failed destroyers.

Senator Flynn: He will include that in his list.

Senator Roblin: He torpedoed the mega-projects; I suppose he can torpedo other things.

Senator Perrault: On this one the opposition is in full retreat.

Senator Smith: If this is full retreat, you should see us when we are on the attack.

Perhaps, indeed, the situation has changed. Nevertheless, the honourable gentleman knows that it is only a few months since the financial contribution of this government to the armed forces of Canada, in comparative terms, was less than that of any other government in NATO, except for that of Luxembourg, which is the smallest and least able to contribute. The honourable gentleman would have us believe, by his reference to the things that have been done and are planned, that Canada has finally got itself away from the position of being next door to Luxembourg in terms of contributions to the defence of NATO as a percentage of gross national product.

Senator Perrault: That is a real distortion!

Senator Smith: It is not a real distortion; it is a fact. All you have to do is read the NATO report.

Senator Perrault: It is not a fact at all. This is an attempt to portray our armed forces as a group of military pussy cats, incapable of defending the nation or contributing to the defence of the west. Does a comment of that kind really help the nation? As Senator Olson has stated, it is not factual to say that Canada's armed forces are on a par with those of Luxembourg.

Senator Smith: I did not say that!

Senator Perrault: There has been, in recent months, a substantial improvement made to the budget allocation to defence. Canada has the finest tanks in the world, the best troop carriers in the world, the finest fighting aircraft in the world, the best patrol aircraft in the world, and still we hear this criticism.

Senator Smith: As I said to the honourable gentleman and to the Senate as a whole, if the Government of Canada has finally raised its contribution on a comparative basis to the defence of our country and of the NATO nations to a substantial degree above that of the tiniest nation within the NATO group, Luxembourg, it is long past the time it should have done so. For a long time, Canada did reside in that position relative to the other NATO nations in terms of contributions to national defence. If it has finally been able to remove itself and climb the ladder a little, nobody will be happier than us. Nobody will be quicker to remember, however, that if we are in any difficulty now, in terms of the full capability that our armed forces should have, it is because of the activity of this government—or the lack of it—over the last 20 years.

After all, the honourable gentleman knows that during the last 20 years, except for approximately nine months, he and his

[Senator Smith.]

predecessors have been in charge of the affairs of this country, including the contribution to the national defence.

Hon. D. G. Steuart: We never lost a war in all that time!

Senator Smith: In common with everybody else, I suppose, we should rejoice in the fact that we have not lost a war. I did not notice that the Liberals, any more than those of other political faiths, were active in bringing about that result.

Senator Steuart: I was there, just as you were. They took one look at you and me, and died laughing!

Senator Smith: The depth of the honourable gentleman's contribution is really overwhelming.

Senator Steuart: You didn't answer my question.

Senator Smith: I didn't hear your question.

Senator Frith: We are about even on that one, then.

Senator Smith: I don't know who I'm even with, but I would hate to be considered even with the honourable gentleman. If I have sunk that low, I certainly would hope for redemption.

Senator Perrault: Honourable senators, I hope that we can conclude this exchange.

Senator Flynn: You had better change your tune if you want to conclude it.

Senator Perrault: Surely the number of dollars formally allocated for defence purposes is not the sole criterion by which a defence program should be judged. On the basis of quality and performance, Canada has done extremely well. Canada stands one, two and three in all war games and naval manoeuvres among NATO countries. While it is important to spend money, the way in which the dollars are allocated is also of great importance. The percentage of Canada's budget which is allocated for defence purposes has increased remarkably. Let us get behind the armed forces instead of attacking them.

Senator Smith: We are certainly behind them and give them our full support!

Senator Roblin: I resent that statement. No one is attacking the armed forces; we are attacking you.

● (1430)

Senator Smith: The trouble is that the government has not been behind or supported the armed services for years.

Senator Flynn: Honourable senators, since Senator Lafond is present, he may want to intervene in this debate as chairman of the Subcommittee on National Defence. The Chairman of the Standing Committee on Foreign Affairs said that he would report to him on the question raised about the statement made by the Prime Minister, which was a flagrant contradiction of the first report of the Subcommittee on National Defence and of the very good speech made by Senator Lafond. In view of the comments made by the Leader of the Government, I think Senator Lafond should intervene and at least raise a question of privilege. I would think that he would want to put the Leader of the Government in his place.

Hon. Paul C. Lafond: Honourable senators, I have no such aspirations. First of all, I wonder whether it is in order for questions to be addressed to the chairman of a subcommittee, as opposed to the chairman of a committee. Second, I had my say when I presented the first report of the subcommittee. At the present time the subcommittee is studying the materiel and equipment of Maritime Command. It has not reached any conclusions.

Senator Flynn: We are speaking of the first report.

Senator Lafond: Senator Flynn, the first report dealt with manpower.

Senator Flynn: Oh, I don't know how to read.

Hon. H. A. Olson (Minister of State for Economic Development): I have suspected that for some time.

Senator Lafond: So, until the subcommittee has reached conclusions on the function of materiel and equipment in Maritime Command, I believe it would be out of order for me, as chairman of the subcommittee, to make any comments at all.

Senator Perrault: Hear, hear!

Senator Flynn: I do not insist. If Senator Lafond wishes to accept the insults of the Leader of the Government, then that is up to him.

Senator Olson: There were no insults.

Senator Perrault: Just simple truths.

Hon. Orville H. Phillips: Honourable senators, I have a question for the Leader of the Government in the Senate. I direct this question to him to give him the opportunity to clarify the answers he has given to honourable senators this afternoon. I believe Senator Haidasz asked the Leader of the Government to "elucidate". It seems that the minister misunderstood him and took him to mean "hallucinate". Would the Leader of the Government like to correct his hallucinations this afternoon?

ENTERPRISE DEVELOPMENT PROGRAM

ALLOCATION OF GRANTS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, to change the mood a bit, I have a question for the genial Minister of State for Economic Development. I have in my hand a number of news releases.

Hon. Raymond J. Perrault (Leader of the Government): From the Conservative Party?

Senator Flynn: Pardon me?

Senator Perrault: I am interested in hearing them.

Senator Flynn: What did you say?

Senator Perrault: I am wondering about the source.

Senator Flynn: As usual, you make a lot of noise but not much sense.

Senator Perrault: You must give us the source.

Senator Flynn: I was about to do so, but you did not give me a chance. I was about to say that the releases were made by the Department of Industry, Trade and Commerce and by the Department of Regional Economic Expansion. Does that satisfy the honourable senator?

Senator Perrault: It is a fine department.

Senator Flynn: Of course, it is a fine department, but do you understand where the news releases come from? I want to be sure that the honourable senator understands. I realize that sometimes it is difficult, but I ask him to take all the time that is necessary. Of course, the question is not addressed to the Leader of the Government, so he need not understand.

Senator Perrault: We are hanging on your every word.

Senator Flynn: Once again, honourable senators, I am speaking to the genial Minister of State for Economic Development. I have a pile of news releases about grants made by the Department of Industry, Trade and Commerce under the Enterprise Development Program, or the EDP. In each case the announcement is made on behalf of the minister by the Liberal member of Parliament for the area to which the grant was awarded. For instance, this news release reads:

—Dennis Dawson, Member of Parliament for Louis-Hébert, on behalf of the Hon. Herb Gray, Minister of Industry, Trade and Commerce and Regional Economic Expansion, today announced that Gen-Tax Inc. of Sainte-Foy, Québec, has been awarded \$75,000 under the Enterprise Development Program (EDP) of Mr. Gray's department.

Here is another one made by J. Roland Comtois, the Member of Parliament for Terrebonne; another one by Rod Blaker, the member of Parliament for Lachine; and there is even an announcement made by Senator Argue, because there is no Liberal member in Saskatchewan.

Hon. Duff Roblin (Deputy Leader of the Opposition): Where is he? I want to talk to him.

Senator Flynn: My question is: Will it be the practice of this department, from now on, to give credit to the local member of Parliament for all these grants, and does it suggest that these grants will only be made if they are supported by the Liberal member of the riding concerned?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, this party has always taken the view that it is helpful, essential and important that the elected members—

Senator Flynn: Liberal members.

Senator Olson: —and other members from areas where we do not have so many elected members, be informed of what is going on in the area or region they represent. I find it rather strange that the Leader of the Opposition would take exception to that because, surely, he would want the members of Parliament, whether they be from the Senate or from the House of Commons, to know what the various government

departments and agencies that conduct programs such as the EDP are doing in his riding.

Senator Perrault: I know the Leader of the Opposition will be interested to know that this practice of bringing members of Parliament into announcements was initiated by the Right Honourable John Diefenbaker.

Senator Flynn: You have no foundation for that remark.

Senator Perrault: It is a matter of record.

Senator Roblin: It is not. You made it up.

Senator Perrault: It is a matter of record.

Senator Roblin: It began long before Diefenbaker's time.

Senator Flynn: Honourable senators, the minister's reply is not entirely true because in the case of Senator Argue—

Senator Olson: I said "other members of Parliament."

Senator Flynn:—who is not an elected member, he made the announcement in an area where there is an elected member. That elected member was not given the credit, as is the case in other areas of Canada where the elected member is Liberal.

Senator Olson: The Leader of the Opposition has misinterpreted me, because I said "elected members and other members." I believe that senators have a useful role to play in this country. If the honourable senator wishes to have a longer list, I can show him a number of instances with regard to the province of Alberta, where I have some responsibility under the system, where I have made announcements. I make announcements in such a way as to ensure that there is the widest possible publicity for the people who are directly affected.

Senator Perrault: It is freedom of information.

Senator Olson: That, I believe, is a responsibility of the government—keeping the people informed of what is happening. I am sorry if my honourable friend wants to put another interpretation, however subliminal, on the matter, but I will continue to be in favour of letting the people know what the federal government is doing.

Senator Flynn: Nobody is criticizing that point. I am asking the minister: Did the Minister of Industry, Trade and Commerce have any announcements made on his behalf by someone who is not a member of the Liberal Party in the House of Commons or in the Senate?

Senator Olson: I am surprised that the Leader of the Opposition would ask that question, but I shall find out for him. I can tell him that if he wants to face the real world, members of the opposition parties, both here and in the other place, are not generally disposed to being very co-operative in seeking the truth, the whole truth and nothing but the truth in those news releases.

Senator Perrault: You should rejoice in those grants.

Senator Flynn: I am not criticizing them. Again, the Leader of the Government is misconstruing our remarks.

[Senator Olson.]

Senator Perrault: Yes?

Senator Flynn: When we were asking questions about national defence, he said that we were being critical of the armed forces, which was entirely untrue. And now he says that we are being critical of the grants when we are discussing the method of announcing them.

Hon. Orville H. Phillips: Hallucinations!

Hon. G. I. Smith: Honourable senators, may I ask a supplementary question? My leader could have proceeded further with these news releases, had he wished. There are some he did not refer to. I have one here to which I would like to direct the attention of the minister of mega-projects. It, too, is a release by the Department of Industry, Trade and Commerce and the Department of Regional Economic Expansion, and it is dated May 7. I presume it was distributed to each member of both houses; at least, it came to my desk, and I do not suppose I was specially singled out. It reads;

Ottawa, May 7, 1982—The Hon. Gerald Regan, Secretary of State, on behalf of the Hon. Herb Gray, Minister of Industry, Trade and Commerce and Regional Economic Expansion, today announced that Southwind Manufacturing Ltd. of Dartmouth, Nova Scotia, has been awarded a contribution of \$10,000 under the innovation side of the Enterprise Development Program (EDP) of Mr. Gray's department.

● (1440)

As the Leader of the Government suggested, I rejoice in the fact that the grant was made but, in view of the answer given a moment ago by the Minister of State for Economic Development—or whatever his proper title is—about making sure that the elected member for the area had the opportunity or the responsibility of making these announcements, I draw to his attention that the Honourable Gerald Regan is not the elected member for the electoral district which includes Dartmouth, but a person by the name of Michael Forrestall, who is not of the same political persuasion as Mr. Regan.

Is the announcement any more informative having been made by somebody who is not elected for the region, or would it have been equally well done had the announcement been made by Mr. Forrestall? Would it not have been fairer and more sensible to allow the elected member for the area to make the announcement?

Senator Olson: If I were making the decision and had a choice to make between the two members of Parliament the honourable senator is referring to, or even others from a greater area than the Halifax-Dartmouth area, I would select the Honourable Gerald Regan every time.

Hon. Lowell Murray: The people of Dartmouth did not, however, and it is time you showed some respect for them.

Senator Flynn: He would be handing out a cheque saying, "The Liberal government is giving you this money."

Senator Murray: No, the taxpayers are giving the money, not the Liberal government.

Hon. Royce Frith (Deputy Leader of the Government): The decision was made by the Liberal government. Of course, it is always taxpayers' money.

Hon. D. G. Steuart: Are you still over there asking questions?

Senator Smith: Yes, I am still here, and I hope to be here for some time.

I should not be surprised, because it is no surprise how far astray the honourable gentleman goes from what is reasonable and sensible, but I am surprised that he would so display his lack of reasonableness and fair play by the kind of answer he has just given. Is he suggesting that Mr. Forrestall, the member for the electoral district in which Dartmouth is situated, is any less capable of having his name attached to some written announcement made by some other department?

Senator Olson: Yes, I said very clearly that if I had to select between those two members to deliver accurately and completely a message respecting some economic assistance to that area, I would pick the Honourable Gerald Regan every time. I said that without equivocation.

Senator Frith: Did you get the Liberals to hand it out for you when you were premier?

Senator Smith: I generally made the announcements myself.

Senator Perrault: Would it be possible for the honourable senator to ferret through his archives and produce for honourable senators copies of releases where Liberal members of his legislature made announcements on behalf of the Smith government when he was premier?

Senator Smith: I thank the honourable gentleman for reminding me of days which were somewhat more interesting than those I now spend looking at him.

PUBLIC WORKS

NEW CANADIAN EMBASSY, WASHINGTON, D.C.—AWARD OF ARCHITECTURAL CONTRACT

Hon. R. James Balfour: Honourable senators, I have a question for the Leader of the Government in the Senate. Would he explain to the chamber the process by which Mr. Erickson, the architect, was named to design the Canadian embassy in Washington, D.C.?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I would be pleased to take the question as notice.

A number of very competent Canadian architectural firms made submissions for the design of the embassy in Washington, D.C. I understand that Mr. Erickson's company was one of the top dozen companies.

Hon. Jacques Flynn (Leader of the Opposition): It was not.

Senator Perrault: In the ultimate, the government made a decision to designate one of those companies to build this important structure in Washington, D.C.

Senator Flynn: Did you make this announcement on behalf of the government?

Senator Balfour: As a supplementary question to the honourable senator, is it correct or is it not correct that Mr. Erickson was advised before the competition took place that he would be selected?

Senator Perrault: I doubt that very much, honourable senators. There have been reports in newspapers to that effect, but denials were also printed in newspapers today.

The selection process the department employed involved, in its initial stages, all architectural firms in Canada. A panel composed of officials and members of the architectural profession was established to assist the government in this endeavour.

Over 2,000 firms were contacted through their provincial associations, and over 300 firms expressed interest in being further considered for this project. The panel had a very difficult task in narrowing down the field to the 11 finalists.

Hon. Lowell Murray: No, four.

Senator Perrault: The principal criterion to make the short list of 11 was that, in the panel's view, the firm possessed the capability to carry out this project successfully. The panel reported how impressed it was with the high quality of all 11 finalists. The choice, therefore, was a very difficult one.

The panel's recommendations were taken fully into account. The government, however, also had to consider other factors such as, in Mr. Erickson's case, his longstanding contribution—

Senator Murray: To what? Tell us more.

Senator Perrault: —to Canadian architectural design and his enhancement of Canada's architectural reputation in the world.

Hon. Richard A. Donahoe: How big was it?

Hon. Orville H. Phillips: How much was Mr. Erickson's contribution to the Liberal Party?

Hon. Stanley Haidasz: Would the Minister of State for Economic Development inform this chamber whether there are any Treasury Board regulations requiring Mr. Erickson or an appropriate federal authority to choose a Canadian construction company and other companies to build and outfit that great mega-project in Washington?

Senator Flynn: What a joker you are.

Hon. H. A. Olson (Minister of State for Economic Development): The substantive part of the question I will have to take as notice since I do not know if there are any regulations.

Senator Flynn: He did not fall into the trap.

Senator Donahoe: I should like to ask a supplementary question on this topic. I do not know that minister on the other side can answer it. However, I should like to know if there is any minister on the other side who can verify for me the fact that Mr. Erickson made the statement that two years previously he had been promised that the contract would be given to

him, which, in effect, meant that any competition which was held was a mistake, a delusion, or merely a deception of the people who took part in it.

Senator Perrault: The honourable senator is again quoting from truncated news reports.

I can only quote reports which appeared in the press this morning, which were denials by Mr. Erickson and his former partner who are quoted as having said that there was no truth to this.

Senator Flynn: The press is always wrong.

Senator Donahoe: Did Mr. Erickson deny that he was not one of the four architects who were recommended by the panel in charge as being appropriate persons to whom the contract might be awarded although he had been, in fact, one of the 11 semi-finalists and was only eliminated when the number was reduced to four?

Hon. John M. Godfrey: Honourable senators, in view of some of the allegations or innuendoes that have emanated from the other side, I should say that recently I took it upon myself to check how much Mr. Erickson contributed to the Liberal Party during the last two elections.

Senator Flynn: Are you speaking on behalf of the government?

Senator Godfrey: No, I am asking a question of the Leader of the Government. Is the Leader of the Government aware, as I am, that if Mr. Erickson contributed anything to the Liberal Party in 1979 or in 1980 it was under \$100?

Hon. Jack Marshall: That is all they are worth.

Senator Perrault: Despite the anger of some honourable senators on this particular point, I know that all honourable senators will glow with pride when they see that structure in place in Washington.

Mr. Erickson has won a number of international awards for excellence. He was the designer of the Canadian Pavilion in Osaka. Honourable senators must realize that Mr. Erickson is one of the great architects of our nation. This is not meant in any way to criticize others in that profession.

I was asked the question: Is it not a fact that he was promised the contract two and a half years ago? Honourable senators, two and a half years ago the Clark government was in power.

Senator Flynn: Oh, pooh pooh! If that amuses the other side, they must be very naive. It is a pitiful sight.

Senator Frith: It is a pitiful question.

Hon. Guy Charbonneau: Honourable senators, I do not think anyone on this side would suggest that Mr. Erickson is not qualified. We are trying to establish that this whole thing was a charade because there were 11 semi-finalists among which Mr. Erickson's firm was not included, and then four finalists, and Mr. Erickson's firm was not included among those either. That is a charade. Those firms spent thousands and thousands of dollars on that project, yet it seems that the

government did not intend to award the contract to any of those firms. Why did those firms have to go through that exercise?

● (1450)

Hon. L. Norbert Thériault: Honourable senators, I rise on a point of order simply to say that I sit on this side of the house and I have not given my permission to Senator Charbonneau to speak on my behalf on the Erickson matter or any other matter.

Senator Donahoe: Honourable senators, I rise on a point of order. As far as I am aware, I am the only senator on this side who made any reference to a period of time in which Mr. Erickson was promised in advance that he would be awarded the contract.

I rise simply to say that the Leader of the Government is incorrect when he says that two and a half years ago Mr. Clark was in power. The time I mentioned was not two and a half years ago, but "about two years ago". There was no reference whatever to the additional half year by anybody but the Leader of the Government, who is attempting to justify a condition for which there is no justification.

Senator Perrault: Honourable senators must understand that this advisory committee was precisely that, an advisory committee, and that ultimately the government had the right to make the decision.

The honourable senator is aware of the fact that under certain circumstances the lowest tender is not necessarily accepted by any government. In this case, the committee acted in an advisory capacity and, ultimately, the government opted to select the Erickson firm. There were 2,000 firms invited to tender on that project, and the Erickson firm was in the top group.

Senator Charbonneau: If I am correct, I believe that all the press reports mentioned a "selection committee," not an "advisory committee."

Hon. Royce Frith (Deputy Leader of the Government): It was a selection committee to advise. It was never given the authority to award the contract.

Senator Donahoe: I have a supplementary question. Can the Leader of the Government tell us whether any of those who competed in the competition were advised that, when the competition was concluded, the choice would not be based on the recommendations of the committee, but on the whim of the Prime Minister?

Senator Charbonneau: Behind closed doors.

Senator Perrault: That is not correct, honourable senators. The question will be taken as notice. We want nothing but the facts to be placed before the Senate.

Hon. G. I. Smith: That is an instant conversion.

Hon. Duff Roblin (Deputy Leader of the Opposition): You are a strange one if you want the facts on that!

[Senator Donahoe.]

HOUSE OF COMMONS

1981 CENSUS—REDISTRIBUTION OF SEATS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Murray on April 29, to which I now have the answer.

The timing of the process of redistribution, which begins with the announcement of the results of the decennial census, is governed by the Electoral Boundaries Readjustment Act. By May 30, 1982, electoral boundaries commissions must be established for each province and the Northwest Territories. The commissions have a year to complete their reports, although this period may be extended to a maximum of six months. The commission's reports are then laid before the House of Commons by the Speaker and may be the subject of a debate there. Following any debate in the House of Commons, the reports are returned to the commissions, along with objections that may have arisen in the house. Shortly thereafter, the Chief Electoral Officer will prepare a draft representation order with a precise description of the new electoral district boundaries.

It is expected that the draft representation order will be ready no earlier than September 1983. This estimate presupposes that there will be no extension in the time necessary to complete any of the events outlined above. If there are extensions to any of the steps in the process, the preparation of the draft representation order will be delayed correspondingly. Pursuant to section 23 of the Electoral Boundaries Readjustment Act, the Governor in Council will, by proclamation, declare the draft representation order to be in force, effective at the first dissolution of Parliament that occurs at least one year after the day on which that proclamation was issued.

Hon. Lowell Murray: The 1983 date does not necessarily follow from the schedule the minister has placed before the Senate. It is obvious that the process could be considerably accelerated if the redistribution commissions in the provinces were appointed before the date of—

Senator Perrault: May 30.

Senator Murray: May 30, yes.

Senator Perrault: Every effort will be made to speed up the process. I have given the Senate the information provided to me to date.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I raised the problem I had with this matter the other day and said then that I hoped I would obtain an opinion. In order to satisfy my concerns—and unless I am convinced otherwise before the motion is put—I want this matter to be considered by a committee of the Senate.

I am wondering whether the best thing to do, in the circumstances, would be to refer this matter back to the Standing Senate Committee on Banking, Trade and Commerce, which studied the matter, or whether it should be referred to the Standing Senate Committee on Legal and Constitutional Affairs, since the question I raise is really one to be dealt with by a committee, under our rules. Under our rules, I think my concern should be dealt with by the latter committee. However, if the Senate prefers that this matter be referred back to the Standing Senate Committee on Banking, Trade and Commerce, I have no objection.

MOTION IN AMENDMENT—REPORT REFERRED TO LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. Jacques Flynn (Leader of the Opposition): Then, honourable senators, I move, with leave of the Senate:

That the report be not now adopted, but that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs with instructions to consider the constitutionality of this bill's being introduced in the Senate and whether or not this contravenes section 53 of the Constitution Act, 1867.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I listened carefully to the point raised by Senator Flynn the other day. I agree with the observations he made then, namely, that this raises a question. I do not believe that Senator Flynn is saying that it is clear whether it infringes upon that section or not. I think he is simply saying that it raises a legitimate concern.

As I said, I agreed with his comments then, and I agree with his comments today. I think it would be proper to have a separate examination of that aspect of the bill. I also agree that the appropriate committee would be the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

THE SENATE

REFORM—MOTION RE ELECTION OF MEMBERS—DEBATE CONTINUED

The Senate resumed from Thursday, May 6, the debate on the motion of Senator Roblin:

That this House affirms that the federal character of representative and responsible government in Canada will be strengthened if the membership of the Senate is constituted by election rather by appointment.

Hon. Peter Bosa: Honourable senators, I am pleased to take part in the debate on Senate reform initiated by Senator

CANADA-GERMANY TAX AGREEMENT BILL, 1982

REPORT OF COMMITTEE—MOTION FOR ADOPTION—DEBATE CONTINUED

The Senate resumed from Wednesday, May 5, the debate on the motion of Senator Hayden for the adoption of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill S-24, to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income and certain other taxes.

Roblin on February 23, 1982. The motion he introduced on that occasion reads as follows:

That this House affirms that the federal character of representative and responsible government in Canada will be strengthened if the membership of the Senate is constituted by election rather than by appointment.

In his opening remarks, Senator Roblin stated that he was speaking for himself and not on behalf of his party. I want to assure honourable senators that this is also true in my case. I am not voicing the thinking of my caucus or of my party. I am venturing out on my own, basing my remarks on the experience I gained while I was a member of the Senate committee considering Senate reform. I believe that it is my duty to share my thoughts with honourable senators.

● (1500)

There have been many debates on Senate reform recently, and from those debates there have emerged just as many different proposals for reform. It is now time to sort out the various proposals that have been made in order to distinguish clearly between the practical, implementable reform and lofty theory. That is why it is important that the subject matter of this proposal be debated thoroughly from different perspectives. It is the only way in which we might arrive at a consensus as to what kind of reform this institution should undergo.

There already is a consensus, within this chamber and outside of it, that the Senate ought not to remain as it is. However, before embarking on any proposal for Senate reform, it might be worthwhile to consider the legislative structures of Canada and compare them with the legislative structures of other countries.

We find that Canada is a country which has applied the British parliamentary system to a federal state. Australia has done likewise, but Australia has an elected Senate, as has the United States. Our Senate is an appointed one. If we look at the parliamentary systems of the democracies of the world, we discover that no two countries have exactly the same legislative institutions. It would appear that each country has developed parliamentary institutions that best reflect the character and aspirations of its people. It is a fact that parliamentary institutions are best suited when they are home grown and have evolved to meet a country's needs.

We have seen what happened in Nigeria when it gained independent status. That country adopted *holus-bolus* the British parliamentary system. It did not work, and Nigeria had to relinquish that system of government and adopt one which reflected more closely the experience and needs of its people. It is not difficult to discover why it did not work. England has 700 years of parliamentary tradition. Such a system cannot be transplanted overnight to another country without the cultural base and traditions which make it operative. Similarly, importing the Australian system of an elected second chamber into Canada, as proposed by Senator Roblin, could well have a disruptive effect on our parliamentary institutions because it is not a natural evolution of our parliamentary system.

[Senator Bosa.]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I hesitate to interrupt my honourable friend because I do not want to spoil the flow of his speech, but I am not recommending the adoption of the Australian model for the Senate of Canada. That was not part of my statement at all.

Senator Bosa: My understanding was that the honourable senator made reference to the elected Senate of Australia, and that he was proposing an elected Senate of Canada. I apologize to Senator Roblin if I misunderstood his remarks.

Senator Roblin: What I did was point out some of the drawbacks of the Australian system which I thought would not be suitable for Canada.

Senator Bosa: If Senator Roblin did not propose that, there are many others who are using the Australian example in order to promote a similar system in Canada.

If I may continue, it was the Government of British Columbia that proposed a West German type of upper house in Canada which is known as the Bundesrat. The membership of the Bundesrat in West Germany is made up of provincial representatives headed by provincial cabinet ministers. The provinces or the *landers*, as they are referred to in the Federal West German Constitution, are organized in an entirely different way, and a Bundesrat type of upper house could not be adopted in Canada. If adopted in Canada it would become, as Senator Forsey pointed out at the time of the debate in 1978, a "house of obstruction." In discussing parliamentary reform of the upper house, it is well to anticipate the impact that it will have on the rest of the parliamentary system; otherwise it is like changing the course of a major river or the flooding of a major valley without taking into account the impact that such a change will have on the environment.

Let us look at what the purpose of the Senate is and at what the main areas of criticism of this institution are. The Fathers of Confederation envisioned a Senate as a chamber where regional interests would be articulated, where legislation would be refined, and where minorities would be protected. The reference to minorities at that time was to linguistic minorities—English and French—but not ethnic minorities, as the expression has come to mean in the more recent past.

The Senate has performed very well in the refinement of legislation, which is the most important function of the Senate at the present time. Any proposal to reform the Senate must take this fact into consideration. Refining legislation requires experience which can only be gained through some form of continuity in dealing with various forms of legislative proposals. The Senate went beyond its original mandate in the recent past by undertaking the task of investigating important public issues. Recent examples of such issues are problems such as poverty, unemployment, inflation, aging, land use, science policy, Indian affairs, trade relations with the United States and so forth. The Senate standing committees, in addition to doing other very important work, have also introduced an innovative approach in the pre-study of bills.

The perception remains that the Senate does not speak for the regions. Let me share with you for a moment my personal experience as a senator from Ontario. I have been a member of this chamber for over five years, and during that time there has never been a meeting of the Ontario senators where regional issues have been discussed. There is no Senate Ontario caucus, nor is there a mechanism for interfacing with the Province of Ontario. Neither members of the government nor members of the opposition have ever been in touch with me to ask for my assistance in order to advance the interests of the province. Any intervention that I have ever made in the Senate on a regional interest has been on an *ad hoc* basis and personally inspired, as opposed to a collective approach by Ontario senators. It may be that senators from other regions have consultations with their respective colleagues and their legislature, although, from private conversations, I doubt very much that that is the case.

So we must ask ourselves: Does the Senate fulfil its role? Based on my personal experience, the answer must be a qualified one at best, because the belief that the Senate does not speak for the regions is, in my experience, a valid one. Other areas of criticism directed at the Senate are the absolute veto power and the manner in which its membership is selected. The appointment method is considered to be undemocratic. This is further aggravated by the mistaken notion that many of the appointments to the Senate are made from a roster of defeated politicians, party fund raisers and cabinet ministers who have outlived their usefulness in cabinet. Such a notion implies that anyone in those categories is not fit to serve. In fact, we have only to look around this chamber to appreciate how unfair that notion is.

Senator Roblin's motion reads, in part, that "responsible government in Canada will be strengthened if the membership of the Senate is constituted by election rather than by appointment." I am sure it will be. This institution would regain its credibility in the public mind, and I fully support any reform that will enhance the prestige and credibility of the upper house. It is my opinion that an elected Senate would be highly regarded by Canadians as a whole. It is also my belief that an elected Senate would want definite powers and clout. The power and clout now reside in the other place, and any reform along this line would depend entirely on how much power the government and the House of Commons are willing to relinquish.

How independent would an elected Senate be? It would seem to be unrealistic to assume non-involvement of national political parties in Senate elections. The likely result would be that Senate races in any one region would duplicate the results in House of Commons constituencies and elected senators would have to conform to party platforms and caucus discipline. The elected senators would feel precisely the same pressures to dampen expressions of regional dissent as members of Parliament do now through cabinet solidarity and the pressures of political party discipline.

• (1510)

If we had an elected Senate, a question that would certainly be asked would be: Who speaks for Canada—the House of Commons or the Senate? Even if the demarcation lines of power were clearly defined, do we really think that we could speak on behalf of the regions and overshadow the premiers?

The provincial conferences that commenced in the 1880's have evolved into full-fledged debating and decision-making forums in the last 25 years. Federal-provincial conferences have come to dominate the most important area of concern that the Fathers of Confederation had assigned to the Senate. The premiers play a most prominent role at these conferences. It is unrealistic to believe that the premiers would relinquish that role to an elected Senate. In addition, most definitely there would be great resistance to an elected Senate by the other place and the provincial legislatures. In fact, I do not believe anyone wants an elected Senate at present, other than those who theorize that an elected chamber would strengthen the institution in the eyes of the public.

I started out as an advocate of an elected Senate and on one occasion shortly after my appointment, I spoke about it in this chamber. In retrospect, I can say that I was motivated by the belief that an elected Senate would carry out its mandate more credibly. As I have gained more insight into the workings of Parliament, I have become sincerely convinced that a modified, reformed Senate would complement our parliamentary institution more effectively. An elected Senate is not a practical evolution of the institution in our system of government at this time.

This feeling is shared by many experts on constitutional reform. Professor P. D. Weiler, in his article entitled "Confederation Discontents and Constitutional Reform," made the following observation:

The legislative role of the Senate as presently constituted has proved to be invaluable in the overall government context. Any reform proposal which would create a second chamber which did not have this function would leave a large hole in the legislative process. For these reasons it is important that there be some continuity in the membership of the Senate because it is only through experience that these legislative tasks can be carried out with maximum efficiency.

Professor Weiler does not assert that the Senate acts as a guardian of the interests of the provinces or territories. But that does not mean that a second chamber differently constituted could not be given powers that would directly affect the provinces. For example, there are numerous agreements between the central government and the provinces covering a whole range of topics which are rarely debated in this chamber. The implementation and control of these agreements is not under the direct supervision of any one body.

It would seem that the best forum for in-depth analysis of the agreements may well be a reformed Senate. The reforms that could be instituted swiftly to put the Senate on a new path of involvement would be to change the tenure of office. The

present retirement age of senators is 75 years, apart from the dwindling number who were appointed for life. The provision for a retirement age of 75 should be changed to a fixed term of perhaps 10 years, with the option of reappointment for further five-year terms. This recommendation is contained in Senator Lamontagne's report entitled "Certain Aspects of the Canadian Constitution". In order to retain the expertise and experience in the Senate, this transition should take place by attrition.

The method of selection by appointment has fallen into disrepute, but judges are appointed by governments and the courts are respected and held in high esteem by society. The consultative method employed in appointing judges should be used for the appointment of senators. A consultative method of appointment between the central and provincial governments could be broadened to emphasize that this may result in a less politically partisan Senate and a Senate which the provinces, because of their input in the appointing process, may feel more comfortable consulting on regional issues.

If the Senate is to remain the chamber of sober second thought, then the absolute veto should be relinquished and replaced by a suspensive veto. The Senate has a tremendous amount of power over legislation at the present time—that is, the power to defeat legislation. However, its lack of legitimacy because of its selection method makes it almost impossible for the Senate to exercise this power. A change to a suspensive veto would allow the Senate to take a more active part in the criticism of legislation, to the point of delaying approval in order either to give the House of Commons time to reflect on its proposals or to allow time for public opinion to crystallize around the proposals.

I believe that the institution of these changes, which have been advocated by constitutional experts both within this institution of Parliament and in the academic field, would give the Senate a new image, and it would enable senators to carry out more effectively the important work that is expected of them.

I believe also that Canadians are basically small "c" conservatives. It is my perception that they are reluctant to institute radical changes in their parliamentary institutions. I believe they would prefer and would support a moderate approach to the reform of the Senate such as the one I have proposed.

Hon. Stanley Haidasz: Honourable senators, on a question of privilege, I must first congratulate Senator Bosa for participating in the debate and giving us his views on Senate reform. He is a regular participant in Ontario caucus meetings each Wednesday morning, and he knows that not only members of the House of Commons but also senators attend those Ontario caucus meetings, as do senators from other provinces in their caucuses. This happens to be a tradition in the Liberal Party. I am sure the honourable senator would not want to leave the impression that senators do not take part in regional or provincial caucuses of the Liberal Party where provincial matters are discussed.

[Senator Bosa.]

Senator Bosa: I believe the honourable senator has made reference to something to which I did not allude. I said there has never been a meeting of Ontario senators where matters affecting the province of Ontario have been discussed. When we attend a caucus meeting each Wednesday, we discuss matters that relate to our region or area, but they are discussed from a different perspective because members of the other place are present at those meetings and, consequently, we are not presenting a Senate perspective.

Senator Haidasz: Would the honourable senator please elaborate on his idea as to how to give an elected Senate adequate representation from all sectors of the Canadian population, including minority ethnic groups?

Senator Bosa: There must be a misconception, because I did not advocate an elected Senate. I will certainly lend my support to having the minorities represented in the Senate; otherwise I myself would have to pack and leave.

On motion of Senator Phillips, debate adjourned.

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

CONSIDERATION OF REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONCLUDED

The Senate resumed from Thursday, April 29 the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled: *They Served—We Care*, tabled in the Senate on October 20, 1981.

Hon. M. Lorne Bonnell: Honourable senators—

The Hon. the Speaker: Honourable senators, I draw attention to the fact that if the Honourable Senator Bonnell speaks now his speech will have the effect of closing the debate.

Senator Bonnell: Honourable senators, in closing the debate on the report of the Standing Senate Committee on Health, Welfare and Science entitled *They Served—We Care*, I would again like to thank the committee members for their cooperation in preparing this report, as well as the Department of Veterans Affairs, the Royal Canadian Legion, Mr. H. C. Chadderton, Secretary-General of the National Council of Veterans Associations in Canada, Mr. George Giguère, National President of the Dieppe Veterans and Prisoners of War Association, Mr. E. H. Slater, Director of the Service Bureau of the Research Council of Veterans Associations in Canada, and others who appeared before the committee and gave us of their time and wisdom.

● (1520)

I would also like to thank the Honourable J. Gilles Lamontagne, who was Acting Minister of Veterans Affairs, and the Honourable Bennett Campbell, the present Minister of Veterans Affairs, for their assistance and co-operation.

As many of you know, we made seven recommendations for the benefit of war veterans and their spouses, and already several have been carried out by the department. Probably the

most important is our recommendation No. 1, which proposed that "the proportionate pension to the spouses and dependants of deceased veterans who were in receipt of a disability pension of 47 per cent or less be paid immediately instead of being phased in over a six-and-a-half-year period as in the *Statute Law (Military and Civilian War Pensions, Compensation and Allowances) Amendment Act 1980*." This was carried out by the Acting Minister of Veterans Affairs, the Honourable J. Gilles Lamontagne, in July 1981 by means of Bill C-82.

Recommendation No. 4 proposed "that all necessary steps be taken immediately to eliminate the unacceptable delays in processing pension applications and in pension adjudications which have accumulated since 1970." As a result of this recommendation, the present Minister of Veterans Affairs, the Honourable Bennett Campbell, appointed Mr. A. D. McCracken to analyze the over-all pension process and to find improvements. Mr. McCracken's final report to the minister is now in and a number of his preliminary suggestions have already been adopted, together with other organizational changes, resulting in improved performances.

During our last meeting, the Honourable Bennett Campbell informed us that on February 28, 1981 the number of applications pending stood at 3,174; one year later the number had dropped by 805 to 2,369, despite a marked increase in new applications during the first few months of 1982.

According to the minister's statement to our committee, the situation is becoming brighter, with more improvements still to come, and he is hoping for a further reduced backlog in the months ahead. Also, since our report the War Veterans Allowance Board has broadened its opinion to include the former members of Her Majesty's Canadian Forces who were on duty and were transported in ships or aircraft between Canada, Newfoundland, Bermuda or the West Indies during the Second World War, proceeded beyond territorial waters and were outside the western hemisphere. Therefore, they are considered to have served in a theatre of actual war and are eligible to apply for War Veterans Allowance. As a result, a substantial number of new War Veterans Allowance recipients are now receiving benefits.

Honourable senators, let me close by saying that the present Minister of Veterans Affairs made the following statement on our report:

It was a thoughtful report, indeed. I share your overall aim—that much can still be accomplished to improve benefits and programs for veterans.

I don't want veterans to be regarded as just senior citizens. They have earned the right to be considered as a special and honoured group. As your committee so rightly stated, "They Served—We Care".

Honourable senators, although many of our recommendations have been carried out, we will be watching with interest future amendments to legislation concerning veterans and their spouses.

The Hon. the Speaker: Honourable senators, this report is considered as having been debated.

LEGAL AND CONSTITUTIONAL AFFAIRS

MOTION FOR ADOPTION OF REPORT OF COMMITTEE RESPECTING THE ESTABLISHMENT OF POSITION OF DEPUTY SPEAKER OF THE SENATE

The Senate proceeded to consideration of the report of the Standing Senate Committee on Legal and Constitutional Affairs respecting the establishment of the position of Deputy Speaker of the Senate which was tabled on Thursday, May 6.

Hon. H. Carl Goldenberg: Honourable senators, I move the adoption of this report.

Hon. Richard A. Donahoe: Honourable senators, I realize full well that it is unusual for one who is only seconding a motion to speak on it at this stage, but I feel that the nature of this matter is such that I am impelled to say a word.

I am seconding Senator Goldenberg's motion. Am I out of order?

Senator Goldenberg: Honourable senators, I believe the procedure requires His Honour the Speaker to put the question. I will then make some remarks, followed by Senator Donahoe.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Goldenberg, seconded by the Honourable Senator Donahoe, that this report be now adopted.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Goldenberg: Honourable senators, as you are all aware, the report of the committee was printed as an appendix to the *Proceedings of the Senate* of last Thursday, May 6. On the assumption that not every senator has had the opportunity of reading it carefully, I will take the liberty of outlining its principal recommendations as briefly as I can.

Honourable senators will recall that on February 24 the Senate authorized the committee to examine and report upon the establishment of the position of Deputy Speaker of the Senate, including the need for such a position, the recommended procedures therefor, and the compensation to be paid to the incumbent.

The committee heard the views of the Speaker, who is very interested in this matter, and we understood his embarrassment, as he put it to us, arising from the fact that being fourth in the Order of Precedence he is frequently called upon to represent the Government of Canada on special occasions and must ask a senator to replace him on short notice. We appreciate his evidence.

The committee decided to proceed first to consider what authority the Senate has to appoint a Deputy Speaker. We know that there is a Deputy Speaker in the House of Commons, but there are fundamental differences in the procedures under the British North America Act regarding the speakership of the House of Commons and that of the Senate, respectively. For example, section 44 of the British North America Act provides for the election of a Speaker of the House of Commons, while section 47 provides for the election of a member to act as Speaker in his absence. Section 34 of the

British North America Act provides for the appointment of the Speaker of the Senate by the Governor General, rather than his or her election, but it does not provide for absence of the Speaker of the Senate.

Another difference becomes apparent when we compare the legislation which deals with the absence of the Speaker of the House of Commons with that dealing with the absence of the Speaker of the Senate. The act respecting the Speaker of the House of Commons establishes the position of Deputy Speaker, and provides for a replacement during both avoidable and unavoidable absences. It provides, in effect, for a permanent replacement for the Speaker.

● (1530)

The Speaker of the Senate Act provides the Senate with no more than the ability to fill the Chair during the temporary absence of the Speaker. We can conclude, on the basis of both the British North America Act and the Speaker of the Senate Act, that only a temporary occupation of the Chair during the absence of the Speaker is contemplated.

The committee concluded, on the basis of the evidence and of our study of the analysis of the law which was made for us, that the establishment of the position of Deputy Speaker, with remuneration from public funds, cannot be effected simply by an amendment to the Rules of the Senate. It requires legislation. The committee decided not to recommend legislation. The committee did not feel that legislation providing for a Deputy Speaker of the Senate would be wise, at this time in any event.

The committee felt, however, having heard the Speaker's case, that the problem can be met in another way. Under section 3 of the Speaker of the Senate Act, the Senate has authority, when informed by the Clerk of the unavoidable absence of the Speaker, to choose any senator to preside during such absence. We came to the conclusion that, if the Senate can choose any senator to preside during the absence of the Speaker, it can then choose the same senator each time. If it can choose the same senator each time, then at the beginning or during the course of a session, as a matter of convenience, the Senate can exercise the right and make its choice known in advance of being informed of the Speaker's unavoidable absence. In other words, it then becomes a matter of internal policy whether the Senate chooses a senator for this purpose for each session or whether it chooses the same senator each time he or she is required to replace the Speaker.

We point out in our report that the Senate could make its choice at the beginning of each session. It could make its choice by way of a motion to that effect, and the senator named in such a motion would then regularly replace the Speaker on a *pro tempore* basis. He would then be in the same position as the Deputy Speaker of the House of Commons when its Speaker is unavoidably absent. The difference would be that the senator chosen in advance to be Speaker *pro tempore* would not have the title of Deputy Speaker, nor would he or she be entitled to remuneration.

[Senator Goldenberg.]

There is no question but that if we recommended remuneration, that step would require legislation. The salaries of the Speaker, the Deputy Speaker and the Deputy Chairman of Committees in the House of Commons are set out in legislation, in the Senate and House of Commons Act. Remuneration for the Deputy Speaker *pro tempore* would require legislation which, as I have said, the committee cannot recommend. Financial legislation would have to be introduced in the House of Commons; we could not introduce it in the Senate.

I might briefly point out that I had the good fortune to be a lecturer in political science some years ago, so I had to acquaint myself with the constitutions of various countries. I reminded myself that, under the Constitution of the United States of America, the Vice-President of the United States is the President of the Senate. That Constitution provides further, in section 3, that the Senate shall choose their other officers and also a President *pro tempore* in the absence of the Vice-President of the United States. For example, whenever the Vice-President has to act as President of the United States, the President *pro tempore* replaces him in the Senate.

As a result of our examination of the situation, the committee makes two recommendations:

(1) That for each session there be a senator to preside as "Speaker *pro tempore*," such senator to be chosen by the Senate through the adoption of a motion with effect as follows:

"Whenever the Senate during the course of the present session is informed by the Clerk at the Table of the unavoidable absence of the Speaker—

whoever is chosen,

—if present, shall preside as Speaker *pro tempore* during such absence."

As a consequential amendment, we recommend that rule 10 of the Rules of the Senate be amended by the addition of a reference to the Speaker *pro tempore*.

These are the two recommendations of the committee. I draw the attention of the Senate to the fact that the second recommendation, if adopted, would, as I have said, involve a consequential amendment to rule 10 of the Rules of the Senate by the addition of a reference to the Speaker *pro tempore*. In view of this, the Senate may wish to adopt the report subject to this amendment being referred for formal approval to the Committee on Standing Rules and Orders.

Senator Donahoe: Honourable senators, I was so eager to put my point of view forward that perhaps I spoke a little prematurely. If so, I apologize. I will be brief in my remarks.

Hon. John M. Godfrey: Before you begin, I wonder whether I might ask Senator Goldenberg a question. I see from the report that it is said that the Senate would not have the power, without legislation, to appoint a Deputy Speaker with remuneration. Has the committee considered the question of the appointment of a Speaker *pro tempore*, without remuneration, who shall be called the Deputy Speaker? It seems to me that if the Speaker *pro tempore* is not to receive additional remuneration, the least we could do would be to give him the title, even

if he is not actually Deputy Speaker. Would we call him that if that is within our power? Has that legal question been considered by the committee?

Senator Goldenberg: Honourable senators, the committee did consider that question. It was suggested but, on the basis of an examination of previous debates on this matter and of the Constitution and relevant laws, it was decided that we could not appoint a Deputy Speaker. The Speaker of the Senate is not elected; he is appointed by the Governor General. There then arises the question: Could we appoint a Deputy Speaker? We thought the best solution would be a Speaker *pro tempore*.

If honourable senators will permit me, I might point out that, in the United States, the President *pro tempore* normally is a very important senior senator. I can remember when Senator Humphrey was Vice-President of the United States. After running for president against President Nixon and being defeated, he went back to the Senate and was immediately elected President *pro tempore*. I think I have answered your question, Senator Godfrey.

• (1540)

Hon. Duff Roblin (Deputy Leader of the Opposition): May I ask another question before my colleague proceeds? Could the chairman of the committee tell me whether the President *pro tempore* of the Senate of the United States is a permanent appointment?

Senator Goldenberg: He is elected and remains in office until he is replaced. The position is provided for in the Constitution of the United States, whereas our Constitution makes no provision for a temporary replacement for the Speaker of the Senate, although it does so in the case of the House of Commons.

Senator Donahoe: Honourable senators, to begin again, I was the seconder of the motion which comes from the Standing Senate Committee on Legal and Constitutional Affairs, of which I am Vice-Chairman and Senator Goldenberg is Chairman.

I would like to explain that I was asked by Senator Goldenberg if I would consent to allow my name to be used as the seconder of the motion. I said, "Most decidedly yes—on one condition, that when the committee sat and when the discussion took place I could make a statement and take a position before the committee." Subject to that, I was prepared to support the motion as presented. My condition was that upon seconding the motion I would explain to the members of the Senate my position with respect to the entire matter.

In the beginning, I was opposed to the appointment of a Deputy Speaker of the Senate. I felt that it was a matter of a frill and an unnecessary, expensive gesture which would bring the Senate into further—if "further" is the right word—disrepute among the people of Canada. I felt that it was neither the season nor the time for us in this house to be adding anything to the superstructure of the management of the house, and I said so in so many words.

On the other hand, I attended the meetings of the committee. I believe there was one meeting I was unable to attend, but

I did attend several meetings at which this matter was discussed. At one of those meetings, His Honour gave his reasons why he had an opposing view to mine. I wish to say that they were compelling reasons. He advanced reasons which were applicable to the position of Speaker of the Senate. They were personal and logical, and they convinced me that there was a situation in the Senate which could be improved by the appointment of some person to perform the function of Speaker in cases where it was appropriate and proper for the Speaker not to be present. In other words, when protocol demanded that the Speaker represent Canada and he did so, the responsibility should not be placed upon his shoulders. This responsibility became, for him, a matter of personal embarrassment, because he had to solicit senators to carry out his functions while he was absent. He pointed out that it put him in the position of asking senators, on a personal basis, to substitute for him while he was performing his duty, a very necessary duty about which some would say, by virtue of the travel and entertaining involved, "He is only going on a junket, a holiday, and he is the one who benefits."

I do not question that the Speaker of this body benefits by representing this country, and I sincerely believe, as he does, that he is of great benefit to the country and should be supported in this matter. If the situation is such that it puts His Honour in a position of personal embarrassment, then, if we have it within our power, we should remove that personal embarrassment. So I reversed my stand and became one of those who was agreeable to the idea that there should be a Speaker *pro tempore*, a Deputy Speaker, call him what you will, but some person who, on a regular basis would perform the functions of the Speaker when he is unavoidably, necessarily and appropriately absent, and accordingly I said so.

However, I made one stipulation and I wish to repeat it here. I said that if, however, the person to be selected was to be a paid or permanent official of the Senate, one to be given an honorarium, salary or remuneration for his services, I did not believe it was an appropriate gesture and I would not support such a proposition. Consequently, I seconded the motion of the committee upon the condition that I be assured by those in power or those in positions of authority that whoever performs the function of the Speaker will not be an official who is permanently appointed and permanently remunerated.

I am well aware, and it has been said in this chamber, that we have no power to fix remuneration or even to decide that there should be remuneration, but that we have it within our power to recommend that there be remuneration, though we have not done so. The chairman, in presenting the motion, said that he was not in any way recommending remuneration.

I trust that my position is abundantly clear, that nothing I may have said with respect to remuneration is to be interpreted as meaning that it would not be appropriate or proper for some kind of daily stipend, honorarium or compensation to be given to the person performing the important duties of the Speaker, provided that such payment is restricted to those times and days on which he or she is actually performing such services. In other words, I am opposed to a year-round salary

or a sessional indemnity for a permanent official who may or may not be called upon to act or who, if he or she is called upon, may be called upon very infrequently and occasionally.

I am not opposed to a senator assuming the office of Deputy Speaker if that person sits in the Chair on the nomination of the Senate, because nomination by the Senate removes from the Speaker any personal suggestion of embarrassment or any difficulty that he may now experience in asking someone to perform his functions. So, I am in favour of the Senate appointing such a person, rather than the Speaker. I am also in favour of the person so elected being remunerated purely, simply and only on the basis of time actually spent in the performance of such duties.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in his remarks the chairman of the committee has suggested with regard to this motion that we might wish to withhold our vote on it, subject to its being referred to the Committee on Standing Rules and Orders which will examine the consequential rule amendment that is part of the committee's report. I wonder if Senator Molson agrees with that. If so, I would be glad to move that it be so referred.

Hon. Hartland de M. Molson: Honourable senators, Senator Goldenberg told me about this report and, in fact, showed me the wording of it. I think it would be wise to refer the matter to the Committee on Standing Rules and Orders, because I am not quite convinced in my own mind that rule 66 should not be involved along with rule 10. So I think that if the motion receives approval, subject to its being referred to the Rules Committee, that would give that committee all the leeway it needs to recommend amendments to any rules involved.

● (1550)

MOTION IN AMENDMENT—REPORT REFERRED TO STANDING RULES AND ORDERS COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I suggest that we use the same formula as Senator Flynn has just used with reference to Bill S-24.

Therefore, with leave of the Senate, in amendment, I move:

That the report be not now adopted, but that it be referred to the Standing Committee on Standing Rules and Orders for study and report.

Motion agreed to.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONCLUDED

The Senate resumed from Wednesday, April 28, the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled: "Child at Risk," tabled in the Senate on October 16, 1980.

[Senator Donahoe.]

Hon. M. Lorne Bonnell: Honourable senators—

The Hon. the Speaker: I wish to inform honourable senators that if the Honourable Senator Bonnell speaks now his speech will have the effect of closing the debate.

Senator Bonnell: Honourable senators, in closing the debate on the report of the Standing Senate Committee on Health, Welfare and Science on experiences in early childhood that may be causes of criminal behaviour, I wish to report that we have had tremendous response from coast to coast of this country, from nearly every department of government in each of the provinces, from Ministers of Education, Ministers of Health, Ministers of Social Services, Health Leagues of Canada, Children's Aid Societies, Societies for the Prevention of Cruelty to Children, Pediatric Societies, the Obstetrics and Gynecology Society of Canada, and even from New Zealand, Australia, the United States, Belgium and Britain. In each and every case, we have received favourable comment on our report.

It is a report that touches the heart of a broad variety of people, not only in this country but in most countries of the world; a report which brings to light many things that were known but were never put together in one package; and a report that recommends that many changes be made by federal, provincial and municipal governments, hospitals, school boards, parents and expectant mothers. It is a report which has made a lot of people take notice, to change their way of living and to broaden their knowledge about the dangers and repercussions that follow when the unborn child has been subjected to the risk of malnutrition, drugs, alcohol, tobacco, chemicals and additives consumed by its mother. It also brings to light the dangers that may prevail at the time of birth, such as lack of oxygen or poor obstetrical procedures, over-sedation of the mother, as well as hospital practices of isolating the newborn baby from its parents and not keeping proper medical records from the time of birth.

It also brings to light, in early childhood, the lack of proper training to be a parent for many of our teenage mothers, the need for bonding and parental guidance, damage caused by such things as violence in the home, on the streets, and on television, child abuse, wife-battering and emotional deprivation.

Honourable senators, during the last year and a half I had the opportunity to speak to the Children's Aid Society of the County of Lanark, in the town of Smiths Falls, and was keynote speaker in Winnipeg on July 13, 1981 at the Canadian Congress for the Prevention of Crime. I have also participated in radio open-line programs and meetings of women's groups, welfare groups, La Leche Leagues, The Ontario Association of Children's Aid Societies, Professional Women's Clubs, and others. In each case, the response has been tremendous, the interest has been sincere, and most have been impressed with the work of the Senate.

Honourable senators, in my closing remarks I would like to tell you that I have here before me hundreds of letters from all

over the world concerning this report. They include letters from the Minister of Justice of Canada, the Solicitor General of Canada, the Minister of National Health and Welfare, the Minister of Housing and many others.

Honourable senators, if you have not already read this report, I highly recommend it to your reading.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 13, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

PRIVATE BILL

E.G. KLEIN LIMITED—FIRST READING

Hon. Fernand-E. Leblanc presented Bill S-26, to revive E.G. Klein Limited under the Canada Business Corporations Act.

Bill read first time.

Senator Leblanc moved that the bill be placed on the Orders of the Day for second reading on Tuesday, May 18, 1982.

Motion agreed to.

[*English*]

PRIVILEGE

Hon. Jack Marshall: Honourable senators, I rise on a question of privilege. Our illustrious whip, Senator Macdonald, did me the honour of sitting beside me yesterday. I wonder why he has left me today and returned to the other seat.

Hon. Royce Frith (Deputy Leader of the Government): Perhaps he should see a doctor about it.

The Hon. the Speaker: He was promoted in the meantime.

Hon. Jacques Flynn (Leader of the Opposition): He is sitting next to me now.

Hon. John M. Macdonald: Honourable senators, the view from here is better than that from the second row.

Hon. Raymond J. Perrault (Leader of the Government): This is an internal dispute that you will have to resolve yourselves.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT ON COMMITTEE BUDGET TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled a report approving the supplementary budget of the Standing Senate Committee on National Finance.

(*For text of report, see today's Minutes of the Proceedings of the Senate.*)

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-THIRD MEETING—REPORT OF CANADIAN DELEGATION
PRINTED AS AN APPENDIX

Hon. Henry D. Hicks: Honourable senators, I give notice that on Thursday, May 27, 1982, I shall call the attention of the Senate to the twenty-third meeting of the Canada-United States Inter-Parliamentary Group held in Key Largo, Florida, from the 4th to the 8th of March, 1982.

Honourable senators, I have the report of the meeting in both official languages, and should like to have it printed as an appendix to the *Debates of the Senate* of this day so that senators will have an opportunity to familiarize themselves with it and make comments on it. The meeting, as the report shows, dealt with matters of great importance to both Canada and the United States.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 4106.*)

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Tuesday next, May 18, 1982, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE ECONOMY

IMPERIAL OIL—EXPLORATION CUTBACK—EFFECT ON
EMPLOYMENT

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development. Has the minister's department done a calculation of the number of jobs that will be forfeited by Canadians as a consequence of Imperial Oil's announced exploration cutback, over four years, of \$2.4 billion?

Hon. H. A. Olson (Minister of State for Economic Development): I am not familiar with that particular announcement, honourable senators, but I can advise my honourable friend that Esso Resources and associated companies have announced, as he will know, a \$600 million exploration and development program in the Beaufort Sea. There is a very interesting list of contracts involved in that.

Hon. Jacques Flynn (Leader of the Opposition): You never reply, do you?

Senator Olson: These were contracts that were announced by the company at the same time. For example, there is a \$50 million dredging contract by Beaver Dredging (Western) Limited, of Toronto, and there is an \$85 million service contract for Arctic Transportation Limited, of Calgary, to provide logistic support. Allied Shipbuilders Limited of Vancouver will supply two \$10 million tugs; Vancouver Shipyards will build another tug worth \$9 million; and Timberland Equipment Limited, of Woodstock, Ontario, has bid successfully on a \$2.4 million contract to supply four anchor handling winches and a mooring system. There is a \$1 million contract for the steel caissons for the Esso's offshore wells designed by Alberty, Pullerits, Dickson and Jamieson, of Toronto; and there is a \$6 million contract for the Algoma Steel Corporation, of Sault Ste. Marie, to supply 8,000 tons of steel needed for the caissons.

I believe the news is also imminent of an award of a \$20 million contract to a western Canadian firm to supply the caisson drilling system.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear!

Senator Flynn: Stop that noise. Stop that stupid applause!

Senator Balfour: May I ask the minister a supplementary question? Is it correct that the \$600 million Beaufort exploration project will in fact be financed to the extent of \$400 million by the taxpayers of Canada?

Senator Olson: Well, I guess—

Senator Balfour: Yes or no?

Senator Olson: My honourable friend always likes these "yes or no" answers.

Senator Flynn: Yes, but we never get one.

● (1405)

Senator Olson: The honourable senator knows very well that a "yes or no" answer to many of these questions without explanation is not sufficient to explain the kind of information which, I am sure, my honourable friend wants. I am sure he wants the information in *Hansard* so that the people who read that document will know who is involved.

Senator Balfour: Will know the truth.

Senator Olson: The honourable senator also knows that the Petroleum Incentives Program provides a certain percentage of the cost of exploration which takes in the frontier areas or on the Canada lands. It may be that it amounts to \$400 million,

but I will have to check the matter out to make sure that it is right.

I would like the honourable senator to understand very clearly that the kind of expansion and activity going on there, along with the list of contracts that I just read out—and, by the way, that is only a preliminary list—are in keeping with the government's policies to become self-sufficient in oil and to stimulate economic activity at this time.

Senator Perrault: That's great.

Senator Balfour: Honourable senators, I have a supplementary question for the minister. Did I understand him correctly, that as the Minister of State for Economic Development he is unaware of the fact that Imperial Oil Limited has announced a cutback of \$2.4 billion over four years to its exploration program? Is he unaware of that?

Senator Olson: Honourable senators, I think it depends on the kind of figures that are used. If one uses larger figures, which are probably more useful for the honourable senator's purposes, one could apply a multi-billion dollar figure with respect to Cold Lake as well.

Senator Balfour: But were you unaware of that announcement?

Senator Olson: If it is ignorance, then it will have to be, but I am not aware of the announcement that has been made in the last few hours about a \$2.4 billion reduction in the Esso Resources—

Senator Balfour: Over four years.

Senator Olson:—exploratory program. However, one could use almost any other number. When one starts to make deductions—

Senator Flynn: Come on.

Senator Olson:—from intentions, it becomes a matter that requires some examination in order to find out and make sure that one started from the right base.

Senator Flynn: Aren't you going to applaud?

Senator Perrault: That was a very intelligent observation.

Hon. Ernest C. Manning: Honourable senators, I would like to ask a question on this same matter. The statement to which reference has been made was made yesterday by a senior vice president of Imperial Oil at a meeting in Edmonton. The point that it brings to my attention is that we have a company that is cutting back its four-year development program in Canada by \$2.4 billion while, at the same time, as the minister has pointed out, it has agreed to proceed with a \$600 million development in the Beaufort Sea. I am sure we can all be delighted over the announcement of this development, and I do not wish to depreciate it in any way.

Of course, the items read out a few minutes ago by the minister are simply a breakdown of that \$600 million. It does not represent an additional expenditure. Can the minister tell this house whether the other members of the consortium that is proceeding with this recently announced Beaufort Sea de-

velopment are also undertaking that development as an alternative to developments which they had previously proposed in the established oil producing areas of the country? In other words, are the other members of the consortium cutting back on the development in conventional areas and simply diverting the capital to offshore development in the Beaufort Sea?

If that is the case, while it is nice to see the development going forward in the Beaufort Sea, to lose \$2.4 billion of development in areas that are not highly subsidized by the tax-payers—because government incentives do not apply in those areas to the same extent they do in offshore development—is not a very good deal for the country in the aggregate. We are simply getting a 25 per cent investment in place of a 100 per cent investment. If the other members of the consortium are doing the same thing as Imperial Oil and diverting their development from the conventional fields to development in the frontier fields, then, and I am sure the minister will agree, it poses a rather serious problem.

Senator Olson: I shall take that part of the question as notice and refer it to the Minister of Energy, Mines and Resources to find out if they have been given any information that there are transfers from exploration and development in one area to another. I know how little I should rely on them, but I have just received a copy of the *Globe and Mail* press release that has as its headline, "Imperial reduces spending plans." The article contains the paragraph that I just read which my honourable friend, Senator Balfour, did not bring up. The article is very important because, among other things, it states:

● (1410)

The big Cold Lake heavy oil project and Imperial's participation in the Petalta petrochemical plant were casualties of Imperial's efforts to keep an even strain on its financial resources.

It seems to me that you could do another type of calculation in this regard knowing that, when the Cold Lake decision was made to suspend, postpone or whatever the right word is, that was a very large amount.

I am not exactly sure how much of the \$13 billion was slated for the next four years, but I think it was a major portion. Therefore, if it is in aggregate a \$2.4 billion reduction, including the reduction in the Cold Lake project, it could perhaps be calculated to include the Beaufort development, and it may be more than they had planned on doing when the massive Cold Lake project was also in their projections.

Senator Balfour: I should like the honourable senator to know that he has that clipping courtesy of myself since, evidently, his own staff was not keeping him informed with respect to developments taking place in western Canada.

If he is going to extract a paragraph from the clipping, would he also extract the paragraph which points out that Imperial Oil has reduced its hiring plan from 2,300 jobs to 200 jobs? In other words, 2,100 young Canadians will be without new jobs as a result of that announcement.

[Senator Manning.]

Does the minister have any comment to make with respect to that aspect of the cutback?

Senator Olson: Honourable senators, my honourable friend is doing what he accuses us of doing once in a while, and that is double-counting.

I think everyone here and everyone who heard the announcement that there was to be a postponement or delay of the large Cold Lake project would have known—and I think the figures were published at that time—that there would be a cutback in hiring as a result of that delay or postponement.

Therefore, it does not seem to me that it should be surprising that, if the number of dollars of intended investment was cut back by the Cold Lake, this amount should be contained in this article. I will check to see if the amount of hiring is not also included in that project. If that is so, it is not news today; it is a recapitulation of a number of things that Imperial has decided to do over the past several months.

Senator Flynn: Illusion.

NATIONAL DEFENCE

CANADIAN FORCES—MARITIME COMMAND—AMMUNITION SUPPLIES

Hon. Guy Charbonneau: Would the Leader of the Government in the Senate please confirm or deny the assertion made in the press yesterday that Maritime Command has only one minute's worth of ammunition left and cannot seem to find a source of supply?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it is fascinating to see the opposition ghoulishly picking its way through the cemetery of alleged "bad news." They love to go into any musky news report and to draw the worst possible conclusions.

I have not read that report—

Hon. Jacques Flynn (Leader of the Opposition): If you have not read it, then just say that you have not and sit down.

Senator Perrault: I do know that a brief news report sifted out of a newspaper does not necessarily constitute a condemnation of Canada's defence effort.

Senator Flynn: We did not say that. You are an insult to the intelligence of this place. Reply to the question or keep quiet.

Senator Perrault: You keep quiet.

Senator Charbonneau: I asked the minister to confirm or deny the allegations; I did not say anything else, and I did not ask him anything but to deny or confirm that this assertion is true.

● (1415)

Senator Flynn: Reply!

Senator Perrault: The question will be taken as notice. I want to assure the honourable senator that he can sleep peacefully in his bed tonight in the almost positive knowledge that the report is grossly exaggerated.

Senator Charbonneau: If the leader knows the answer, he should have answered the question. He has told me that he will take the question as notice, but then tells me that the report is wrong. Does the Leader of the Government know the answer to the question, or is he taking the question as notice?

Senator Perrault: Honourable senators, I want to act more responsibly than the Honourable Senator Charbonneau. Instead of quoting from some newspaper clipping, I will apprise myself of the facts, just as the honourable senator should have done before he asked the question.

Senator Charbonneau: I must point out to the Leader of the Government that I am not in a position to assert whether that report is right or wrong, but the Leader of the Government is. I am only asking him either to deny or to confirm that. That is a very simple question.

Senator Perrault: The honourable senator is aware of the fact that quoting from newspaper clippings is unparliamentary—

Senator Flynn: Oh, come on!

Senator Perrault:—and that he needs more substance than that to bring something to the attention of the Senate.

Senator Charbonneau: I must point out to the minister that I did not quote anything. I said "allegations in the press." I am simply asking him either to deny or to confirm that. That is all. I did not quote anything.

VETERANS AFFAIRS

PENSIONS—ENTRENCHMENT OF BASIC RATE

Hon. Jack Marshall: Honourable senators, I have a question to ask the Leader of the Government in the Senate. My question is a follow-up to those posed by Senator Bird and by me yesterday regarding the basic rate of veterans' pensions.

It is obvious—and has been confirmed by the Minister of Veterans Affairs—that veterans' pensions have fallen off by \$900 from those to which they are compared, the five lowest categories in the public service.

Yesterday, in answer to a question posed in the other place, the Minister of Veterans Affairs mentioned that a brief had been submitted to the Standing Committee on Veterans Affairs requesting that the basic rate of pension be entrenched in the legislation. The minister indicated that he will be prepared to consider that when he has had an opportunity to read the brief.

That same witness, Mr. Cliff Chadderton, appeared before the Standing Senate Committee on Health, Welfare and Science, and one of the recommendations he made was that the basic rate of pension be entrenched in the legislation.

Our committee presented a report to the minister last November making the same recommendation, and yet the minister said that he will consider that after reading the brief submitted by Mr. Chadderton.

Could the Leader of the Government determine from the Minister of Veterans Affairs whether he takes into consider-

ation reports of Senate committees? He told us that we had submitted a good report and that many of the recommendations were valid. It seems to me that the minister does not take seriously what we say, because, as I said, we submitted that report some six or seven months ago.

I ask the Leader of the Government to ask the Minister of Veterans Affairs whether he did, in fact, consider the report of the Senate committee, and, if so, why does he not show us the common courtesy to reply?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the evolution of sound policies is not achieved overnight.

Senator Marshall: This has been going on for 10 or 20 years.

Senator Perrault: The Minister of Veterans Affairs wants to read all of the available material to ensure that the policy, when put in place, will serve the interests of the veterans. It is heartening to note that it will have Senator Marshall's support.

Senator Marshall: It will certainly have my support, but this recommendation was in the Woods committee report which came out in 1970, which was 12 years ago. The government has been putting that off every year since.

I am asking the Leader of the Government to ask the Minister of Veterans Affairs whether he has considered our report and whether it will be taken into consideration in conjunction with the brief.

Senator Perrault: Honourable senators, certainly the view of Senate committees are given great weight by this government, and always have been. The Honourable Senator Marshall is aware of the fact that no country in the world has more beneficial programs for veterans than Canada has.

Hon. Jacques Flynn (Leader of the Opposition): Come on!

Senator Perrault: Senator Marshall supported those programs, as I recall, both in the other place and in this place. Perfection has not yet been achieved, but further improvements in veterans' programs will be made.

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. Robert Muir: Honourable senators, I should like to pose a question to the congenial and kindly Minister of State for Economic Development.

I am sure we were all perturbed by the top of the news report last evening regarding the devaluation of the Canadian dollar. Can the honourable gentleman tell the Senate whether Canadians should be concerned about the recent decline in the value of the dollar?

• (1420)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, Canadians should be concerned about the rumours that are going around, some of them

initiated by the opposition, which perhaps have an effect on the Canadian dollar.

Some Hon. Senators: Oh, oh!

Senator Olson: That is a great disservice to Canada generally—

Hon. Raymond J. Perrault (Leader of the Government): Shame.

Senator Olson: I can elaborate on that. Some of the alleged and speculative statements attributed to the Minister of Finance—

Hon. Jacques Flynn (Leader of the Opposition): "Sinister" of Finance, did you say?

Senator Olson: —in Paris and Helsinki are wrong and are misinterpretations. The Minister of Finance has expressed again, as he has done many times, his concern for the problems associated with unemployment. He has said categorically, over and over again, that while he is greatly disturbed by the unemployment problems and the pressing need to reduce unemployment, "this objective cannot be achieved on a sustainable basis unless continued successful efforts are made to reduce inflation." Therefore, any speculation that the Minister of Finance is deviating from the policy thrust which he is confident is the longer term and stable solution to this problem is not correct.

GOVERNMENT MEASURES TO COMBAT UNEMPLOYMENT

Hon. Robert Muir: Honourable senators, I have a supplementary. I thank the honourable gentleman for his response, and I hastily withdraw the comments I made about the "congenial and kindly minister." In the minister's response, he blamed the opposition, of course—

An Hon. Senator: And the United States.

Senator Muir: —and the United States; and God, and the Pope, God bless him. He blames everyone under the sun for his and the government's problems. We heard that over and over again in the other place. If anything went wrong, it was the weather, it was the lack of rainfall, it was the lack of this or that. It was probably the mushrooms that the Leader of the Government was eating out in British Columbia that gave him hallucinations, or it was probably something else. I know that the Minister of Finance, in the other place, is concerned about unemployment, and well he should be, particularly with regard to Quebec and the Atlantic region. We are not fortunate enough to be living in Alberta, where they have a good Conservative government which has been doing a tremendous job provincially.

Hon. Raymond J. Perrault (Leader of the Government): No commercials!

Senator Muir: My supplementary to the honourable gentleman, to whom I referred earlier in such a kindly way, is: Despite what the Minister of Finance has said overseas, are the minister and the government concerned, and, if so, what do

they propose to do about it, apart from the nothingness that was contained in the minister's answers?

Hon. H. A. Olson (Minister of State for Economic Development): It seems to be an almost futile effort to convey to the opposition—

Hon. G. I. Smith: The fairy tales.

Senator Olson: —the objective of a sound financial and monetary policy; but we have to continue to try to do that anyway. I did not blame the opposition entirely, but it has made a contribution to the rumours—

Some Hon. Senators: Oh, oh!

Hon. Jacques Flynn (Leader of the Opposition): What about your own contribution—your own; from your own mistakes?

Senator Olson: —that has an effect on the market to some extent. In my view, the opposition should be acting in a somewhat more responsible manner; but that is for them to decide. The Minister of Finance has said repeatedly, and he said it again in Helsinki at the International Monetary Fund meeting:

A return to sustainable growth and a lasting improvement to our increasingly severe unemployment problems requires perseverance with the broad strategy of reducing inflation.

● (1425)

Whether you agree with it or not, the government's policy ought to be clear. There is an element of perseverance that is needed if we are going to reduce inflation, and any subsequent problems, so that we will be in a competitive position with respect to our trading partners.

The only other comment I would like to make, honourable senators, is this. I know that Senator Muir and I, when we used to sit in the opposition in the other place, tried to blame the government for everything. I also know, however, as a practical farmer, that if weather conditions are adverse they can reduce your production and income more than anything the government may do. So, although he is trying to blame all of the difficulties on the Canadian government, I know that Senator Muir has read reports on the subject and that he is enough of a realist to be aware that there has been a very significant downturn in the economy internationally. He must also realize that Canada's participation in that international economy has suffered to some extent.

Senator Flynn: We all know that when you were in the other place you decided to switch rather than fight.

Senator Muir: I have a further supplementary, honourable senators. I am glad to see that the honourable gentleman has won the support of the Leader of the Government in the Senate, who probably was at the mushrooms again. He was the only one who applauded. Would he therefore stop eating them? They give him hallucinations.

The honourable minister's response was nothing but an array of baffle-gab and gobbledegook, which meant nothing.

He was saying that if the unemployed in this country are to continue—

Hon. Royce Frith (Deputy Leader of the Government): Is this a question?

Senator Muir: Indeed, it is. Of course, it is a question.

Senator Frith: Very well. We shall wait patiently.

Senator Muir: The Honourable the Deputy Leader of the Government in the Senate has not held elected office, so he is not familiar with how we do things.

Senator Frith: I know how we do them here.

Senator Muir: However, if I may continue, the Minister of State for Economic Development, quoting the Minister of Finance, says we must get inflation down. I am sure we all agree on that, but in the interim period there are thousands and thousands of Canadians who are losing their homes because of inflation and their inability to keep up their mortgage payments, and thousands and thousands of Canadians, both young and old, who cannot find jobs. What are they going to do, and how long is it going to take to reduce inflation—and I take into account all the brilliance that the minister and his colleagues have at their disposal—so that we can get people back to work, get them earning money again, and thus enable them to pay their debts? How long is it going to take?

Senator Olson: Honourable senators, I am very pleased to hear that Senator Muir—and I hope he was speaking for his colleagues also—supports the government with regard to getting inflation down.

Senator Flynn: The objective is fine, but the methods are wrong.

Senator Olson: That is an interesting comment. A lot of us would like to take short cuts in carrying out a highly responsible and sound fiscal and monetary policy. Unfortunately, in some cases there are no shortcuts available. I would like to be able to bring statistics here to indicate that Canada's very high and stubborn inflation rates are backing off significantly. Unfortunately, that is not so. As I have explained a number of times, rather than moving closer to a competitive position with our trading partners, the gap with regard to our inflation rate and other competitive factors, particularly in the case of the United States, has widened. That is indeed unfortunate.

All I can do at this point, however, is to express the hope that the inflation rate, and all of the consequences that flow from it, such as high interest rates, and the reluctance to make investments in the face of these high rates, will be resolved as soon as possible.

I want to say again that I, and my colleagues in the government, sincerely believe that unless we take the route that we are following now, of maintaining our fiscal and monetary stance in order to relieve the pressure in some of those areas and getting ourselves into a more competitive position, we are not going to see less unemployment and less of all these other difficulties, but more.

● (1430)

INTEREST RATES—GOVERNMENT POLICY

Hon. Robert Muir: I thank the honourable gentleman for his response. Again, he has his one applauder on the other side, the Leader of the Government—Oh, he found another.

I have a supplementary question. From what the minister has just said, it would appear that he has abandoned all of the old-time monetary policies that he espoused in the other place. I believe those were the policies of a man by the name of Douglas.

An Hon. Senator: Tommy?

Senator Muir: No, it was not Tommy; he wasn't a bad guy at all.

Hon. Henry D. Hicks: Major Douglas.

Senator Muir: Yes, thank you, Senator Hicks; it was a gentleman by the name of Major Douglas. That is what happens when you are an academic—you have all of the degrees and you know all the answers.

For the information of the honourable minister, I do not speak on behalf of anyone else; I speak for myself. Many times in the other place I spoke against my own party and against the wishes of those who did not appreciate what I said. I still do that in this chamber, and I shall continue to do it. I do not ask permission to speak. I want to find out what can be done. I know that you have a difficult problem, but you cannot blame it on the opposition. You were elected to straighten out all of the matters in this country.

Hon. D. J. Steuart: Not us!

Senator Muir: You have all of the answers; now come up with the action.

With regard to my supplementary question, I believe it was yesterday that the Bank of Canada announced an increase in the lending rate to 15.41 from 15.16 per cent. Is the minister worried about the impact that still higher interest rates could have, and will have, upon the private sector job situation and upon economic activity in general? Is he really concerned about that impact?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not think that I can add very much to what I have said before.

Hon. Richard A. Donahoe: Agreed!

Senator Olson: To do so would be to repeat myself for the third or fourth time. My honourable friend knows that the supplementary question that he has just asked has been answered in full. He has been told about the government's policy, over the long term, to deal adequately with that problem. I do not have anything further to add.

With regard to the preliminary to his question, I will only say that it demonstrates again the danger of someone interpreting a policy and a philosophy that he does not understand himself.

Senator Muir: I am glad that the honourable gentleman is admitting that he did not understand what he was espousing in the other place when he was voting for debt-free money, and so on. All I can say in response to his remark—of course, Senator Frith has to prompt. He should have been at Stratford so that he would prompt the actors. Does the honourable gentleman realize that, despite all of his verbosity, quite frankly I think he is “a wee bit glaiket, aye, a wee bit glaiket.” Our brilliant *Hansard* reporters will know what that means.

Senator Olson: I suppose that the honourable senator is entitled to his opinion.

Senator Muir: Thank you.

BRITISH COLUMBIA

PRINCE RUPERT—CONSTRUCTION OF GRAIN PORT

Hon. R. James Balfour: Honourable senators, I direct my question to the Minister of State for the Canadian Wheat Board. The other day I asked him if he could indicate to the Senate whether or not the \$300 million grain port project at Prince Rupert was in jeopardy. He undertook to inform himself with respect to this matter. Is he now in a position to indicate whether this other mega-project is going down the tubes or whether it will go ahead?

Hon. H. A. Olson (Minister of State for Economic Development): I hope that you do not get any satisfaction out of that “going down the tubes” remark.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): In reply to the honourable senator, I am still confident that the project will go ahead. The tenders that were submitted amounted to some \$319 million, which is \$59 million above the estimate of \$260 million. That is causing the consortium some difficulty. My information is that the members of the consortium are trying to negotiate with the people who had offered the tenders to see whether some savings can be made, perhaps by modifying the project in a minor way. I am not sure what that means, but efforts are being made to see whether that figure can be brought down somewhat. I believe that a further decision will be taken at a later date, but the federal government is very much in support of the project.

The National Harbours Board has let a contract of \$22.9 million to level the property and create a railway embankment between Ridley Island and Kaien Island, on which Prince Rupert is situated. This contract has been more than one-third completed.

With regard to the projections for the future, the grain authorities, including the elevator companies which are associated with this consortium, the Canadian Wheat Board and others, believe that this terminal is required. It will add some 3.5 million tonnes export capability to that system. I do not think that I have any more specific information than that. I reiterate that the parties are concerned with carrying on discussions and negotiations. I am hopeful that a favourable decision will be reached.

[Senator Olson.]

Senator Balfour: I thank the honourable senator for his answer. To the Minister of State for Regional and Economic Development, I will say that I get no satisfaction from the prospect of mega-projects going down the tubes. I do experience a sense of anger, because I understand the reasons for some of these mega-projects going down the tubes. I am looking at one of them.

Senator Olson: That is why you are so wrong.

Senator Balfour: To the Minister of State for the Canadian Wheat Board I will direct a supplementary question. Can he indicate whether his department has made a study of the effect on the capacity of western Canada to achieve its grain delivery targets if in fact this project does not go forward?

Senator Argue: I believe that this project is necessary in order to achieve the target of 30 million tonnes by 1985, and is certainly required to reach the target of 36 million tonnes by 1990. These additional export facilities are required. I believe it is correct to say that experts in the field have been pleasantly surprised with the increased handling that is going through the port of Vancouver. It has been running far in excess of anything they had hoped for.

Nonetheless, my judgment is that this project in Prince Rupert is necessary if we are to meet those export targets. Although this may not be the question that the honourable senator is asking of me, some people feel that those export targets are too high to be realistic in terms of physically achieving them on the farms. However, projections based on past trends would indicate that that is the way things are going.

There is a surplus of wheat in relation to demand in the world at this time, but that surplus is chiefly the result of a very large crop on the North American continent last year. I attended a session with the Canadian Wheat Board yesterday, and their projections were once again repeated to me and others at the meeting. They feel that the world demand for grain is increasing with population growth at a rate of 2 to 3 per cent per year, and that the world increase in wheat production is going up by 1 per cent next year. Therefore, they feel that the long-term trend in terms of demand, from the standpoint of a grain producer, is favourable. Currently, the demand is not as favourable as the projection would indicate; nonetheless, it is felt that the demand will be there in the future. Everyone is confident that the production is likely to be there as well. Under those circumstances, the Prince Rupert terminal is definitely required.

● (1440)

NATIONAL DEFENCE

AIR TRANSPORT COMMAND—AVAILABILITY OF AIRCRAFT

Hon. Paul C. Lafond: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. Some time ago the Minister of National Defence stated that increasing the capacity in vehicles of Air Transport Command was one of the priorities of the department. In view

of that, coupled with the fact that many major airlines on this continent are now grounding aircraft because of the woes of the air travel industry and some major airlines are even going bankrupt, as we learned this morning, and also with the fact that this would probably make available at bargain prices the means of bolstering the capacity of the Department of National Defence, will the government, specifically the Department of National Defence, give this question immediate attention?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the proposal is interesting. The question will be taken as notice.

NOVA SCOTIA

SYDNEY STEEL CORPORATION—INELIGIBILITY OF LAID-OFF EMPLOYEES FOR UNEMPLOYMENT INSURANCE BENEFITS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, on May 11 Senator Muir asked me about the production of steel rails at Sysco and a related question with respect to unemployment insurance. I should like to reply to that today.

Briefly, in 1980-81 Canadian National was purchasing 151,000 tonnes of rail from Sysco. In 1982 CN purchased 97,000 tonnes. While 11 per cent of CN's needs in 1981-82 were purchased abroad, that is something it does only when it has to. When the two Canadian plants, Sysco and Algoma, cannot provide CN with the quantity or quality it needs, CN, in the interests of safety, must be certain that the track it buys will stand the wear and tear of every-day operation.

In 1982-83 CN will purchase 88,000 tonnes of rail, none from outside Canada. Again, CN only purchases rail outside Canada when it cannot avoid doing so.

The president of CN, I am told, met with the Premier of Nova Scotia last Friday, suggesting that, if someone wanted to pay for the storage or production of rails for 1982-83, activities could be resumed now. In other words, CN is quite willing to be accommodating.

Last June the federal government contributed 80 per cent of the \$90 million, or \$72 million, required for the modernization of Sysco, which is a provincial crown corporation. The practicality of moving ahead on the coke ovens aspect of the plan is now under examination.

With respect to the question on the ineligibility of laid-off employees for unemployment insurance benefits, the determination of eligibility is expected within the next two weeks and, therefore, we anticipate no delays in the normal delivery of unemployment insurance cheques, if the claims are validated. The commission is encouraging all laid-off workers to submit their claims to their unemployment insurance offices as soon as possible.

Referring again to rail production, I should say that work will begin in early August on a new order for Canadian National, and the Sydney community and workers in the primary metal industry in that locality are designated for

assistance under the Industry and Labour Adjustment Program, commonly known as ILAP.

Hon. Robert Muir: I wish to thank the honourable minister for his response, which was quite full and comprehensive. When I was asking these questions two days ago, the honourable gentleman suggested that I was probably playing around with the truth with respect to the purchase of foreign steel and so on. In the *Halifax Chronicle-Herald* of Saturday, May 8, the Honourable Jean-Luc Pepin is reported to have said that CN is buying heavy-duty rail from Algoma Steel and from, the minister said, "foreign suppliers, although it would rather be able to buy it from Sysco, because Algoma is a subsidiary of Canadian Pacific Limited." I just wanted to correct the minister's suggestion that I was playing with the truth. There are times, as he himself reiterated today, when CN does purchase steel from foreign sources.

With respect to the related question on unemployment insurance benefits, the minister is quite correct that the president of CN met with the Premier of Nova Scotia and said that he would be very happy to see Sysco continue to produce rail. He would like to see the purchase of more rail, but, according to Maurice Leclair, the president of CN, that will not happen without government assistance. In saying that, I am looking at the *Halifax Chronicle-Herald* of Tuesday, May 11. That is because CN is having troubles of its own, and we know that is the case.

Since in the past, as the honourable minister knows, the government of the day has stockpiled uranium and wheat, and even coal, during slack periods, would it not be possible for the minister and his colleagues to give consideration to bringing ahead the production of steel rails that will be required not only for CN but for other orders that may come on the books, in this way assisting the company by letting them stockpile?

We are grateful for the assistance the federal government has given Sysco. We are very happy about that and many of us have worked on that, Senator Graham being one of the most prominent, along with the Minister of Finance. So we are pleased about that. Nevertheless, I am asking the minister if it would not be possible to consider the fact that rails could be manufactured and stockpiled. In that way we would get the steelworkers back to work rather than have them on unemployment insurance—as they will be now—if and when everything goes all right.

Senator Olson: Honourable senators, that possibility, as I suspect my honourable friend knows, is under active consideration now, to the extent that, as I mentioned and he confirmed, the Premier of Nova Scotia and the president of CN have already met to discuss the situation. I have not been involved in any of the detailed discussions. However, I do know that there are more details and implications involved than Senator Muir and I have discussed. I am sure he will recognize that we cannot have a debate on the subject during Question Period. I will say, however, that I am also aware that before long there is likely to be a significant increase in the demand for steel, when the go-ahead is given for the increased rail capacity in western Canada. I am confident that that will go ahead, which

will mean a significant increase in the demand for tonnage of steel rail.

Senator Muir: I wish to thank the honourable gentleman again for his response. I would further ask him if it would be possible for him, because of his prestige in the cabinet—and he does not need to smile about that, because I mean it—and the position he holds in the cabinet, to involve himself more in this particular project so that he can ascertain if that might take place. I am not debating with him; I am simply asking questions. So far he has been doing very well answering them.

With regard to the question on unemployment insurance, the minister gave a slight response to that, which I found was not quite clear, concerning those who were validated and so on. Can the minister clarify the situation with respect to whether there is any controversy as to the Unemployment Insurance Commission's adopting the attitude that a worker cannot qualify because he was on strike? In other words, will the commission say, "You cannot qualify because you were on strike. It is true enough that you were supposed to go back to work, but then there was no work for you. Therefore, you are not allowed to collect benefits."? Has the minister clarified that so that the men will simply be able to go and file their claims and then, after the appropriate waiting period, receive their benefits?

Senator Olson: Honourable senators, in making my statement I did not go into that detail because I did not have that information in front of me. I did say, however, that the commission is encouraging all laid-off workers to submit their claims to the unemployment insurance offices as soon as possible. So they will have that. Obviously, as the honourable senator knows, they will not be eligible to receive the actual cheques until a certain number of days have elapsed, in any event.

● (1450)

My notes tell me that the Unemployment Insurance Commission is attempting to have all those applications for claims submitted to them so that when the matter is clarified there will be no further delay. It is a fact, of course, that there are certain regulations within the department regarding strikes and eligibility for benefits, but my honourable friend is aware of that. I can get an even more detailed answer, but the message I am trying to convey today is that those applications should come in from the workers, in any event, so that there will be no further delay depending on some change in the regulations that would, as the honourable senator has pointed out, validate what could be interpreted now as an invalid application.

Senator Muir: I thank the minister for his full report and it is very good. The only thing that concerns me, and I hope that the minister will go into the matter further—and I know that he has dealt with many unemployment insurance cases himself over the years—is that sometimes, because of a slight technicality, workers can wait for as long as ten weeks before they get any money. Because of the unique situation of these men and women, I hope that they will not be caught up in a delay

[Senator Olson.]

of that kind. If the men and women get in and file their claims immediately, I hope there will not be some commission sitting on the matter for two or three months to ascertain if "John Brown" or "Bill Jones" will qualify. Will the minister investigate this matter and report back to us the next time he has an opportunity?

Senator Olson: I shall take the question as notice.

Hon. John M. Macdonald: Honourable senators, I would like to ask a supplementary question with regard to this subject. I understand from the original statement that the CNR had to buy rails outside Canada because Sysco was not able to meet the specifications for those rails. I wonder if the minister could ascertain the specifications required by CN that could not be met by Sydney Steel.

Senator Olson: Honourable senators, I think I did that in a previous exchange. However, I shall obtain those specifications for the honourable senator. I do not have them with me today. I would like to underline the fact that there are significant purchases intended to be placed with Sysco Steel for rails in this and coming years.

ROYAL CANADIAN MOUNTED POLICE

RECOMMENDATION OF COMMISSION OF INQUIRY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information in reply to a question asked by Senator Nurgitz on April 29. The information relates to the honourable senator's inquiries regarding the McDonald Commission report and the status of certain RCMP officers in relation to that report. The documentation, which has been provided for me by the Solicitor General, is rather lengthy and, for that reason, I propose that it be incorporated in the record of today's proceedings.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows.)

In 1976 the Solicitor General, Mr. Fox, swore an affidavit under section 41(2) of the Federal Court Act denying production of documents to the Human Rights Commission of Quebec. The documents concerned a security investigation of two women who were employed at establishments on the site of the Olympic Games in Montreal.

The unanimous decision of the court written by Mr. Justice Chouinard upholds the authority of the Solicitor General to deny the commission access to documents whose disclosure might pose a threat to national security. According to the decision, section 41(2) is constitutional even though it could lead to abuses that cannot be controlled by the courts. Mr. Justice Chouinard concludes, however, that:

Cependant le risque que l'Exécutif applique à mauvais escient ou même de façon arbitraire une législation valablement adoptée par le Parlement n'a pas pour effet de faire perdre à celui-ci son pouvoir de légiférer.

Noting that both the federal parliament and the provincial legislatures have power to legislate and therefore the power to grant "absolute privilege", Mr. Justice Chouinard pointed out that if the court were to rule that Parliament did not have the right to grant such privilege, it would mean a denial of the supremacy of Parliament.

As honourable senators will recall, during the course of proceedings in November 1981 against present and past members of the RCMP instituted by the Attorney General of Quebec, it was necessary to swear an affidavit under section 41(2) of the Federal Court Act to withhold documents requested by defence counsel. These documents contain information the production of which would be injurious to national security or disclose confidences of the Queen's Privy Council of Canada. The documents requested were among the thousands to which the commission of inquiry into the RCMP had access.

The federal commission of inquiry headed by Mr. Justice David McDonald was given untrammelled access to all categories of government and RCMP documents. In an unprecedented move under the terms of an Order in Council passed in 1979 the commission was permitted access to cabinet and cabinet committee minutes that might bear on government knowledge of illegal activities. In its third report, the commission pronounced itself well satisfied with the terms and conditions of this access. It had access to the indexes of the minutes of the cabinet and its committees and was shown any minute that it thought was relevant to its concerns. The commission in its report noted that the Clerk of the Privy Council interpreted its right of access to cabinet and cabinet committee minutes in broad terms.

In its report published in August 1981 the commission made three principal findings:

First, certain members and former members of the RCMP had committed acts not authorized or provided for by law; which could be referred to Attorneys General, federal and provincial, for possible prosecution and to the Commissioner, RCMP for possible discipline.

Second, in order to establish the context of the acts in question, certain information should be made public notwithstanding the need to protect cabinet confidence—

Third, no superior authority for the acts could be attributed to ministers and senior officials.

The commission sought and received declassification of the relevant portions of many classified documents and it reported at length on the contents of many of them. These disclosures were unprecedented in our history and were made possible, not as a result of findings of wrongdoing, but because the government acceded to the commission's request to publish all relevant material even if the purpose was to establish that no wrongdoing occurred.

The commission took the view that it would be necessary to make a report citing misconduct if any minister or senior official participated in, knew of or failed to deal with activities of the RCMP not authorized or provided for by law. After

over 300 hearings and having received evidence from numerous ministers and senior officials including the Prime Minister, the commission was unable to make any finding of misconduct against any minister, former minister, senior official, or former senior official.

The commission also took the view that it should publish as much as possible to reassure the public of the completeness of its inquiry, and that the "desirability of disclosing government misconduct or wrongdoing" or of refuting such allegations would determine whether an otherwise secret or confidential matter would be made public.

In short, the commission could not have made a fuller or more complete inquiry into the question of senior responsibility and its findings in this regard were published in full.

The government, through its judicial commission of inquiry, has done everything possible to ensure the publication on the basis of independent advice of all material relevant to questions of guilt or innocence in relation to allegedly illegal activities of the RCMP. The decision to swear a 41(2) affidavit is not easily taken and in many respects is as distasteful for the minister as it is objected to by the opposition. The government is, however, charged with the maintenance of our system of collective decision-making and with the integrity of national security and our international relations. It is the responsibility of ministers to make these difficult decisions, but in this case the customary difficulty of deciding where to draw the line has been greatly reduced as a result of the proceedings and findings of a judicial commission of inquiry.

The government had no choice but to exercise its responsibilities to protect the system of cabinet government and to ensure that international relations and national security were not jeopardized unjustifiably. The government took its responsibility and protected the documents in the only way available to it in law, namely by affidavit pursuant to section 41(2) of the Federal Court Act.

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA— GOVERNMENT POLICY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a report on the Falkland Islands situation. There have been press reports today to the effect that Canada has been approached to participate in a United Nations interim administration on the Falkland Islands.

The Secretary of State for External Affairs advises me that, since the negotiations are being held in absolute confidentiality, it is not possible to confirm this report. It can be said that Canada has not been approached by any party to play a role in a U.N. interim administration or peacekeeping body. We have, however, indicated to the U.N. Secretary General that Canada would be prepared to facilitate negotiations or consider a role for Canada in an eventual settlement, if the parties concerned so wished and if there were a useful contribution to be made.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have information relating to the Garrison Dam project. Again, it is a rather lengthy reply. However, I know that it will be of interest, particularly to those senators from Manitoba and western Canada, and I propose that the information be incorporated in the record of today's proceedings.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

On May 7, the U.S. Circuit Court of Appeals ruled invalid an injunction which had blocked further Garrison construction. Earlier, on January 29, the court had stayed the injunction pending this ruling on the Interior Department's appeal.

The court's decision formally permits further construction and confirms the release of approximately \$9 million previously appropriated for Garrison.

Following the appeal court's January decision to stay the injunction which had blocked Garrison construction, U.S. Department of the Interior opened bids at the end of March for construction of the Oakes pumping plant. This plant would be built to original Garrison specifications, thus providing a capacity, if required, to irrigate land on both sides of the drainage basin divide.

At the last bilateral meeting on Garrison, February 1982, U.S. officials said that currently available funds would be used for construction of the Oakes pumping plant starting this year. Their stated intention is to use this plant to irrigate the West Oakes test area in the James River basin, thus providing not affect water flowing into Canada. The East Oakes area, in the Hudson Bay basin, is not included in the recently modified Garrison plan and therefore would not be developed under it.

At that meeting U.S. officials confirmed once again their government's commitment that it will honour its obligation under the Boundary Waters Treaty not to pollute Canadian waters.

Canadian officials, both federal and provincial, are following this issue closely. On April 20, the department, in cooperation with the Manitoba government, sent a letter to the U.S. State Department. In that letter we expressed Canada's concern and our view that any full-capacity developments corresponding to the original Garrison plan should be deferred until our countries have reached agreement on project modifications to ensure that Canadian interests are fully protected.

The Federal and Manitoba governments have agreed in principle to send a delegation of federal and provincial legislators to Washington to express Canada's concerns on the Garrison issue. The timing of such a visit is obviously an important consideration and will be contingent on developments in the U.S. Congress, in particular the upcoming debate on additional financial appropriations for Garrison.

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Raymond J. Perrault (Leader of the Government) moved the second reading of Bill C-58, to amend the Canada Elections Act.

He said: Honourable senators, it is a pleasure for me to move second reading of Bill C-58, to amend the Canada Elections Act. This is one of those relatively rare measures which enjoys a solid amount of support from all the political parties in the country. It is a short but significant bill.

As honourable senators are aware, the bill was recently passed by the other place where it had been introduced over twelve months ago. Its basic purpose is eminently sensible, to reduce the length of federal elections by some ten days, that is, to a statutory minimum of 50 days. This would apply not only to general elections but to by-elections as they arise.

Before discussing the main features of this bill in some detail, I should like to provide a small amount of background on this measure. The idea of a shorter election period certainly is not new. Indeed, I think all the political parties have been discussing this idea for many years. Many of those present will remember that a bill to this effect, Bill C-21, was introduced during the Conservative administration and was tabled in the other place on November 5, 1979. But the principle contained in that bill and the one before was endorsed by the Standing Committee on Privileges and Elections of the other place as long ago as 1976.

Many honourable senators have contributed to the dialogue over the years and the feeling has been building that perhaps we should reassess the election period. Is it too long? Is it too expensive? Are there other reforms that may be required?

Canada has changed dramatically since the day when the election period of 60 days was first established. At that time it was felt necessary to allow 60 days in order to permit all political party leaders to travel by train from one end of Canada to the other. Indeed, they conducted campaigns in circumstances substantially less auspicious than those prevailing today, thanks to modern travel conditions.

During 1975 and 1976 the House of Commons Standing Committee on Privileges and Elections studied a report by the Chief Electoral Officer entitled "An Examination of Possible Ways of Shortening the Election Period." Some honourable senators have read this report. The Chief Electoral Officer's report evaluated various means by which elections could be made shorter, including doing so by the introduction of some form of permanent voters' list or continuous electoral roll. They have this system in Great Britain. I think the election period there is something like 21 days because of this continuous electoral roll. However, in 1975 the Chief Electoral Officer concluded that the annual cost of such a permanent registration method in Canada would be about \$30 million. We would have to put in place almost a permanent civil service or permanent group of workers to maintain that continuous revision of the roll.

After several meetings with the Chief Electoral Officer the committee came to the conclusion that the high cost would not allow the introduction of a permanent voters' list at that time. Nevertheless, the committee did take up another of the options contained in the Chief Electoral Officer's report, namely, that of shortening the election period by eliminating the printing and distribution to electors of copies of the preliminary list. One committee passed a motion to that effect clearly supporting a reduction in the length of the election period.

● (1500)

Honourable senators, it is thus plain to see that the ideas in this bill have been favoured for quite a long period of time. In fact, it was a measure introduced by the previous government. For that reason, I do not expect to speak for a long time on this bill, but I feel I must provide a small amount of information about its main purposes.

Two fairly major changes in our election procedures will be brought about by the passage of Bill C-58. First, it proposes to shorten the election period from about 60 days at the present to a minimum of 50 days. Of course, at the present time, the period varies. I think that during the last election it was about 65 days, and on other occasions it has been 62 or 58 days. We generally speak in terms of the federal election period being one of 60 days' duration. We are proposing a minimum of 50 days.

Many honourable senators will recall that there was a good deal of discussion after the last two general elections about the length of our campaigns. If I recall correctly, the election campaign that led to the return of the present government in 1980 lasted about 65 days.

Many interest groups and ordinary Canadians spoke out and said that they saw no reason for such long campaigns and all the disruption that an election causes, including, I suppose, interference with television schedules and everything else. They say that public business is disrupted, and interest in the electoral process, in general, surely suffers when campaigns drag out for too long a time. There is a theory that if a politician has not made his or her case within 50 days, he or she will never make it. The government has listened to these views and, through this bill, a significant shortening of the election period will be achieved.

The second major change, which will be brought about by the passage of Bill C-58, is to discontinue the practice of sending copies of the printed preliminary list to urban electors. At first glance, that may cause some concern. Many people look forward to receiving the list of names in their particular polls.

However, in the past, the typesetting and printing of these lists have been time-consuming processes that have contributed to the length of election campaigns. Those of us who have worked in campaigns will know that to be true.

Furthermore, many people have resented the rather wide circulation of the printed lists, and especially their being posted in public places. I am sure we have all gone through the list which has been tacked on the local telephone pole. It has

been argued, and quite rightly so, that this procedure represents an invasion of privacy. People were going to the list and checking their neighbour's occupation or checking to see who lives where, and so on.

Hon. Heath Macquarrie: Who owns what.

Senator Perrault: Yes. It has been an occupation of people in the various parties for a good length of time.

Police associations and women's groups have spoken out about the threat to individual security that such wide circulation of the list represents. However, this is not an attempt to keep the list a deep, dark secret. That list would be made available to the candidates and to the party organizations, but it would not be posted publicly on telephone poles, and the poll lists would not be mailed to each elector.

As a result of the passage of Bill C-58, in future an individually-addressed card will be sent to each person who has been enumerated. Besides confirming to the elector that his or her name is on the list, this card will provide information on the revision of the lists, the location of the poll, and the possibilities of voting before election day. It should be pointed out that this card will be sent to all electors, whether they reside in urban or rural polling divisions.

You may well ask the question: What if they do not receive a card? Through a program of public information, it will be conveyed to the electorate that, if an individual has not received his card by a certain date, then he must telephone a certain number or go to a certain office to make certain he is on the list.

Honourable senators, I should like to mention a couple of other small changes to our election practice which will be brought about by the passage of Bill C-58. From now on, the nomination day in all electoral districts will be the twenty-eighth day before polling day. Many honourable senators will know that, at present, nomination day is the twenty-first day before polling day in all districts except those listed in Schedule III to the Canada Elections Act, where it is the twenty-eighth day.

Under the election expenses rules passed in 1974, advertising can begin only on the twenty-ninth day before polling day. In a sense, the real election period begins at that point. It is in the interest of all parties to have their candidates nominated by that day and, perhaps, even now this is almost universally the case.

As a result of this change in the date for nomination in most districts, we will be able to extend the period for voting at the office of the returning officer. This very useful innovation came about as a result of the last major amendment to the Canada Elections Act passed in 1977.

As the act now reads, two weeks are allowed for voting at the office of the returning officer. With the passage of this bill, that period will be extended by a week to give three weeks in all. This is an accommodation for those who may be absent on election day, or who may be going abroad. Perhaps most of us feel that this is a most useful step and one that will allow more

people, who may be away for both the election day and the advance polls, to cast their votes.

Honourable senators, at the outset of my remarks, I referred to the fact that it took more than a year for this bill to pass through all stages in the other place. Despite the fact that it is a short bill, it seemed to attract a great deal of attention from opposition members in the other place. That is by no means a matter which should be the subject of criticism. All members of Parliament want to make certain that everyone is given a fair opportunity to exercise his or her franchise.

In spite of the fact that Bill C-58 was virtually identical to the earlier Conservative bill, Bill C-21, second reading in the other place consumed well over eight hours. Some opposition members undertook a re-assessment of the bill and put forward suggestions and proposals which led to certain amendments. Their earnest concerns were expressed in the standing committee.

The government has considered some of those objections and, as a result of discussions among the parties, a happy compromise has been reached on a couple of significant amendments to the original text of Bill C-58.

Honourable senators, before I conclude my remarks, I should like to inform honourable senators what those amendments were. The first major amendment made in the standing committee was to change the minimum length of the election period from 47 days to the 50 days in the bill now before us. The government feels that, by this measure, it has accommodated some of the fears that 47 days might have been too short a period of time in some very large and remote electoral districts. Some of the northern ridings and, indeed, some of the ridings in the provinces, are very large and so can involve what may be extremely difficult travel. Therefore, there has been a three-day extension from 47 days to 50 days.

The second significant amendment to Bill C-58 as originally drafted followed upon the one I have just described. In the original text of the bill, enumeration was to begin on the thirty-fifth day before polling day and end on the thirty-second day before polling day. In other words, enumeration was to be completed in a four-day period. The criticism was advanced in the other place that this was too short a period of time. Therefore, by adding three days to the minimum election period, the time for enumeration could be lengthened correspondingly. The bill has thus been modified to provide that enumeration will begin on the thirty-eighth day before polling day, a Friday, and end on Thursday, the thirty-second day before polling day.

● (1510)

The government believes this is a significant improvement over the original bill. In fact, honourable senators, it is better than what now exists in the Canada Elections Act because, at present, enumeration has to be carried out within a six-day period.

Honourable senators, I should like to conclude by saying that I believe that this bill deserves the support of all of us. Certainly, it enjoyed substantial support in the other place. It

[Senator Perrault.]

will bring about a significant shortening of the election period, something that Canadians possibly want, and is certainly possible in our age of mass communications and rapid travel.

Furthermore, the reduction in the length of election campaigns will not mean that various parts of the election process will be carried out less thoroughly. In fact, the slightly longer enumeration period, and the new practice of sending a card to each elector, should help ensure that as many Canadians as possible are on the voters' list before election day.

This is a reasonable and sensible bill, a small reform that is long overdue, and I hope that we can pass this measure without too much delay.

On motion of Senator Macdonald, for Senator Murray, debate adjourned.

[Translation]

CANADA-UNITED STATES RELATIONS

CONSIDERATION OF VOLUME III OF REPORT OF FOREIGN AFFAIRS COMMITTEE—DEBATE CONCLUDED

The Senate resumed from Wednesday, March 31 debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Canada-United States Relations—Volume III—Canada's Trade Relations with the United States", tabled in the Senate on March 24, 1982.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as I explained last week, I moved the adjournment of this order in my name only with a view to giving other honourable senators the opportunity to intervene or make a speech on the report of the Committee on Foreign Affairs. I consulted the chairman of the committee and as it would appear that no other honourable senator wishes to speak to it, I think we can consider the report as having been debated.

The Hon. the Acting Speaker: Honourable senators, this report is deemed to have been debated.

[English]

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—DEBATE CONTINUED

The Senate resumed from Wednesday, March 17, debate on the consideration of the report of the Standing Senate Committee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces," tabled in the Senate on February 10, 1982.

Hon. Andrew Thompson: Honourable senators, I support fully the first report of the Subcommittee on National Defence of the Standing Senate Committee on Foreign Affairs. I have only one regret, and that is that that committee was not established 10 years ago. It should have been established when a lonely but very vigorous voice was heard in this chamber requesting the formation of a similar committee. I speak, of course, of the late Senator A. H. McDonald.

The late Senator A. H. McDonald is deservedly singled out in the foreword to the report, because he strove as strenuously and as passionately as he could to urge Canada to share adequately and responsibly, through the western alliance, in the protection of all those countries within the alliance and their institutions of justice and freedom, and through such adequate sharing, to help maintain world peace and stability.

If honourable senators look at page 17 of the committee's report they will see that in 1980 Canada's defence spending as a percentage of gross national product in 1980 is next to that of the lowest nation, which is Luxembourg.

I congratulate Senator Lafond, the chairman of the committee, because it was through his determination that this committee was established.

As the report states:

Canada's present defence commitments are well-enough known in their broad terms. They were carefully listed and described in the last White Paper on national defence, *Defence in the 70's*, published in 1971, and consist of the protection of Canada, joining in the defence of North America, participation in NATO and contributing to UN and similar peacekeeping missions.

The responsibility of carrying out these commitments, of which there are 55, rests with the Canadian Forces. Whether these specific tasks are being carried out effectively, and whether the Canadian Forces have the means to carry them out, is the subject being studied by the subcommittee.

I certainly support the first recommendation of the report, which states:

—that a new White Paper on National Defence be undertaken immediately.

As that recommendation, which is found on page 7 of the report, points out, this new white paper should:

—assess manpower and other military requirements against our commitments to collective defence and include a careful examination of the principal military threats to Canada, such as the danger that this country could be exposed to the direct effects on the Canadian population and territory of thermonuclear exchanges between the United States and the Soviet Union.

That is why I believe so strongly in this committee. I believe so strongly in this, that I am almost obsessed with it.

I emphasize that the role of the armed forces is to act as a deterrent and to maintain peace in our fragile and horrendous world situation today.

To quote from the report, "defence is to provide our security", and is consequently linked with our efforts to secure balanced and veritable disarmament.

My consuming interest in this subject—and I am sure my interest is shared by all of my colleagues in this chamber—arises from my conviction that it is our duty to preserve peace and from my abhorrence of war. I say that with some feeling, which I know is also shared by my colleagues, particularly

when we think of our grandchildren and their future. In my own case, I think of a six-year-old.

Recently, I visited Maritime Command, in Halifax, and SACLANT, in Virginia, and on returning home I was greeted—and this is something I am sure all of you have experienced—with a great, warm hug and the question: "Why were you away?" I replied that I had been away "to meet the men and women who make it possible for you and me to live in peace."

● (1520)

Honourable senators, there is an obscene insanity in that the rich nations on this small, fragile planet spend \$500 billion a year in order to produce more devastating and more excruciating hardware capable of exterminating not only other nations but, in fact, all life on our planet.

A few weeks ago I read a forceful and chilling new book by Johnathan Schell, called *Fate of the Earth*, which other honourable senators may have read. The author argues that multiple detonations of nuclear weapons would literally blow the roof off the whole of the earth, and it would blast the ozone layer, our protective filter against the ultra-violet rays of the sun.

Honourable senators, there is a horrifying competition amounting to mutual extortion between the two superpowers, who continue to develop and who have stockpiled over 50,000 nuclear devices. One of those nuclear devices has a destructive capacity well over 1 million times that of the horrendous bomb which devastated Hiroshima. Let me add that there are five countries in the world today that have a nuclear capacity and who belong to the nuclear club. In a series of articles by Jack Cahill, which appeared in the *Toronto Star*—a brilliant series, in my opinion, on the threat posed by nuclear arms—he pointed out that there are now 44 countries which have the capacity to detonate a nuclear device. One of those devices is reported, as I have said, to be over 1 million times more powerful than the bomb dropped on Hiroshima.

Honourable senators, most of us are able to think back to August 6, 1944, when at Hiroshima, at 8.15 in the morning, while toddlers were on their way to school and the birds were singing, there was a blinding flash and 100,000 men, women and children were vaporized, and another 100,000 casualties who were not but perhaps wished they had been. Those 100,000 human beings suffered the slow hell and convulsive agony of a lingering death from ruptured organs and radiation sickness.

Perhaps Dr. Somers, President of Physicians of Social Reform, may be right in proposing that the only defence against a nuclear holocaust is to provide people with morphine and cyanide!

Personally, I welcome the growing groundswell of public concern for arms control and eventual disarmament; but, unfortunately, such worldwide public indignation and dread of the mounting arms race will have more effect in democratic countries than it will in authoritarian countries.

E. J. Pratt, a quiet, gentle, gifted poet, a former professor of mine, who no doubt is remembered by those representatives from the maritimes, and indeed by many people throughout Canada, with great nostalgia wrote:

There was a time we knew our foes
 Could recognize their features well
 Name them before we battered blows
 So in our challenges could tell
 What the damned quarrel was about
 As with our fists we slugged it out.
 When distance intervened, the call
 Of trumpets sped the spear and arrow
 From stone and sling to musket ball
 The path was blasted to the marrow.

The horror that exists today, of a nuclear holocaust, was recognized even by those scientists who developed that first atom bomb, which was puny in comparison with the arsenal of weaponry that exists in the world today.

Robert Oppenheimer, quoting a Hindu god, said, after he had developed the atom bomb:

I am become death, the destroyer of worlds.

Dr. Fetterly, a Canadian who had worked on separating the boron needed to stabilize the bomb, said it haunted him for the rest of his life. He said:

We've got the knowledge, but we haven't got the wisdom.

I am a member of the Foreign Affairs Subcommittee on National Defence because I believe that the committee provides the means for helping Canada to play its role in maintaining peace. As we sit quietly in this chamber, in the security of our country, on a pleasant spring day, with tourists sightseeing outside, let me say that the military strategists know that in the event of a world conflict there are nuclear ICBMs targeted on Hamilton, Toronto, and Welland. Today there are Soviet land-based silo-launched missiles targeted on areas in the United States and Canada. We know that there are Soviet submarines, equipped with nuclear weapons, operating off the coast of Newfoundland. One of their missiles contains more explosive power than the whole of the explosive power used during World War II; and, as I say, those submarines are now operating off our coast. We also know that in the skies planes equipped with multiple missiles are circling steadily.

I thank God that the most powerful ally in the free world—namely, the United States—has shouldered the heavy and awesome task of developing an equally devastating arsenal of nuclear weaponry to deter irresponsible aggression. It is hard to imagine that any statesmen of any world power would declare war with nuclear weaponry.

But, honourable senators, Stalin has been credited with killing 60 million of his own people. I am not certain whether he would have balked at the retaliatory might of the United States. We are rightly concerned at the seesawing, precarious policy of balanced mutual nuclear deterrents. In this connec-

tion, Winston Churchill said that safety would be the sturdy child of terror and survival the twin brother of annihilation.

● (1530)

As the Prime Minister stated to the United Nations in 1978:

The broad spectrum of proposals to achieve greater world stability and the reduction of tensions ranges all the way from what is sometimes called the "declaratory approach" to the notion of general and complete disarmament. The classic example of the declaratory approach was the Kellogg-Briand pact of 1928, which renounced war and pledged peaceful means only to settle disputes amongst all the major powers.

Historians have judged that it only clouded the vision of the statesmen of the 1930s. I was a very young person in the 1930s, and remember Mussolini moving into Abyssinia. I also remember the start of the second world war. Declarations can be shadows rather than substance, unless some definite concrete action is taken with respect to them.

The other point of view that the Prime Minister expressed was that general and complete disarmament is a worthy vision, but that living in the real world as we do, we recognize that no one side will take such a perilous step unilaterally. Such disarmament will only be achieved by painstaking and serious negotiation.

Honourable senators, we are discussing, not the desirability of nuclear war but, rather, the best means of preventing it. I believe that one of the best ways in which Canada can help prevent nuclear war is by living up to its obligations, not only with regard to its contribution to the conventional forces of NATO but also with regard to the protection of its own shores.

As honourable senators know, there is a controversy with regard to the development on European soil of 572 medium range Cruise missiles. I would like to point out that this proposal originated with the Europeans, and was endorsed by NATO in 1979. My understanding with regard to their need for these missiles is that the NATO allies, including Canada, had not lived up to their commitment to defence by means of conventional weapons.

Many factors contributed to this conventional arms imbalance in NATO, not the least being a relaxation of vigilance through much of the seventies because of the sincere hopes for genuine détente resulting from the Helsinki Accords.

During the period of détente of the 1970s the Soviet navy grew from a coastal defence force into a blue-water navy, with broader missions and the capability of operating on a world-wide basis.

Perhaps I could quote from a statement of the NATO Defence Planning Committee made in May 1981:

This unrelenting build-up of Soviet military strength across the complete spectrum of capabilities encompasses the strategic, theatre, nuclear and conventional fields, all in contrast to Soviet statements advocating peace and disarmament.

Perhaps I could now revert to the report of our own National Defence Subcommittee. First, however, let me emphasize that the role of Canada's armed services is not an aggressive one. The role of Maritime Command, for example, is anti-submarine. It protects convoys and protects our shores. In no way are we seeking to get into an aggressive stance.

At page 6 of the report of the Subcommittee on National Defence, entitled "Manpower in Canada's Armed Forces," we find the following:

This question of combat-readiness is crucial . . . Otherwise they have no *raison d'être* and are useful neither as a defence nor a deterrent.

A policy of bluff is not an alternative. It only amounts to self-delusion. In today's world, information about military forces is widely available—

To support the validity of that statement I would like to quote from a speech given by the Ambassador of the United States of Canada to the Navy League of Canada on April 17, 1982. The same remarks, I suggest, could have been made by any of our NATO allies.

The ambassador said:

NATO agreed to increase expenditures by 3 per cent in real terms each year. Now Canada has been making that commitment in the past several years, but the 3 per cent is not on a 3 per cent basis. Canada's actual expenditures for national defence in the past five years have averaged 1.8 per cent of its gross national product.

Let me interject that that is why we are on place above Luxembourg.

This compares with the United States at 5.6 per cent, now going to 7½ per cent, and Great Britain at 5.2 per cent. So you can see, in all frankness, Canada has been lagging in her efforts towards the NATO defence.

He then referred to the patrol frigate program, which everyone is waiting with enthusiasm to see completed with the purpose of updating and upgrading our naval forces.

As the ambassador said, we all know of the frigate patrol program, and that six of them might be built by 1988. But looking back to 10 years ago, there were then four new Tribal class destroyers and 16 steam-driven destroyers, which were then in mid-life. Today the 16 steam-driven destroyers should be very close to the end of their careers, which leaves just four first-rate destroyer types in the Canadian navy. With the six new patrol frigates added to the good Tribals, and projecting that over another 10 years, with no further shipbuilding we will have 10 destroyers 10 years hence. Ten years ago there were 20. This would mean that the effective Canadian fleet, without an on-going shipbuilding program, would be halved over a period of 20 years.

The ambassador also referred to the purchase of 137 CF-18 aircraft being certainly a forward step. One of the problems that is surfacing with regard to this, however, is that there has only been authorization for the purchase of two missiles for each of these 137 aircraft. They carry four missiles. Ten years

ago—and many of our allies point this out to us—there were 10,000 Canadians on the ground in West Germany. Now there are 5,000.

● (1540)

Bluntly put, as a former seaman and officer in the Canadian navy—and also as a Canadian—I feel that we are doing a disservice, not only to our country but also to those fine men and women who have the arduous task of protecting Canadian citizens and protecting our free institutions. Let us think of the enormous commitment made by the members of the armed forces. I have quoted figures indicating what our navy consists of. I am sure that the commitment on the part of our forces extends to self-sacrifice, particularly when we consider the enormity of the responsibilities they must assume. The Atlantic seaboard extends some 9,843 miles; the Pacific coastline is some 4,363 miles in length. If the coastline of Hudson Bay, Hudson Straits and the Arctic Archipelago is included, the total comes to 151,000 miles. It is the longest coastline of any nation in the world.

Let us consider what we are up against at this time, should we be threatened. If I may, I will refer to a statement made by Admiral Gorshkov, who has been commander-in-chief of the Soviet navy for the past 26 years:

The flag of the Soviet Navy now flies over the oceans of the world.

Honourable senators, at one time we could state that our navy was the third largest in the world. We should ask ourselves this: Is the Soviet Union dependent—as we and almost all of our allies are in time of peace and of war—upon the sea lanes of communication for industrial, economic and military survival? No, the Soviet Union is a continental power. It derives the fuel to fire its industrial and military strength from within, unlike other nations of the world which are connected by overseas routes.

I would like to quote from the testimony of Dr. John Anderson, who appeared before the Subcommittee on National Defence. He is the Assistant Deputy Minister of National Defence. While referring to the free use of the seas for the western democracies, primarily in peacetime, he suggested to us that we think in global terms of the relatively few nations of the world which have a parliamentary democracy. Honourable senators, for the most part they are linked by sea for commerce and industrial purposes. Western Europe is, geopolitically, a small peninsula on the west side of Eurasia. Japan, Australia, New Zealand and the United States are surrounded by and are dependent on the ocean. None of the sea-trading democracies is self-sufficient; all must have free access over the seas for prosperity in peacetime and for survival in time of war.

Dr. Anderson pointed out that Canada's international sea-borne trade—Canada's stake at sea—has tripled over the past 20 years. In 1979 the value of this trade had risen to \$18 billion.

Canada, along with all western allies, is critically dependent upon this sea-borne trade. Of course, I can cite the need for oil

as being a primary one. There are, however, other imports that our industries are dependent upon. Non-indigenous minerals, among which are chromium and manganese, are basic needs of our industries. Without Australian alumina, for example, Canada could lose 60 per cent of its peacetime aluminum requirements. The situation is similar for many western allies. Although I could cite a few more statistics, I will refrain from doing so. I am sure that honourable senators will recognize my point: It is of enormous importance to Canada that sea communication should not be interrupted.

At this point I will raise the possibility of war. Obviously, in that event, large additional supplies and forces would have to be deployed from North America to Europe, both to our own armed forces over there and to our NATO allies. The bulk of war equipment needed for reinforcement in Europe would have to be carried by approximately 700 ships. Approximately 1.4 million men would have to be air-lifted; 1 million tonnes of equipment and 4.5 million tonnes of ammunition would have to be moved across the Atlantic.

Honourable senators, I have tried to emphasize that one of the principal means by which we can avoid the horror of a nuclear holocaust is through the support of our armed forces in their contribution, along with that of our allies, to act as deterrents. I suggest to you that, when you consider the magnitude of such a problem, the responsibilities we are placing upon our armed forces are grave indeed. When we go down to meet with SACLANT in Virginia and refer to ourselves as a subcommittee, it seems to me that it can be taken from that reference that the Senate does not give sufficient importance to this matter of the defence of our country and efforts towards the maintenance of peace. I, for one, strongly recommend that we consider some way to show that we in the Senate agree with the deterrence of aggression and the maintenance of peace. One means of doing this is by increasing the stature of our subcommittee to that of a full committee. Although Senator Lafond has taken on an onerous role in his function as chairman of the committee, I do not think that he or Senator van Roggen would object to this suggestion.

Honourable senators, I could go on and on about the state of the Canadian navy. Our subcommittee will proceed to study the equipment needs of the navy. For my own part, as I focus my attention on the navy, I feel that we should be extraordinarily proud of the dedication and the high level of morale of our armed services. They are carrying out their duties under very tough, rigorous circumstances.

Two weeks ago we went on board a submarine. I might mention in passing that the Prime Minister also visited the same submarine last week. I do not know how many of you have been on a submarine, but I can say that the crew is crammed into it as if they were sardines. If they are out for a three-week period, the policy in connection with water conservation is such that they must limit themselves in the use of water for showers and other purposes. In other words, they are denied amenities which we take for granted. The space allocated to them is more confined than that available to any person

in any other vocation, whether in the public or the private sector.

● (1550)

About 20 years ago I was invited by Eric Morse to go on a canoe trip up north. I couldn't go because I was about to get married, but I would have liked to go.

An Hon. Senator: First things first!

Senator Thompson: Yes, first things first; and I have never regretted it. I say that publicly as well as privately.

There are one or two points I want to make about that canoe trip. When he invited me, Eric Morse told me that it was necessary to have some proficiency in handling a canoe, which I had not. He said it was necessary to be a little selective in choosing people to go on such a trip. Of course, you recall that Eric Morse has written about canoe travels and about the history of the early voyageurs and so on. He said to me, "I am going to take you out on the Ottawa River and test you." He added, "You know, if you become frightened on white water you might take the notion to jump out of the canoe, thus upsetting the whole thing, which would be a terrible calamity for all of us."

Hon. W. M. Benidickson: Eric Morse took his wife paddling on their honeymoon.

Senator Thompson: Perhaps that is what I should have done, and maybe if someone had promoted that idea at my marriage I would have followed the suggestion. However, I will not go into personal details. The fact is that I did not go on the canoe trip and I regretted it, because one of those on the trip was the Right Honourable Pierre Elliott Trudeau. We know he is a master canoeist. I am sure if I had gone on the trip and had started to jump out of the canoe when we were in white water, Mr. Trudeau would have given me a judo punch, or something like that, to settle me down, and we would then have talked about it on shore.

I make this point about the canoe trip because the men who are at sea, and the men in the armed forces generally, find themselves in rather trying circumstances and very often in danger. The kind of discipline they will accept and the reasons for that discipline raise the question as to whether under our new Charter of Rights there would be an obligation for a lawyer to be present when a charge was being laid. That would be just a little difficult.

It has occurred to me that somewhere in the public service offices, where I am sure they sit with their green plants and their expensive rugs to show their prestige, someone voiced the suggestion: "The armed services needn't think they will have an exclusion with respect to the charter". Well, the British have recognized that for the armed services there should be some form of exclusion, and I hope that Canada will do the same, giving recognition to the tremendous job these people do.

When we visited the Canadian Forces bases in the maritimes recently, we had a chance to see just how resourceful they are in using their initiative to develop their teaching and

training facilities. Not being up to date, because of lack of money, they have to be resourceful and use initiative.

Among the things we observed at sea, for example, was a group of very skilled seamen lowering a seven-ton sonar device into the swell of waters—a highly technical job far surpassing anything I had to do as a simple seaman on a minesweeper. These are highly professional and skilled people I am referring to. Think of the frustration they must endure when they receive from far-off Ottawa what they call an “establishment list” in which the department in Ottawa dictates to them the specific number for specific positions they will have on their base.

Of course, that is because the department is constrained by budget considerations, and we appreciate that limitation to a certain extent. But for the navy to operate efficiently and fairly it must have more men. As it is now, some sailors are being sent out to sea almost continuously. In many cases these are married men who, like anybody else, want to be ashore as much as possible, but they have to go to sea because there is a lack of sufficient numbers of personnel in particular capacities. So they are constantly at sea. We have been told by Admiral

Fulton, among others, “We hope that the recommendation in your report for 1,000 more men will come through to help us.”

Honourable senators, I will close my remarks with this observation. If it is true that at times we do not receive the recognition that we should for our committee work, nevertheless I have found on many occasions, in flying between Ottawa and Toronto, that if I sit next to a man in the armed services and tell him that I am a member of the Subcommittee on National Defence, it is almost embarrassing to see the enthusiasm and gratitude he expresses, because there is finally a group of us on the Hill who are looking at, and who appreciate, the extraordinarily dedicated and vital work the armed services are doing for us.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in case some other senator should wish to intervene in this debate, or in case the chairman himself should wish to close it, I move the adjournment of the debate, and I will be happy to yield to any senator who wishes to intervene.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, May 18, at 8 p.m.

APPENDIX

(See p. 4088)

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-THIRD MEETING, KEY LARGO, FLORIDA

MARCH 4-8, 1982

REPORT OF THE CANADIAN DELEGATION

Delegations from the Canadian Parliament and the United States Congress met in Key Largo, Florida for the 23rd annual meeting of the Canada-United States Inter-Parliamentary Group. Delegates were divided into three Committees for the discussions.

Committee I: Trade and Economic Questions

Committee II: Energy Questions

Committee III: Environment and Multilateral Questions

At the conclusion of Committee discussions the Group met in plenary session to review the highlights of each Committee's proceedings.

The list of delegates is as follows:

The United States DelegationThe Senate

Hon. Ted Stevens, Co-Chairman (Rep. Alaska)
 Hon. Edward Zorinsky, Vice Chairman (Dem. Nebraska)
 Hon. Mark Andrews (Rep. North Dakota)
 Hon. Joe Biden (Dem. Delaware)
 Hon. Slade Gorton (Rep. Washington)
 Hon. Mack Mattingly (Rep. Georgia)
 Hon. James McClure (Rep. Alaska)

The House of Representatives

Hon. Dante B. Fascell, Co-Chairman (Dem. Florida)
 Hon. Michael Barnes (Dem. Maryland)
 Hon. Edward Boland (Dem. Massachusetts)
 Hon. Dennis Eckart (Dem. Ohio)
 Hon. Bill Frenzel (Rep. Minnesota)
 Hon. Sam Gibbons (Dem. Florida)
 Hon. Lee Hamilton (Dem. Indiana)
 Hon. Frank Horton (Rep. New York)
 Hon. John LaFalce (Dem. New York)
 Hon. David Martin (Rep. New York)
 Hon. Donald Mitchell (Rep. New York)
 Hon. James Oberstar (Dem. Minnesota)
 Hon. James Scheuer (Dem. New York)
 Hon. Olympia Snowe (Rep. Maine)
 Hon. Larry Winn (Rep. Kansas)
 Hon. Clement Zablocki (Dem. Wisconsin)

The Canadian DelegationThe Senate

Hon. Henry D. Hicks, Co-Chairman (Lib. Nova Scotia)
 Hon. Martial Asselin, P.C. (P.C. Quebec)
 Hon. William Doody (P.C. Newfoundland)

Hon. Paul Lafond (Lib. Quebec)
 Hon. Renaude Lapointe, P.C. (Lib. Quebec)
 Hon. Charles McElman (Lib. New Brunswick)
 Hon. Duff Roblin, P.C. (P.C. Manitoba)
 Hon. George van Roggen (Lib. British Columbia)

The House of Commons:

Mr. Ian Watson, M.P., Co-Chairman (Lib. Quebec)
 Hon. Walter Baker, P.C., M.P. (P.C. Ontario)
 Mr. Derek Blackburn, M.P. (NDP Ontario)
 Mr. Herb Breau, M.P. (Lib. New Brunswick)
 Miss Coline Campbell, M.P. (Lib. Nova Scotia)
 Hon. John Crosbie, P.C., M.P. (P.C. Newfoundland)
 Mr. Stan Darling, M.P. (P.C. Ontario)
 Hon. John Fraser, P.C., M.P. (P.C. British Columbia)
 Mr. Hal Herbert, M.P. (Lib. Quebec)
 Mr. Charles Mayer, M.P. (P.C. Manitoba)
 Mr. Roy MacLaren, M.P. (Lib. Ontario)
 Mr. Frank Oberle, M.P. (P.C. British Columbia)
 Hon. John Reid, P.C., M.P. (Lib. Ontario)
 Mr. John Thomson, M.P. (P.C. Alberta)
 Mr. Henri Tousignant, M.P. (Lib. Quebec)
 Mr. David Weatherhead, M.P. (Lib. Ontario)
 Hon. Michael Wilson, P.C., M.P. (P.C. Ontario)

COMMITTEE I—TRADE AND ECONOMIC QUESTIONS

AGENDA

1. International trade and investment questions:
 - a) Problems of interest rates and unemployment in Canada and the United States (in the context of the international economic situation).
 - b) International auto trade (including the impact of Japanese competition and Canada's duty remission program with Volkswagen)
 - c) Grain marketing
2. Bilateral trade and investment issues:
 - a) — the impact on trade and investment of Canada's NEP
 - FIRA
 - procurement
 - the tax treaty
 - cross border data flows and satellite communications
 - b) Specific border trade issues: fish, potatoes, trucking, lumber, pharmaceutical patents

- c) The U.S. 'reciprocity in trade' principle
3. The GATT ministerial meeting.

SUMMARY OF DISCUSSIONS

Problems of interest rates and unemployment in Canada and the United States in terms of the international economic situation

The discussion on this topic centred mainly on the U.S. Administration's budget, focussing on the magnitude of the deficit, U.S. monetary policy, the impact of interest rates on growth and employment, the attitudes of Congress and the likely outcome of the budget's progress through Congress.

The subject was introduced by a Democratic Congressman who noted the very considerable scepticism in Congress that the Reagan budget would have the desired effect, that is, that tax reductions and displacement of various federal entitlement programs would result in a reduced national deficit. Instead, he said, Congress' view was that the deficit would continue to grow and interest rates would continue to rise. These high rates meant that the key automotive and housing industrial sectors would continue to stagnate. The Federal Reserve faced a real dilemma as to whether or not to expand the money supply. The outlook was one of increasing pessimism, he concluded, with no predictions for economic growth in the near future.

The Canadian spokesman responded that Canada faced a similar economic outlook although it was experiencing its recession somewhat later and it was "very deep." Housing and other industrial sectors showed no strength. The official government forecast for economic growth of 2 percent was already out of date and private forecasts were for flat or negative growth. He commented that the Canadian government's budget with its increase in taxes contrasted vividly with the Reagan budget's tax reductions. Recently, Canada had had a problem with capital outflows (\$15½ billion last year as opposed to an average annual outflow of \$2½ billion during the 1970s) which put pressure on the Canadian dollar. Surges in the outflow also put pressure on interest rates. In addition, although Canada attempted to isolate itself to a certain extent, Canadian interest rates were very dependent on U.S. monetary policy.

A Republican Senator observed that the Administration's tax reduction program required a three-year commitment to make its full, positive impact felt on employment and inflation. In any case, U.S. inflation was down to 8 percent, although admittedly unemployment had risen, as had interest rates. He pointed out that 25 percent of the budget was allocated to defence, and 53 percent to entitlement payments. The budget deficit was currently projected at \$93 billion but it could be \$135 billion by 1983.

Commenting further on the deficit and the high burden of the carrying costs of this debt, this participant outlined a new concept which could result in a more stable monetary environ-

ment and lower interest rates. What was involved would be a change in the frequency of recourse to the money markets for borrowing. If there were a stretching in the maturity of the debt and a pulling together of market sources to finance the ongoing deficit, the present instability could be overcome.

A Democratic Senator strongly disagreed with his colleague's approach. As inflation went down, unemployment went up, he argued. If necessary, interest rates should be allowed to rise. The important thing was to reduce unemployment and, as workers returned, the deficit would decline dramatically. In any case, the only reason U.S. inflation was down at present, he countered, was because fuel and food costs were down. A Democrat from the House questioned the approach that deficit spending would lead to a sound economy. He said the cost of carrying it was too high, that it should be reduced and that he would not vote for a \$100 billion deficit.

The comment was made by a Canadian delegate that the current U.S. economic program could be said to fit into the classical 'Keynesian' mould; increased expenditures to a 'captive' industry (the defence industry) and a cutting of taxes designed to stimulate demand, both of which were resulting in a huge deficit. Canada had gone the 'keynesian' route from 1974 to 1980, but had now decided the deficit had to be reduced. But the extreme volatility of interest rates was a major Canadian concern at present, he added.

Discussing how to reduce the deficit, a Congressman outlined a Democratic plan for which it was hoped to achieve a consensus; namely, the reduction in defence spending, a freeze on entitlement payments, a reduction in the proposed tax cuts and an *ad hoc* agreement with the Federal Reserve Board for a 'looser' monetary policy which would lower interest rates.

A Canadian Senator commented that the ability of the U.S. defence industry to spend its allotted funding efficiently in the Administration's time-frame was being seriously questioned by U.S. business leaders. He inquired what effect the Administration's proposal for a minimum corporate tax might have. The U.S. side replied that this idea was being looked at by Congressional Committees but it was not likely to involve anything major in new revenues—perhaps somewhere between \$2 to \$5 billion and not the \$30 billion which was talked about.

In support of more stringent measures to turn the situation around, a U.S. Senator referred to a recent poll indicating the public was prepared for further 'belt-tightening.' Several American delegates said they were against the cost-of-living indexing of social security payments. It was suggested that indexing could be lower than the rate of inflation. A Republican Congressman observed that while it might be possible to limit indexing, it would not likely be possible to do away with it.

U.S. participants agreed that the progress of the budget through Congress was going to be drawn out and difficult. Several expressed the opinion that the estimated deficit of \$100 billion was optimistic; that it could reach as high as \$150 billion. A Republican Senator expected that Congress and the President would be unable to agree on how to reach a lower deficit and a vote on the increase in the debt ceiling would be impossible by April as had been hoped. A Democratic Senator

*The summary for Committee I follows the order of topics discussed. FIRA was discussed under several headings, but mainly under "reciprocity".

interjected that the Democrats would rebel at any raising of the debt ceiling. The Republican Senator continued that the debt ceiling bill could have a major impact on U.S. policy. He predicted the government might have to close down by mid-April, forcing the President to make adjustments.

A Republican Congressman said that assuming the most 'rosy scenario' of agreement on defence spending cuts, increased taxes, etc., it would still be difficult to pare the budget deficit down substantially. Parenthetically, he noted that the U.S. deficit had not set any records—both France and Germany had exceeded it proportionally. In the end, he predicted, the most likely resolution of the issue in Congress would be an agreement by the President to defer his proposed tax reductions until 1983.

International auto trade

The auto trade discussion focussed on the lack of competitiveness of North American automotive producers relative to the Japanese, the problem of off-shore sourcing and the question of domestic content, Canada's duty remission scheme with Volkswagen, labour costs in the North American and Japanese industry, and the long-range prospects for the North American industry.

Introducing the subject, U.S. legislators described the remarkable efficiency and productivity achieved by Japanese producers. Assembly lines were manned by robots needing no overtime or vacation pay; the cheerful and committed attitude of the Japanese workers contrasted vividly with the attitude of the American auto worker; capital needs in Japan appeared to be easily satisfied; deliveries of components were prompt, necessitating surprisingly small, low-cost inventories; engineering and management skills were impressive and a co-operative and harmonious relationship existed between government and industry. As a result, competing Japanese products such as light trucks could come into the U.S. market with a 25 per cent price advantage. Labour costs were also a factor in the pricing of North American cars out of the market. In the U.S., the average auto or steel worker's wage package was \$22 an hour, whereas in Japan it amounted to \$11 to \$12 an hour.

A Canadian delegate spoke of a 26 per cent rise in imports into the combined markets in 1981 and the resulting unemployment—which has reached 275,000 in the two countries. He underlined the extreme importance of the automotive industry to the Canadian economy as a whole and especially to Ontario where 1 in every 6 jobs depended on it. In Canada, imported cars, mainly Japanese, now represented 28 per cent of the domestic market. Honda, Toyota and Mazda were the leading competitors, increasing their sales by 35 per cent, 45 per cent and 87 per cent respectively during 1981. The Canadian government was currently discussing restraints with the Japanese, he said.

Raising the question of increased domestic content in North American cars, U.S. participants said it was being urged in the United States, in response to a growing sourcing of parts in Mexico and other off-shore countries. A Canadian spokesman commented that similar pressure for content legislation was coming from the UAW and the parts manufacturers in Canada. He mentioned the Ottinger bill, recently introduced

in the U.S. Congress, proposing a gradual increase in the domestic content ratio for motor vehicles up to a level of 90 per cent domestic content for each year after 1984. Several U.S. delegates voiced their strong disapproval of the prospect of such legislation. One Congressman called it "a real problem", "a pernicious trap" and described the Australian situation where domestic content rules had resulted in high costs for Japanese and U.S. cars and 'Australian' cars which were no good.

Several Canadian spokesmen disagreed with this strong rejection of content rules. Canada was a major world car market; why should not some percentage of the manufacturing be done here, it was asked. The political pressures were already great and would become enormous if it seemed that not only parts production but even assembly plants would be moving out of North America. Another Canadian predicted that both countries would, in the end, have to implement domestic content rules.

This in turn led to strong expressions of disagreement by a number of delegates, from both sides who favoured a more open trading policy. These 'free traders' stressed that the economy could be crippled by content rules, that employment in this industry was bound to shrink in any case due to robotics, that it would be no solution to prop up standard or low technology industries. Instead, emphasis should be placed on the industries of the future—the high technology industries—as the Japanese were doing. They themselves were moving ahead by quantum leaps and would soon be shifting their auto production to lower cost countries while concentrating Japan's efforts in strong, new 'high tech' areas. Only Europe and North America were bent on preserving "this old industry." A Congressman added that there was a real prospect that in 10 years there would no longer be an auto industry in North America.

There was a brief exchange on the auto pact itself which now accounted for over \$20 billion cross-border trade. Several Canadian members referred to the deficit which Canada ran on the parts trade which gave rise to strong political pressures in some areas. But a Canadian Senator commented that the pact had not been designed to ensure a perfect balance in trade and had been meant to rationalize production, achieve increased efficiencies and increased employment. In fact, Canada's share of employment had risen.

U.S. participants raised the question of Canada's duty remission arrangement with Volkswagen. Was not this scheme which reduces the market for North American vehicles a violation of the auto pact, it was asked? Canadian delegates responded by explaining the problem for Canada—if VW established production in the United States, it was unlikely to establish in Canada. The remission scheme (which provides for a 85 per cent ratio of Canadian Value Added to sales in Canada) was to ensure Canada had some share of the production. Canada's position was that since VW is not assembling cars in Canada, the arrangement falls outside the pact. Moreover, the arrangement was of benefit to the United States since Volkswagens produced in the United States had duty-free access into Canada and the new VW plant in Michigan was only viable if it has free access to the Canadian market. The

question was posed as to whether such an arrangement would arise with Japan and a Congressman commented that the Canadian remission plan was a worry because it could be seen as a precedent and could spread. A Canadian member said if Japanese established production in the United States there would be enormous pressure in Canada to do something and the auto pact would be distorted.

In discussing how the industry could improve its competitiveness, a Congressman said the major way was to cut back wages. While the recent Ford contract looked like a breakthrough, there was no cutback on wages. A Canadian spokesman pointed out that the Canadian UAW whose contract comes up for negotiation in September, have rejected even the concessions made by their American counterparts. They say their labour costs are \$5 lower because of the exchange rate and they have lower fringe benefits. However, a second Canadian member considered that this stance could be rhetorical and that eventually Canada would see a similar trend. American delegates predicted that the Ford example of restraint would extend into other areas because of the market situation; job security was now the most important issue. A Congressman noted that companies stock up "to the hilt" before entering negotiations.

A theme emphasized by several speakers during the discussions—the importance of co-operation between Canada and the United States in this policy area—was amplified by the concluding speaker, a Congressman, who suggested that the lesson to take away was when the U.S. government made a deal on supply of parts, Canada should be brought in to ensure it received an appropriate share.

Transborder data flows and satellite communications

Discussions of this topic revealed that for the U.S. side, transborder data flows were of prime importance, whereas for Canada the more important issue was that of satellite communications.

Introducing the subject, a Congressman said that the United States was concerned by the "trade-inhibiting actions" being taken by Canada and the European Community in respect to transborder data flows. The United States was devoted to the principle of "free flow" of data and was in fact constitutionally powerless to restrict it except in cases involving national security. Moreover, the United States had deregulated satellite communications, permitting an "open skies" competition between licensed carriers.

Regrettably, Canada was taking protectionist action in this area, another Congressman added. In addition to its earlier restrictions on broadcasting—still a sore point in the United States—there were now restrictions on the storage and processing of data under the Bank Act and FIRA was restricting applications for U.S. investment by this industry. Moreover, Canada had voted against the U.S. position at a recent international meeting in Brazil. The U.S. industry was becoming upset and it had the muscle to press Congress to retaliate in related fields. In any case, at present there was a flurry of proposed legislation in Congress couched in terms of reciprocity for determining access to the U.S. market. The Danforth reciprocity bill, for example, would give much more power to

the President to react against foreign barriers to trade and investment. Another bill even gave Congress the right to file a complaint. Undoubtedly, this could become a very explosive bilateral issue, this Congressman concluded.

In response, the Canadian spokesman noted that the Canadian government had not yet formulated its policy on transborder data flows and satellite communications, and currently had two task forces studying the issues. Politically in Canada, the transborder data flow was not yet a significant issue. The provisions of the Bank Act, which were an exceptional case, had been enacted to ensure the bank inspectors could carry out their duties of inspecting data, in view of the fact that the legislation had at the same time provided for the entrance into Canadian banking of foreign banks. In pointing to the implications for national sovereignty, this participant said that 80 per cent of cross-border data flows are now in the hands of multinationals. If there were no access to this 80 per cent, it could render a sovereign nation powerless. Moreover, there would be serious implications in respect to loss of employment and economic activity.

Satellite communications, this delegate continued, was a much 'hotter' issue in Canada than transborder data flows. There were two aspects to this question—T.V. broadcasting and telecommunications. The 1972 bilateral agreement, restricting extensions across the border, has been violated by both sides. U.S. cable T.V. companies were taking CBC programs from satellite and in Canada there was widespread use of illegal 'dishes' receiving U.S. satellite T.V. signals. This was in addition to the 40 to 50 percent of programming on Canadian T.V. which was already of U.S. origin. This member said that in his own constituency there were more illegal 'dishes' than anywhere else in Canada. They were becoming quite inexpensive and they were rendering the Canadian regulatory system totally outmoded. Moreover, there were internal differences within Canada as to the validity of restrictions on their use. It was this broadcasting aspect of satellites which could lead to bilateral clashes, he predicted. U.S. satellites could bring free, to Canadians, programs which had already been purchased on an exclusive rights basis by Canadian broadcasters for their own programming.

In respect to cross-border telecommunications, the natural competitive advantage lies with the United States, explained this participant. The 'footprint' area, which could be covered by U.S. satellites, encompasses 95 percent of the Canadian market whereas the Canadian 'footprint' could cover only 60 to 70 percent of the U.S. market. This was because Canada's regulated Telesat system was required by regulation to cover the remote and sparsely populated northland as well as the populated areas along the border. However, Telesat would be able to sell channels to the United States to service its Alaskan market, he added. But it was clear that the unregulated expansion of U.S. satellite systems into Canada would provide such serious competition as to undermine the viability of the Canadian carrier. This delegate suggested that the solution might be to agree on an equitable access to each others' markets.

A U.S. participant commented that "trade in services" would be on the agenda of the GATT Ministerial meeting

later this year. He acknowledged that the United States currently was in an advantageous position in this field, but said that clearly international ground rules were necessary. He urged that governments be encouraged to sit down and discuss the problems which this fast-moving technology was creating. The Canadian spokesman added that although the OECD had developed some rules for international co-operation in data flows, Canada had not signed because it had not been satisfied it knew all the problems involved.

Reciprocity in trade

The reciprocity theme, touched on during the earlier exchange on transborder data flows, was discussed more fully. It quickly became evident that FIRA and certain aspects of the NEP were prime targets of the proposed reciprocity legislation as far as Canada was concerned. As a result, the agenda topic on FIRA was dealt with mainly under this item, with the American side spelling out their complaints in considerable detail. FIRA was also raised during discussions on several other topics and, with the reciprocity issue, was aired during the plenary session.

A U.S. Senator introduced this subject, referring to the many bills presently in Congress and warning of the danger that 'the reciprocity theory' could gain wide credence in the United States. A particular sore point with Canada he said was the NEP and the megaproject purchasing board which was discouraging purchases from foreign firms by "taking them off the eligible list."

In addition to the Danforth bill and the hearings before Chairman Gibbons' Trade Subcommittee, a Congressman pointed to the reciprocity bill of Senator Heinz, which he described as protectionist, designed not to open up markets abroad but to close the U.S. market. It had two aspects: trade and investment. With respect to trade, the main objective was clearly Japan he said, but with respect to investment, Canada's FIRA was a central target. The perception in the United States was that if the U.S. market was going to be a relatively open market, its trading partners should have more or less the same.

A Canadian Senator urged that the United States not try to catch Canada in a net which it was throwing at Japan. As far as FIRA was concerned, Canada was only taking tentative steps which would seem more understandable to Americans if 50 percent of their manufacturing were foreign-owned. Moreover, FIRA's approvals ran at over 90 per cent of applications. He considered it unwise for problems to be attacked on a tit-for-tat, sector-by-sector basis but rather that they should be approached on a broad basis as at the GATT. Mr. Brock, the U.S. Trade Representative, himself recently rejected sectoral reciprocity in favour of a broader approach, he noted. The United States should look at the trade and investment figures involved with Canada, compare them to those with Japan and the relative benefit it derived from Canada as a trade and investment partner. It should also reflect on the flurry of political activity stirred up in Congress when Canadians had tried to buy a single company in the United States such as Conoco, Texas Gulf or Hobart.

Another Canadian delegate said Canadians found it difficult to understand the U.S. concern with FIRA. In recent trucking applications, for example, out of 25 applications, 19 were allowed. A Congressman responded that the FIRA approvals in trucking were all for specialized trucking and not for general trucking where there had been numerous rejections. Further, he said, a troubling aspect of FIRA was that its decisions were discretionary; there were no open rules; it was a sort of "Star Chamber" decision with no appeal. Several Canadian members agreed that the process of the decision-making needed to be opened up so that companies would not be inhibited, so they would know the rules and know why they were rejected. It was noted that the Progressive Conservative government had been moving to open it up by publishing an explanation of what was meant by "significant benefit".

This led to a considerable discussion of the procedure used by FIRA in processing applications with one Congressman describing it as "awful", even though he acknowledged Canada's right to be concerned by the level of foreign investment. He himself had received many calls from businessmen complaining of "un-Canadian treatment", and saying their calls and mail to FIRA were not answered. A Canadian participant was concerned that if FIRA were opened up and the decisions made public, confidential trade secrets could be disclosed to the companies' disadvantage. In any case, he said FIRA only makes recommendations to Cabinet. But a Canadian Senator suggested that the rules and tests to be applied could be stated publicly without any need to publish the applicants' confidential information. Of course, if there were an appeal, this aspect could present a problem. But clearly some modification was necessary. Another Congressman reiterated that FIRA needed to be more transparent.

An American delegate explained that the United States was taking Canada to the GATT on FIRA because Canada was not giving foreign firms 'equal treatment', that there was a requirement for a minimum percent of local content and that FIRA itself constituted a bad precedent which could serve as a model for developing countries. A U.S. Senator said he objected to FIRA's requirements designed to bolster procurement in Canada, to gain export commitments and to reduce the establishment of purely distribution outlets. In response, a Canadian participant said that through the Megaprojects Purchasing Board, FIRA was attempting to broaden the viewpoint of companies in Canada and give Canadian suppliers a fair opportunity for the business. Statistics had indicated the purchasing patterns of subsidiaries were linked closely with the parent firms in the United States. Canada had more than a \$20 billion deficit in end products with the United States in 1981 and the impact on unemployment was enormous. A Canadian Senator explained that some of FIRA's rules were to prevent "truncated" firms in Canada.

Other Canadian delegates stated that Canada continues to welcome and need foreign investment but not at any price. High foreign investment levels had become an important political problem in Canada with the NDP gaining 20 per cent of the vote. One member warned that if the United States "reciprocated" too much it could result in a welling-up of

economic nationalism and an anti-American election platform in Canada.

Yet another Canadian explained that Canada did not expect foreign investors to export if their products were not internationally competitive or to buy in Canada if Canadian suppliers were not competitive. But a Congressman replied that although the commitment which the foreign firm made to 'buy Canadian' was made voluntarily it became legally enforceable when it was agreed to by Cabinet Committee and that was why the issue had to go to GATT.

Grain marketing

Problems of the United States' agricultural sector were raised by a U.S. Senator who mentioned the recent U.S. embargo to Poland, the European Community's subsidization of its agricultural sector and the fact that Canada continues to subsidize transportation of grain. He said the U.S. taxpayer strongly resisted loan guarantees, but the family farm was suffering badly.

A Canadian Senator replied that the United States had its own grain transportation subsidy in the Mississippi Canal system. Each side had to manage its own domestic economy separately. But on the grain export market it was important to find a joint approach. The cost of production of grain should be the target price but Canada was not even getting that. International prices are related to Chicago. There was a wide community of interest between Canada and the United States in trying to improve export marketing arrangements. He referred to the previous meetings of legislators from both sides which had led each side to try to establish a legislative committee. On the Canadian side, unfortunately, there was no progress to report; nor had the meeting of the four major exporting nations, the United States, Canada, Australia and Argentina, yet taken place. The American Senator inquired about Canada's five-year grain agreement with the U.S.S.R. The Canadian spokesman remarked that Canada did not agree with the recent U.S. embargo position and in respect to Poland, Canada would ship 1 1/2 million tons of grain. There was a huge credit, however, and it was recognized that payment would be difficult.

A Congressman suggested that the European Community's trade-distorting subsidies for agriculture might be tackled at the next GATT Ministerial meeting in its search for new agricultural rules.

Tax treaty

The problems related to the delay in ratification of the bilateral tax treaty were briefly reviewed by a Canadian Senator and a Congressman. The main problem involved the treatment of capital gains, said the Senator, and this needed to be ironed out within the United States. The provisions of the treaty must be made compatible with the Foreign Investment in U.S. Real Property Tax Act (FIRPTA), explained an American delegate, and subsequently a protocol to the original treaty was required.

Potatoes

A lively exchange took place on the issue of transborder potato trade. A Maine Congresswoman described the 'crisis

situation' in the Maine potato industry with surplus stocks, severe price depressions and a reduction in the potato acreage. Canadian potato exports to U.S. east coast markets had increased by 75 per cent in the past four years. The contributing factors included: the agreement by the United States at the GATT MTNs to phase out the tariff rate quota by 1987, with the agreement that both countries retain only a straight tariff of .35 cents per pound; the problem of Canadian seed potatoes being sold as table potatoes in the U.S. market; the exchange rate differential which put Maine producers at a 21 per cent disadvantage; and the federal and provincial government subsidies for Canadian potato growers. (She commented that there were 39 government programs in P.E.I.). This had resulted in unfair competition and the U.S. International Trade Commission had been asked to investigate and would report by July. The situation in Maine was explosive, she said, with danger of a border blockade.

A Canadian Senator countered that the MTNs will now assure the Canadian exporter of reciprocal treatment, whereas previously it had been restricted by U.S. quotas and higher tariffs. This delegate agreed that some Canadian seed potatoes were being sold in the United States as table potatoes. He emphasized the exceptionally high quality of the Canadian product due to strict control standards, and he noted that Canadian potatoes were selling at a premium to Maine potatoes on the Boston market. This participant asserted that Maine's imposition of costly inspection requirements, amounting to \$200 a unit at the border just at the height of the Canadian potato export season, had seriously distorted the market. The U.S. federal authorities had obtained a temporary injunction against the State of Maine for this action and a permanent injunction hearing was in the offing.

He reminded the U.S. side that in the total bilateral trade in potatoes, U.S. exports to Canada exceeded Canadian exports to the United States.

Potatoes from Idaho flood the Canadian market in the West, another Canadian Senator added. Potatoes were in fact one of Canada's few significant agricultural exports, but it was still a net importer of potatoes. The only way to look at this problem was in the context of total agricultural trade and here there was an enormous balance in favour of the United States.

The delegate from Maine responded that the State of Maine was considering passing legislation in respect to the bagging of potatoes and imposing inspection requirements without a fee, measures which would be restrictive to imports. A Senator from Idaho mentioned he had seen bags labelled 'Idaho' coming from Canada. Reference was made by a Congressman that Section 332 of the Tariff Act can provide relief for complaints in respect to subsidies although they are often difficult to prove.

Trucking

It was clear from the presentations of U.S. delegates that the trucking issue was closely linked to the question of FIRA and "reciprocity". The U.S. point of view, as set forth by a Congressman, was that in the recently deregulated U.S. markets, Canadian truckers were gaining the advantage with the right to operate single-line traffic into the United States from

Canada, whereas U.S. carriers with loads destined for Canada had to transfer to Canadian carriers at the border. There was a problem in that in Canada, the provinces had jurisdiction in this area. But more particularly, FIRA was turning down U.S. applications or not acting on them, "letting them spin on".

In 1981, he continued, the U.S. Secretary of Commerce had written a letter to Mr. Gray making the points that there had been a closing of the door; that FIRA was requiring U.S. applicant firms "to bank only in Canadian banks, to use Canadian advertising agencies and accountants, and to reduce its equity share, etc."; and that applications had to be made to specific provinces for interprovincial transport. A bill had been introduced in the House by Representative Albosta directing the U.S. regulatory authority, the Interstate Commerce Commission not to issue licenses to foreign carriers until it determined whether foreign governments were discriminating against U.S. truckers. To this extent a degree of regulation would be reintroduced in the United States.

A Canadian Senator stated that the great majority of applications by the U.S. trucking industry in Canada have been successful. As far as the operating grants were concerned, Canadian and U.S. applications were treated exactly the same with no discrimination he said. In the case of the Yellow Freight Company's application, the main opponents were other U.S. firms which were already operating in Canada and did not want competition. About 90 to 95 per cent of trucks hauling to the Atlantic provinces from the United States are American. As far as FIRA was concerned, this delegate noted that FIRA's powers had been circumscribed by the 1981 budget announcement.

A Canadian member stated that not only FIRA's decision-making process needed to be modified, but that Canada should review the criteria by which it assessed an application. He listed the criteria: new employment, increased investment, export commitment, additional resource processing; purchasing from Canadian suppliers if competitive; Canadian equity participation; R&D and technology increase and overall efficiency. Another Canadian delegate said that as far as trucking was concerned, FIRA's two main concerns were to try to ensure competition and the creation of new jobs.

In response to an American Senator's question that even when the provinces had approved a trucking firm's application, FIRA would block it, members of the Canadian side emphasized that these were two quite separate aspects. Most Canadian delegates said no discrimination was practiced by provincial boards but one Canadian participant said there might be some discrimination in his province in this area.

A Congressman observed in concluding that there had been considerable apprehension in the United States over the 1980 trucking deregulation measures. But costs had come down, shipping to isolated communities had not seemed to be impaired, although losses had been incurred by some large shippers.

Snowplows

The subject of snowplows, although not on the agenda, was raised briefly by a U.S. Congressman who said snowplow producers in his district were complaining of "unfair" competi-

tion and even "dumping" from Canadian firms selling in the U.S. market. The U.S. firms considered the Canadian government was subsidizing the snowplow exports in a variety of ways. A Canadian member said he would look into the matter.

Lumber

A U.S. spokesman said that the U.S. softwood lumber industry, particularly in the Pacific Northwest, was in a seriously depressed state due to increased levels of Canadian imports. These cheaper imports were made possible by the artificially low stumpage paid by the Canadian producers and there were charges of unfair competition by the U.S. producers. Congress had directed the U.S. International Trade Commission (ITC) to investigate the situation under the Tariff Act and relief action was possible.

The Canadian spokesman responded that the Canadian industry with exports of \$2.5 billion to the United States and total exports of over \$12 billion was very concerned by the ITC investigation and the accusation of dumping. There was a completely different system in Canada, he explained. Approximately 95 per cent of timber harvested came from publicly owned lands; the B.C. stumpage rate system was flexible, based on current market rate conditions, rising and falling accordingly. Under the U.S. system, companies bid for cutting rights on federal timber under very competitive bidding. This could result in high rates which remain applicable three years hence when the timber is cut, even if the market has fallen. In his view, the problems of the higher costs of U.S. producers were due to the U.S. systems of stumpage and royalties. In addition the Canadian industry benefited from cheaper shipping by rail whereas the U.S. industry was hampered by more expensive shipping under the Jones Act. Canadian exporters also had had a considerable exchange rate advantage, he added.

A U.S. Senator agreed that the two stumpage systems were not comparable and that the three-year high cost contract aspect could be a negative factor at present for U.S. producers. But, he continued, while the U.S. protects the value of stumpage, Canada protects jobs. The only reason the unemployment rate in a lumber county in his district had dropped to 20 percent from 30 percent was because the lumber workers had all left. The Canadian spokesman countered that in prime lumber areas in B.C., the unemployment rate was as high as 25 percent.

A Canadian Senator said that at present while there was a current downturn in the U.S. housing market, the U.S. industry could meet much of its own needs, but when there was a upturn, Canadian supplies would again be important and the U.S. would want to ensure that they could rely on Canadian supplies. He recalled earlier protectionist attempts to erect a non-tariff barrier in the form of a marking requirement for Canadian lumber which had gone through Congress and was only stopped by the President. Canada had not changed its stumpage system, he concluded, and suggested that perhaps the U.S. rules were not flexible enough to cope with a recessionary market.

One U.S. Congressman said he hoped the ITC finding would be negative and a colleague agreed that he did not want

to see the government subsidizing U.S. housing costs. There was a short exchange on upgrading of forest products. A Canadian delegate said that Canada no longer sold unprocessed round logs to any country and he was surprised the United States still did.

Pharmaceutical Patents

An American Congressman raised briefly the question of Canada's patent legislation which, in respect to pharmaceutical patents, results in the compulsory licensing of drug patents at a 4 per cent royalty rate. He pointed out that the drug industry viewed the compulsory licensing as an invasion of property rights and the royalty rate as unfairly low. Moreover, such a policy has had a serious detrimental effect on the amount of research work being done. At the very least he urged that Canada should raise the royalty rate.

A Canadian spokesman replied that he understood the U.S. viewpoint. He himself disagreed with the 1969 Patent Act amendment in question. It had resulted in the loss not only of drug-related research but also of investment by drug companies in Canada. Consequently jobs had been lost as well. Moreover, he was doubtful that the provisions had resulted in lower drug prices for the Canadian consumer. Raising the royalty rate was not necessarily the answer to the problem, he said, although flexible rates to ensure adequate compensation had been used in the United Kingdom, but Canada should try to provide an environment which would encourage increased investment and increased R & D in this sector. The main point to tackle was the protection of R & D and whether or not a patent should be compulsorily granted in the first place. The section in the Canadian Patent Act is currently under revision, he said.

Fish

A Canadian Senator pointed out that traditionally the United States had been Canada's largest market. Since the 200 mile limit had been instituted, the United States had become a major competitor. A new U.S. policy had linked the allocations of potential fish stocks to access to markets for processed fish products. In 1981 these surplus fish stock allocations amounted to 338,000 metric tons, and provided the American industry with a leverage which puts Canada at a considerable disadvantage in international fish marketing.

There were two main specific areas of dispute at present off the east coast, this delegate continued: the Gulf of Maine boundary dispute and the conflict over conservation and management of Georges Bank. In the latter case, Canada was greatly concerned that the new U.S. proposals for scallop and ground fish management will lead to depletion of the stocks off Georges Bank. The plans do not provide adequately for conservation. The protection of the species was at stake and it required a bilateral agreement urgently. Another Canadian emphasized that already the Georges Bank scallop stocks had diminished almost to a point of no return because of the totally free hand of U.S. fishermen.

An American Congressman considered that appropriate conservation measures ought to be decided by other than those who were economically involved. A Canadian participant pointed out that the bilateral interim arrangements concluded

on the west coast to manage salmon interceptions were working fairly well and perhaps could serve as a model for the east coast fisheries' problems. However, a U.S. Senator stated that troll-caught chinook salmon on runs between the Fraser River and the State of Washington were so extensive as to make it difficult to increase the stocks.

This Senator also raised the question of the issue of the Dixon Entrance boundary dispute with its implications for salmon trawlers in the area. It was suggested by other delegates that eventually, after the Gulf of Maine arbitration by the International Court of Justice, the other disputed water boundaries would have to go to the Court as well.

It was gratifying, a Canadian delegate concluded, that an international agreement had been reached at long last with respect to Atlantic salmon. This could prove a model for the west coast.

NEP

Canada's National Energy Program (NEP) was discussed more fully in Committee II, the energy committee, but U.S. delegates on Committee I aired their complaints concerning the overall thrust of the NEP, its trade and investment implications as well as the Canada Lands 'back in' provisions.

An American spokesman said that the United States perceived the NEP as giving Canada an unfair advantage in the energy sector which could extend to all other trade areas. What industry would be next to be so protected, it was asked? In his view such protectionism was not a good policy "since nothing could replace the market place as an allocator of resources." Moreover, the program had resulted in increases in oil and gas exploration activity in the United States instead of Canada, which in the perspective of North America energy developments was a negative development.

A Canadian Senator remarked that as far as the impact on trade flows was concerned, the NEP program had had a negligible impact on gas exports to the U.S.; they were affected by current market conditions. As for the impact on investment, while the Canadianization program had meant a heavy outflow of capital, much of this was borrowed on the New York market; moreover, some recent outflows not associated with the NEP, such as the purchase of CIP by Canadians had had more impact momentarily on the exchange rate.

A Congressman remarked that as the economic situation has deteriorated, Canadian economic nationalism had increased sharply, until it looked to him like Canada had joined the 'third world', acting like 'a banana republic'. It was an uneasy picture, he said. In respect to the NEP 'back in' provisions involving retention by the Crown of 25 per cent interest, Canada had taken on the 'big boys' of the oil companies who carry a lot of weight in the Senate and the House. There should be compensation of the companies, over-compensation if necessary.

A Canadian member stated that the 'back-in' provision was a very controversial issue even in Canada, particularly since it was retroactively applied after the fact and there was a spectre that such an approach could be applied to other industries. He noted, however, that it applied to domestic as well as foreign producers. He pointed out that Canada had a real problem in

the energy sector with respect to the extremely high level of foreign ownership and the level should be reduced—but “by encouragement not by a heavy stick”. In respect to other aspects of the NEP, there was a growing recognition in Canada that the costs of the present policy involving heavy capital outflows were high. A \$15½ billion outflow in 1981 compared to an average \$2½ billion in earlier years had put pressure on interest rates with resulting high unemployment. Finally, this participant urged that the United States recognize there were different points of view in Canada in respect to the NEP.

Another Canadian participant elaborated on the high level of foreign ownership in Canada's energy sector which had decreased from over 70 per cent in the past two years as a result of the government's policy. He asked whether Americans would have tolerated such a level. In order to bring it down, the alternatives open to Canada were either expropriation (which was rejected) or an incentives program which, under the present policy, is provided by both the federal and Alberta governments to all operating companies both Canadian and foreign-owned. In addition to these incentive programs, there was an encouragement to increase Canadian participation which would generate larger incentives.

In respect to the ‘back-in’ for the Canada Lands involving retention by the government of a 25 per cent interest, he explained that the Canadian allocation system had long differed from the U.S. auction system. In Canada no payment had been required for exploration permits but permit holders had been required to surrender 50 per cent of the acreage when their exploratory activity led to production. In respect to incentives in Canada Lands, the system where as much as 90 per cent of incentives for exploratory activity was paid for by the taxpayers had been changed. Henceforth, 25 per cent of the exploratory costs will be paid by the government.

In respect to the trade impact of the sourcing provisions, this delegate continued, it was a question of the viability of the Canadian economy. The GATT MTNs would result in bilateral free trade in a substantial range of industrial products with the resulting risk of relocation of production in the United States in order to achieve the lowest possible unit labour costs. Facing this prospect, as well as U.S. non-tariff barriers such as Buy American preferences, only the government had strong enough levers to deal with the problem.

A U.S. Senator commented that the program was hurting Canada more than the United States; there was going to be a capital shortage for needed energy facilities; U.S. development was benefiting from its departure from Canada; Canada could face large capital outflows which could lead to capital outflow restrictions and there was concern that investment in Canada would henceforth work less efficiently. This participant said that the ‘back-in’ was being viewed as “expropriation without compensation” and urged Canada to review the level of compensation even if it did not change the policy. The United States, he added, had made a mistake with its windfall profits tax.

Canadian members drew attention to the Canadian political scene with its significant economic nationalist opinion. Public opinion undoubtedly supported Petrocan, American delegates

were told. One member observed that as far as the ‘back-in’ was concerned, there was controversy even within the Liberal party. It was important that the United States express its concerns and that they be heard in Canada.

Still in the energy and trade context, a U.S. Senator raised what he termed “Canada's aggressive promotional attempts” to market the CANDU reactor. In the past six months Canada appeared to be relaxing its safeguard restrictions for developing countries and he asked if Canada were “hiding behind the NPT shield” for commercial reasons. A Canadian member replied that Canada's safeguards have been very stringent in the past and overall the requirements were still “relatively tough”. At present, Canada was dealing with Egypt and was at a competitive disadvantage vis-à-vis the French, the Germans and the Swiss.

U.S. Caribbean Basin initiative

An American member noted in passing that part of the President's initiative in the Caribbean Basin would be to create a free trade zone in this area, a one-way free trade zone whereby U.S. and other investment would be encouraged to go into this area to produce manufactured goods which would be allowed free entry into the U.S. market. He said the House Ways and Means Committee was holding hearings on the implications of this plan shortly and if Canada considered it would be negatively affected, it should make representations.

Canadian delegates responded that Canada already had a very significant aid program in the area amounting to \$500 million for five years. Canada had long granted the Commonwealth countries of the Caribbean a preferential access which was now absorbed into the General Preferential Tariff for developing countries. Under this plan all products enter Canada duty free except for a quota on cotton textiles.

Procurement

A Canadian participant raised the question of U.S. government procurement rules including the recent amendment removing an earlier exemption for Canadian specialty metals under the Defence Production Sharing Arrangement (DPSA). Canada was concerned that this agreement, which was designed to maintain a rough balance of bilateral trade, would grow increasingly in the U.S. favour. This year it would be about \$250 million dollars ‘out of whack’. The measures appeared to be a violation of the arrangement.

Congressional participants responded that such measures have a tendency to fly through the legislative process without being noticed when riders are tacked on at the last moment. Any amendments that are not objected to get through. There are now a majority of the states which have been persuaded to adopt Buy American rules, applying them to purchases such as those under the Surface Transportation Assistance Act and the highway legislation. Probably it was necessary to go back to the GATT to solve procurement problems.

The GATT Ministerial Talks

In the face of the current recession and the widespread recourse to protectionist measures, the U.S. side emphasized that the September GATT ministerial meeting could be the most important one since the war. The major trading nations

were hoping that GATT could help relieve the pressures on the national governments. The agenda was critical and a Congressman paid tribute to the Canadian Chairman of the GATT Agenda Committee, Mr. D. S. McPhail. He and the Canadian government had been most co-operative, said this delegate, in ensuring that there would be a review of the implementation of commitments made at the MTNs; that 'unfinished business' such as safeguards and countervails would be dealt with and that new issues such as ways to modify the EC's Common Agricultural Policy and rules for trade in investment and services would be addressed. He reminded delegates that it was because of differences over trade in investment and services that the United States was challenging FIRA at the GATT.

In reply a Canadian delegate acknowledged the importance of the meeting and noted that Mr. Brock had recently emphasized that there should be multilateral rules for the emerging area of trade in invisibles before major problems arose.

COMMITTEE II—ENERGY QUESTIONS

AGENDA

1. Canada's NEP objectives
2. Alaska gas pipeline financing
3. Alternate fuels, including U.S. plans for coal conversion
4. Gas supply and price
5. Oil supply and price
6. Export of Electricity
7. Strategic petroleum reserve.

SUMMARY OF DISCUSSIONS

During past years, energy questions have been a centre of intense argument and it has been difficult to cover the agenda of Committee II. The situation at the 1982 meeting of the Committee was rather different. The National Energy Policy, which past experience had suggested would produce challenging and extended questioning by American participants did not. As a result the Committee completed its discussions in two sessions and members were free on Saturday morning to attend meetings of the other two Committees. In Committee I, which had the trade aspects of the Canadian National Energy Policy on its agenda on the Saturday morning the American delegates commented strongly on the NEP and there was also some reference to it during the plenary session.

Canada's NEP Objectives

A Canadian delegate introduced discussion in Committee II of the NEP. As background, he noted that Canada was self-sufficient in all energy sources other than oil, that in the past the oil revenue received by the federal government compared badly with that received by the provincial governments, that the price of oil in Canada which had remained significantly below world levels, had to go up, and that the energy sector featured an unacceptably high degree of foreign ownership (about three-quarters).

The NEP had three principal features:

- (a) an effort to achieve oil self-reliance by 1990. This was to be pursued by encouraging conservation and oil

substitution and by offering incentives for new oil production;

- (b) a new fiscal arrangement, to be achieved through agreements with the provinces, which significantly increased the federal share of revenue;
- (c) a variety of programs to encourage Canadianization of the industry, including incentives which varied according to the percentage of foreign ownership, support of the growth of the national oil company, Petro Canada, and encouraging farm-ins and partnership between foreign and Canadian principals.

An American participant asked how the government judged the success of the policy and what had been the reaction of foreign firms. The Canadian spokesman noted that conservation programs seemed to be working, although price rises were also a factor in the market decline in consumption. Foreign firms seemed to be adapting. He observed that the government had deliberately rejected a system of penalties for foreign ownership in favour of a system of variable incentives, starting at 25 per cent for all companies and going up to 80 per cent for Canadian owned companies drilling in the northern lands.

At this stage, one Canadian participant from an opposition party jumped into the discussion to present a very different picture of the results of the NEP. He noted that in 1981 Canadian oil reserves had declined for the eleventh year in a row and that in spite of significant declines in consumption, Canada still had to import about one-quarter of the oil it consumed. The industry in his view was in disarray with over 2500 Canadian experts leaving the country to look for work elsewhere, hundreds of oil drilling and service rigs moving across the U.S. border, and major projects at Cold Lake and Fort McMurray in serious trouble. Canada, he concluded, had violated the spirit of international agreements and the government was expropriating 25 per cent of the holdings of oil companies in all the promising frontier areas.

Confronted by dispute among Canadians over the NEP, U.S. participants seemed to back off for fear of being seen as taking sides. A single U.S. speaker noted that Canada had to solve its own problems. However, he warned that some of Canada's decisions adversely affected U.S. interests. The focus of the controversy on the Mineral Leasing Act has shifted in Congress to a constitutional issue of whether the Administration is entitled to withhold documents from Congress and also whether the decision required under the Act correctly applies to oil as well as to mineral leases. He noted in conclusion that Congressman Dingell, Chairman of the House Committee on Energy and Commerce, remains very upset about the NEP, and particularly at the linkage he perceives with the Foreign Investment Review Agency.

Alaska Gas Pipeline Financing

The U.S. side led off on this item, describing in familiar terms why the waiver package had been needed.

A suit had been brought by a group of Senators challenging the rule-making powers of Congress, but it was expected that the suit would be rejected. It was noted that under the authority for pre-billing, in the United States only holders of debt were to be entitled to pre-bill, whereas in Canada owners

of debt and equity were both to be able to pre-bill. This preferred treatment of Canada had been exploited by Ralph Nader and other critics of the waiver package.

A U.S. participant stressed that an important factor in securing the Administration's approval of the waiver package and in gaining its passage through Congress was the feeling that a commitment had been made to Canada. One of the problems was that at this time gas was so plentiful in the United States that opponents of the pipeline could argue that Alaskan gas was not needed.

There was some discussion of the price of Alaskan gas and the effect on the blended price of gas to consumers should Alaskan gas become available. If the gas were to be decontrolled, the average price would rise and this would make it more difficult to absorb the higher priced Alaskan gas. However, a U.S. participant noted that the President had decided against proposing that gas be deregulated this year.

The U.S. participants exchanged views and eventually accepted that the net price of Alaskan gas might actually fall as the years passed, and amortization costs of the pipeline itself were gradually paid off. The result would be a declining cost curve for Alaskan gas, whereas under eventual deregulation the cost curve of gas in the Lower 48 would rise. The actual cost of Alaskan gas delivered into the transmission systems of the Lower 48 was estimated at \$4.89 per thousand cubic feet in 1980 dollars.

In 1980, for the first time since the 1960s, gas reserves in the United States increased. For the first time since 1955, there had been an increase in drilling. Ultimately Alaskan gas would be delivered to 48 of the 50 U.S. states, only Vermont and Hawaii being excluded, and would represent in all a 10 per cent increase in the volume of available gas in the United States.

Questions were raised on the Canadian side as to whether the pipeline would be built. They wondered if the combination of high interest rates and a declining price for oil would make it difficult to raise the \$30 billion required. A Senator from Alaska responded that he was optimistic, having spoken in recent weeks to the producers who had claimed they would find the necessary funds. He added that he did not expect a government guarantee or government funds.

The same Senator noted that the European gas pipeline from the U.S.S.R. would compete for some of the funds. He thought it shortsighted of the Europeans to render themselves so dependent on the Soviet Union. He even suggested in this event that the United States would be justified in withdrawing its military forces from Europe. A Canadian participant entered this discussion by suggesting that it would be advantageous to Western Europeans to participate in developing northern Canadian gas, noting that Melville Island was closer to Wilhelmshaven than to Halifax. This was an idea which several Americans found very attractive.

Alternative Fuels

U.S. participants outlined the ambitious goals which Congress had set in 1980 for synthetic oil production—500,000

barrels per day by 1985 and 2,000,000 barrels per day by 1990. The Synthetic Fuels Corporation was established and given some special help—the capacity to offer loan guarantees to help an entrepreneur who needed finance and an obligation on the defence forces to buy a portion of any production to assure a market. The U.S. government was even prepared to accept joint ventures. But the response of the Corporation had been disappointing. Only 5 permits had been issued out of 200 applications and another 8 were under review.

Speakers on both sides observed that the principal problem was a lack of confidence by the private sector that synthetic fuels are viable. Coal conversion was very costly and Bechtel estimated that it would cost \$60 to \$70 a barrel to produce oil from oil shales. There was a further problem in that immense quantities of water were needed, which was already in short supply in the West. Water was also needed for coal gasification. Canada has had successful experience in producing oil from the tar sands but the product was among the most expensive oil in the world. The current cost of a tar sands plant capable of producing 140,000 barrels per day was \$14 billion, which meant a capital cost of \$100,000 a barrel.

Canadian participants drew attention to the amount of nuclear energy being generated in some parts of Canada. By the end of the century 50 per cent of the electrical power used in Ontario would be generated from nuclear energy. American speakers noted that the resistance of the environmental lobby in the United States virtually ruled out this approach.

The preferred route in the United States is to turn again to coal, which exists in abundance. Synthetic fuel production can be achieved without environmental damage, but the high cost and the shortage of water realistically made this an unlikely avenue. The result has been the emphasis on converting oil fired electrical plants to coal. Unfortunately Eastern U.S. coal was high in sulphur (7 per cent); Western coal, with only 1 per cent sulphur content was too remote to be transported economically to the power plants of the East.

This point led to a discussion of the acid rain issue. Canadians pointed out what most of the U.S. participants already knew, that politically the issue had a much higher profile in Canada than in the United States. Only in New England and in New York state was there a comparable level of public concern about acid rain. American speakers insisted that it was critical that Canada apply high standards domestically if it wished to be taken seriously in the United States. One U.S. participant warned that having the active support of the Sierra Club and other similar organizations could be politically counter-productive with this Administration. Another U.S. participant commented favourably on the report of the Canadian Parliamentary Task Force on Acid Rain which had been distributed at the meeting, noting that it had no parallel in the U.S. Congress.

Another difference in attitude between the two countries was the public response to gasohol. Some plants had started up two years ago in the United States, but public interest had declined and it was increasingly hard to find gasohol at the pump. In Canada a plant had been opened very recently and public demand had been strong.

Gas Supply and Price

The four items remaining on the agenda were dealt with briefly, in part because much of the material had been covered in passing in earlier discussion.

A Canadian participant said that Canada would like to sell more gas to the United States. In 1981, the United States had only taken up 57 per cent of the volume of gas which Canada had agreed to export. Canada normally priced gas under the Duncan-Lalonde agreement at the oil substitution price. However, for a year and half there had been no price increase since markets in the United States had been weak.

A special problem which Canada faced was the very strict test which the National Energy Board was directed to apply to determine current deliverability. A shut-in well with no history of sales could not be included in the calculation. Another Canadian participant observed that the government may relax this regulation.

An American participant asked for information on prospects for delivering gas from the Arctic. It was noted that reservations expressed by the Inuit people and by Greenland were likely to slow down that development. This led an American participant to suggest that Alaskan gas delivered via the Alaska gas pipeline was likely to prevail in the end over foreign gas because Alaskan gas could be promised for a twenty year period and guaranteed as to future price.

Oil Supply and Price

Discussion on this item was limited to providing information to U.S. participants on the Hibernia field. It was noted that the crude was of high quality and, by a conservative estimate, amounted to 5 million barrels, about half the size of the Prudhoe Bay field. By the end of the decade the field could be producing 200,000 barrels a day. However, as conventional fields in Western Canada were declining at the rate of about 100,000 barrels a day a year, it was probable that Hibernia production would replace existing domestic production and not reduce the level of Canadian dependency on imported oil.

Export of Electricity

Canada has been and remains a large net exporter of electricity to the United States. It was recognized by participants from both countries that this trade was mutually beneficial.

A Canadian spokesman observed that a problem existed on the Canadian side because of jurisdictional disputes between provinces, referring to Quebec's objections to the transmission of Newfoundland power over its territory. It was noted that the same problem existed on the U.S. side of the border. The Mandan proposal to export electricity from Manitoba to Nebraska had floundered because South Dakota had objected on environmental grounds to the transmission lines necessary to carry the power to Nebraska.

A U. S. participant who had attended previous meetings and who had in the past argued that Canadian electricity should be exported at the cost of production told the meeting that he had come to accept as reasonable that Canadian electricity should be priced at the substitution cost of alternative fuels in the areas of the United States in which it was being sold.

Strategic Petroleum Reserve

It was generally agreed that with the price of oil and the demand for it falling, interest in creating a U. S. financed strategic petroleum reserve was declining. Such interest as there was in the United States was focussed rather on using exhausted wells in Texas and Louisiana as reservoirs. Nevertheless, one U. S. participant observed that in his view a time of falling prices was an ideal time to stockpile.

Another U.S. participant suggested that as the price of imported oil fell, the United States should occupy the margin with an import tax. This might make it more difficult for OPEC to raise prices in future.

COMMITTEE II—ENVIRONMENT AND MULTILATERAL QUESTIONS

After a round table introduction, the Committee decided that it would deal first with bilateral environmental questions and then move on to the multilateral issues placed before it. At the request of the U.S. side, three items were added to the agenda: the Dixon entrance boundary dispute; U.S.-Canada salmon talks; and the Stikine River. The agenda was approved as follows:

AGENDA

A. Bilateral environmental issues

1. Acid rain
2. Eastport
3. Garrison Dam project
4. Flathead
5. Skagit
6. Toxic waste disposal
7. Niagara River/Great Lakes clean-up
8. Dixon Entrance boundary dispute
9. U.S.-Canada salmon talks
10. Stikine River

B. Multilateral questions

1. Law of the Sea
2. Central America
3. Middle East
4. Poland
5. Nuclear strategy and defence issues
6. North-South issues

SUMMARY OF DISCUSSIONS

Acid Rain

The Canadian spokesperson began by asserting that acid rain was not a pollution problem like any other, the effects of which could be cleaned up later. The process, he said, was irreversible. "Once lakes go acidic you can't get them back. It's not the old environmental routine of stopping throwing stuff in the river so it can clean itself up." The addition of lime to the over-acidic water as a corrective, while it might work in a lab, was not effective in the real world because the chemistry of the water and the biota in the lakes, were permanently altered.

The speaker said that the extent of damage was enormous. For example, 48,000 lakes in Ontario had suffered damage and a minimum of seventeen thousand in Quebec, based upon an incomplete survey, while seven salmon rivers in New Brunswick were now dead. All of the damage and potential for damage had not been assessed because it was only since 1978 or 1979 that Canadians had become fully aware of the problem, even though Canada had received warnings as early as 1971 from Scandinavian nations at the Stockholm Conference on the Environment. It now appeared that one-quarter to one-third of Canada would be "ravaged."

The source of the damage to Canada, the spokesperson went on, was probably 50 percent Canadian and 50 percent U.S. He said the figure of 70 percent from U.S. sources should be viewed with some scepticism. While it might well apply in Ontario, nation-wide U.S. sources would not account for more than half the problem. "We are not trying to make you (the U.S.) out to be the villain of the piece. We know our emissions are hammering hell out of the north-eastern U.S. We don't come to you with clean hands. It's a mutual problem." He said that the "bottom line" was that what was lost to acid rain could not be restored and that there was not much time to act.

Another member of the Canadian delegation thought important "in the interest of accuracy" to note that the effects of acid shock in rivers were not irreversible. The spokesperson agreed, noting that some recovery from damages was also possible in lakes where flushing took place.

A United States delegate asked, "What do we do? Could we set up something like the IJC to have jurisdiction?" A member of the House of Representatives responded that he had introduced legislation calling for an International Water Quality Commission and there were some prospects that the House Foreign Affairs Committee would hold hearings on the legislation this year.

The Canadian spokesperson said that while the Congressman's bill was of interest, it should be noted that the two countries had established an ad hoc joint committee to determine control strategies. Its job was to determine mutually agreed targets and dates for the reduction of offending emissions, after which it would be the responsibility of each nation to determine how it would meet those targets. The model for the approach was the Great Lakes Water Quality Agreement.

A Canadian delegate referred to the letter of intent agreed to by both governments and the "search for a treaty." When the U.S. side responded that the treaty route seemed unduly lengthy, given the urgency of the problem, the Canadian delegate noted that Parliament had passed interim legislation permitting the government "to go after Canadian offenders on the basis of complaints from the United States." Canada would like to see some reciprocity here.

At this point, a U.S. Congressman said he thought it important that the Canadian side be given some sense of the politics now affecting U.S. reactions. The House Environment Committee was now considering amendments to the Clean Air Act and he and Congressman Waxman had put forward legislation calling for aggressive action on acid rain. However, Congressman Dingell, the chairman of the whole committee,

who represents a Detroit constituency, "becomes enraged at anything that will increase auto industry costs." Dingell was normally a liberal but not on these matters. He and associates have substituted legislation which makes no provision to reduce acid rain. Dingell was extremely tough and had even eliminated a sub-committee which was pursuing directions with which he did not agree. It was possible through amendments from the floor to attempt to restore provision for the control of acid rain, but he was not optimistic about their prospects.

Democratic leaders, he explained, are facing an election at a time when the possibility of depression confronted Ohio and Michigan. No help could be expected from them. In his view, ironically, the hope seemed to lie in the Republican-controlled Senate. Chairman Stafford was from Vermont and Senator Chaffee from Rhode Island. Senator Stafford had submitted a bill which established a reasonable set of sulphur dioxide controls—"broad brush, it would require a reduction in emissions of 10 million tons over a ten-year period." The matter would have to be settled in conference committee and the Senate position might carry.

A Senator intervened at this point to say that the Congressman was too optimistic about the Senate. He did not believe the Senate could produce 51 votes on anything to which the Administration was opposed. Another Senator claimed that on this issue party lines were "not only blurred, but also non-existent." The Senate Environment Committee was heavily weighted with Westerners. The acid rain "sending" states were under-represented. Thus, the sympathy for controls to be found in that Committee may not reflect attitudes in the whole Senate.

U.S. participants noted that there was "an unholy alliance" between labour and big business. Concern about the economy has become so overriding that even those sympathetic to the cause of controlling acid rain will vote against concrete measures. One was "worried about the survival of the Clean Air Act at all." The major chemical companies had begun to lobby; Dupont publishing articles disputing the scientific basis for concern about acid rain. Power companies in the Upper Mid-west were saying that acid rain should be referred to as "sulphur enrichment."

A Canadian Member of Parliament who represents one of the hardest hit areas in Canada, the Muskoka region, was invited to comment. He said that acid rain was a world-wide problem and that Canada "sure is not lily white," certainly not in Ontario. He said he lived next to the "world's single largest polluter", INCO, with the world's tallest smokestack. There had recently been a six-month strike at INCO during which time there had been no stack emissions. The results were carefully monitored. There was no reduction in acid rain in the Muskoka region. The local source was the United States. INCO was exporting its pollutants to Eastern Ontario and Quebec.

In response, a U.S. Representative said he was concerned that, in contrast to the situation in Canada, he could not get straight answers from the U.S. scientific community. A Committee on which he served had just appropriated \$18 million for a five-year study. The scientific community seemed to be

demanding more time for study and seemed unwilling to lend credibility to the cause.

A Canadian member suggested that the major problem was the economics of acid rain. If the consequences were seen to be bad enough, the money could be found. He referred to Japan where pollution from all sources had begun to have demonstrably adverse effects upon public health, with the result that action had been taken to produce devices capable of eliminating 97 percent of sulphur dioxide emissions from stacks. The U.S. side interjected that if acid rain could be demonstrated to have an adverse impact on health, there would be a powerful argument for action.

The Canadian speaker went on to say that in Japan the economics of pollution control had been favourable. There was a ready market for sulphur within 200 miles of its source of production and cheap water transportation to move it to the consumer. In North America, the economics were not the same. There was neither a substantial market nor cheap transportation for the sulphur recovered from scrubbers.

Continuing, he said there has been excellent media attention to the issue in Canada. The need was to produce similar focus in the United States. Could not wildlife and fishing associations be persuaded to lobby? The U.S. side replied that, on a scale of zero to one hundred, if Canadian awareness of the issue was ninety-seven, the corresponding figure in the U.S. would be two or three. The Adirondack's economy had been "devastated by acid rain" but had attracted little national attention because it was not a major factor in the total U.S. economy. Industry in the U.S. was still arguing that no cause and effect relationship had been proved. Their reaction was similar to the response of the tobacco industry to claims that smoking causes cancer. Advocates of action were being asked if \$10 billion of expenditures would produce \$10 billion in benefits and they can't demonstrate a direct pay-back.

On the other hand, the speaker went on, the Administration, which was generally unsympathetic to research, had approved in the previous year an increase of 25 percent in the NOAA funds dedicated to acid rain research. (At the same time, the energy research budget had been reduced by 75 percent.) Moreover, the National Academy of Science has identified acid rain as a problem. A Canadian noted with approval: "Your National Academy of Science does not equivocate at all. Its report of two months ago is very clear." This Canadian participant addressed charges of conspiracy sometimes levelled against the Canadian government which he labelled "the (James) Freidman theory of acid rain." The theory was that Canadian concern for acid rain was a political ploy adopted by the Trudeau government to distract Canadians from real internal problems. This was nonsense. He asked his U.S. colleagues to remember that it was a Conservative administration which first took action on the question.

He went on to note that thirty years ago fruit farmers in Washington state had received compensation for damages engendered by air-borne pollutants from Canada. Agreement was reached through a process of binding arbitration. He claimed this was a good precedent based upon "fine old common law principles" governing conduct in one's own house. Concluding, he warned that the consequences of U.S. inaction

for Canadian-American relations could be "appalling." There are already pressures on Canadian politicians from their constituents to begin drawing linkages.

A Congressman, who identified himself as one of three from Ohio who supported the Clean Air Act, said he wanted the Canadian side to know that millions were being spent in private laboratories to discredit National Academy of Science and Canadian scientists. They would attempt to delay any action until 1986. Ohio, he said, had a Governor who claimed the recession had been caused by environmentalists. Labour was arguing that any action would cost jobs and 6,000 had been lost in his district last week alone. The U.A.W. which led the fight for clean air was now on the other side. The U.S. electric companies were launching a major publicity campaign to rebut claims of damage from acid rain centred on a slick, half-hour prime-time T.V. program which would appear on every network over the next ten months. Clearly, the argument was going to be that the economy was so bad that the U.S. could no longer afford the luxury of environmental concerns. It would also be argued that Canadian demands for action on acid rain stemmed from a desire to "get back at the U.S." for high interest rates and other aggravations. The results could be "very nasty" because U.S. citizens were going to be drawing different conclusions than Canadians as a consequence of the public relations campaign.

Another Congressman commented that he had heard a lot about the situation in the U.S., but had not seen much evidence of action on the Canadian side. When the issue was raised, the Canadian authorities pleaded poverty. What is Canada doing? An Ontario M.P. responded that the second largest polluter in Canada was Ontario Hydro. The announced plans for Nanticoke generating station on Lake Erie to sell power to the U.S. had produced a "blow-up" in Parliament. One hundred and fifty Members and Senators had signed a petition to Ontario Hydro saying "stop." Ontario Hydro would reduce emissions in accordance with Ontario law, but only two scrubbers of six required were in place. He added that the 10 percent reduction in the U.S. Environmental Protection Agency budget was a worry.

A Senator from the U.S. side asked for sixty seconds "to reduce the gloom." He said that "an incredible amount of support for environmental protection still exists in the U.S." He claimed that the President had badly miscalculated in this area and that Democrats would use it against him in the coming elections. The basis for the Democratic attack on the Republicans, he went on, would be not only the environment but also foreign policy. The President "wants to get Canada and Mexico on side," yet relations have seldom been worse. It would be wrong to draw the conclusion, however, that this was a time to threaten the United States. "We're looking for a fight even if we end up losers." The speaker said he was suggesting, rather, that Canada subtly seek to tie together the prospects of greater support in the international arena with greater co-operation on bilateral issues. "Is our lack of decision on acid rain damaging the prospects of Canadian support in the Carribean basin?"

The United States, he predicted, "will come roaring back (economically) in three to four years." The short term pros-

pects were bad, but with the comeback there would be a chance for progress. If the two countries could avoid confrontation and threats in the short term, by 1985 they would "be able to move forward together". He suggested that in the interim Canada place its bilateral concerns in the context of overall U.S. foreign relations. The President really meant what he said about improved relations with Canada and Mexico. Canada should use that real desire as the only effective counter to what would be a huge "anti-effort" on the part of U.S. industry.

Eastport

Consideration of the Eastport refinery issue was opened by the U.S. side. Pittston, the U.S. company desiring to build the refinery, had been granted an air emissions permit in 1977 which was grandfathered in 1979. In 1981, a water quality permit had been granted. Both decisions were now subject to court action. In addition, a referendum held last autumn in Eastport had rejected an option to purchase agreement between Pittston and the Eastport council. Pittston claimed the results turned upon the up-front cash offered rather than upon principle.

Canada had offered the alternative of off-shore off loading, but this has been rejected by the company because of the costs involved. Canada had subsequently unilaterally imposed a 5,000-ton limit on passage. The U.S. speaker argued that, in spite of the validity of Canadian concerns, it was unwise of Canada to act unilaterally. First, the situation did not require such action as legal obstacles have tied Pittston up for the foreseeable future and the oil market was off, making the economics of the project chancier. Second, the U.S. Government disputed Canadian claims to Head Harbour Passage.

In response, the Canadian side claimed that the new Canadian regulations under the Canada Shipping Act did not contest the right of innocent passage. They did not restrict passage, only the size of the vessels. Five thousand people fish the Bay of Fundy, and many more are employed in the associated fish processing plants. Tourism was also an important employer. Passage was extremely risky, especially in ice conditions, so a disaster could be anticipated. Given this situation, "there is just no way politically that a Canadian government can allow it to happen."

The Canadian speaker asked if it were correct that the Maine environmental protection agency had granted permits conditional upon Canadian agreement. The U.S. spokesperson acknowledged that this was the case, but repeated that the U.S. was "terribly concerned about the restrictive regulations." The Canadian spokesperson replied that the Canadian action had been prompted by "recent adverse court decisions." Another Canadian noted that, after Judge Nyson's ruling was "upheld by the U.S. administration," Canada became very nervous. Moreover, the Canadian Coast Guard study of the hazards had never been challenged.

The U.S. spokesperson expressed agreement about the dangers of pollution, noting that Eastport was the least attractive of 38 sites examined from that point of view. Even though Eastport was an economically deprived area, local opinion was divided over the desirability of the project. Further, with 57

conditions to meet and eight or nine suits and appeals to overcome, the approval procedure could go on indefinitely.

The Canadian side asked how serious the U.S. challenge to Canadian ownership claims would be. The U.S. side replied that the United States believed Head Harbour Passage to be international waters. The Administration would not challenge Canadian ownership claims until Pittston had overcome the legal obstacles.

A Canadian pointed out that the Canadian regulations did not constitute a direct challenge since there was another access route to Eastport and because the regulations did not restrict passage but only limited the size of vessel.

This provoked a U.S. participant to interject with some acerbity that Canada's action would permit 5,000 ton "rust-buckets" to ply those dangerous waters but not new tankers constructed in conformity with the Jones Act, "the safest vessels in the world." Head Harbour Passage was no worse than Valdez on the West Coast and there had been no accidents there. The Canadian side responded that Canada would stop the passage of "rust-buckets" with other provisions of the Canada Shipping Act.

Niagara River/Great Lakes Clean-up, Toxic Waste disposal

Discussion was opened by the Canadian side whose spokesperson began by noting that in the case of the Niagara River only one percent of the pollution was sourced in Canada, even though two-thirds of the 400,000 people dependent upon the river for their drinking water resided in Canada. Noting the success of the Lake Erie clean-up, the lake has come back even though Ohio was still discharging 25 per cent of its urban where the effluents into it, he suggested the Niagara River problem was capable of solution. He claimed that regulations were not being enforced and that polluters "are breaking U.S. law with impunity." The result was "a lot of angry people on both sides of the border." No new technology was required.

The Canadian speaker drew a comparison with the outcome of the South Cayuga project in Ontario. The Ontario government had been trying to find a safe location for a modern chemical dump site. In determining its choice, it had waived its own environmental review process. Local citizen protests had forced the government to halt its plans. Even though it would have been the most modern and best safeguarded facility of its type in North America, it had been rejected because of the dangers inherent in the process.

The U.S. spokesperson, who had had direct experience of the Love Canal, said he shared the concerns of the Canadian side and many of the implied conclusions of the Canadian argument. He had accused the E.P.A. of "incompetence and inertia" under its previous leadership and the current leadership had simply compounded the incompetence. He was especially critical of the Administration's suspension of regulations governing land-filling of liquid hazardous wastes. However, the new Administration has been very responsible and effective in their actions vis-à-vis the Niagara (which he attributed to the impact of a Mike Wallace report on "Sixty Minutes").

The E.P.A. has created a group to study the question. It has worked closely with Canada and was now ready to report. The current head of the E.P.A. had been a member of this group.

She hoped to use the Niagara situation to produce the beginnings of a rapprochement with Canada and was bending over backward to produce action acceptable to Canada. She had already agreed to meet six of eight Canadian concerns and was about to agree to the other two. She was looking forward to a joint news conference shortly to announce a clean-up campaign. The Canadian spokesperson replied by saying that the U.S. speaker's information was most welcome.

Discussion next focussed on the amount of toxic dioxins going into the river. The U.S. speaker commented that the report to which he referred was going to state that the drinking water was safe, despite what was going into the river, because it was treated. The Canadian side expressed worries about long-term health hazards and asked what would happen if a treatment system were to break down.

The U.S. side responded that the E.P.A. and New York State would tighten up pre-treatment enforcement, including dumping regulations and would prosecute. He added that he had recently been successful in obtaining \$4 million to upgrade the Niagara Falls, New York, treatment plant, although he was unsure about its ultimate effect. He then emphasized that elected people had a duty to avoid exacerbating public concern, saying that the public must be re-assured that the drinking water was safe but that should not become an excuse for inaction. This, he noted, was a difficult line to tread but giving credibility to alarmist concerns should be avoided.

A Canadian, referring back to the fate of the Ontario government's dump-site, expressed puzzlement about what to do in the face of community opposition. The facilities are needed but everyone says "don't put it here". A Congressman added the problem of the synergistic reaction of chemicals, the spontaneous creation of new chemicals, to the list of concerns.

Canada-U.S. Salmon Talks

A U.S. Senator opened the discussion saying that he wished to talk about the forthcoming Craig decision (dealing with native fishing rights in the U.S.) upon the salmon interception problem. The earlier Bolt decision on the same matter had now been expanded to apply in Alaskan waters. That meant that commercial fishermen could not begin their operations until the Indians had taken enough upstream to meet their needs. He anticipated that the Craig decision would bar the interception of any Columbia River salmon to U.S. fishermen. In the past there had been a sort of balance struck on restrictions which applied to Canadian and U.S. salmon fishermen but these U.S. decisions could create a real imbalance. He went on to express the fear that the imbalance would in turn produce pressures upon U.S. politicians to require Canadians to adhere to the bans imposed by the U.S. courts.

A Canadian participant noted that Canada was now facing the problem of removing some people from the salmon fishing industry because there were too many boats and too few fish. The Alaskan authorities were very concerned about the diminishing stocks of Chinook and Coho salmon and had got that message through to the Canadian government. However, the concern just raised seemed to be new. He asked if the Canadian government had been made aware.

Another U.S. speaker said that he thought that the court decision in question had not yet been rendered. He went on to express the belief that the earlier Bolt decision had disrupted the possibility of dealing with the management of salmon stocks in a rational way. Nonetheless, talks with Canada had been constructive although slow.

The U.S. spokesperson returned to the Craig decision to warn that it may go so far that the fish and game authorities would be unable to enforce it. Even now 60 per cent of what was left for the Indians was not getting to them because of illegal interceptions. His purpose in raising the issue was to give warning of the potential implications of the court decision.

The Canadian side asked if he was warning that the decision he anticipated would add another layer of complication to the current situation and thus worsen it. The reply was "yes". The U.S. spokesperson went on to say that much of the Alaskan fishing industry was almost dead because of the overfishing of stocks passing through areas fished by Canada.

A Canadian noted that the Department of Indian and Northern Affairs had allowed band by-laws directed towards conservation to become nationally enforceable. He anticipated that this would ultimately diminish federal control and produce problems analogous to those being experienced in the U.S. as a result of the Bolt decision. He concluded by saying the message the Canadians were getting from the discussion was that Canada must tighten its control of the fishery or the U.S. would "loosen up". The U.S. side agreed that it would be impossible to have Alaskans cut back their catch only to see Canadians increase theirs.

Dixon Entrance Boundary Dispute, Stikine River

The U.S. spokesperson began the discussion by briefly outlining the rival claims of Canada and the United States to coastal waters following the settlement of the Alaskan boundary dispute in 1903. In essence, Canada claimed that the settlement applied to coastal waters as well as to the land boundaries. The United States disagreed. The result was that ownership of Dixon Entrance as well as other waters was in dispute. This situation has obvious implications for the management of the fishery.

The U.S. speaker said that the overlap in the two countries' fishing laws and attempts to enforce them, especially as they apply to the halibut, salmon (Pink, Chum and Coho) and crab fisheries, had resulted in great tension, threats and shooting incidents. British Columbia was attempting to enforce the Canadian boundary interpretation. The U.S. Coast Guard was doing the same to Canadian fishermen. A U.S. Coast Guard cutter has been stationed in the area to keep fighting fishermen apart. He said that had Canada sent a government vessel as well, "we might have had a war".

Similar frustrations were being produced by the situation on the Stikine and Tarcoo River systems. The State of Alaska managed the fisheries off the escarpment of the rivers but the salmon spawn in Canada and there was now a large Canadian commercial fishery on the other side. In this kind of situation management of the Chinook and King salmon runs was impossible.

The Senator said he was raising the issues because he did not know what to do about them. He asked for the Canadian delegation's advice and assistance. He added that there are also issues in dispute in the Beaufort Sea. He said that he would like to see Canada and the United States pursue a Western boundary settlement "even if our East Coast friends can't agree".

The Canadian side replied that the Maine boundary waters decision when rendered might provide some principles which could be applied to the West Coast dispute.

The Canadian co-chairman gave an undertaking to raise the issue with the Canadian ministers concerned.

Flathead

The Flathead item on the agenda was called, but there being "no real excitement" on the part of the U.S. side, it was decided not to pursue discussions.

Skagit River

The Canadian side opened the discussion with its spokesperson summarizing the issue briefly. An agreement had allowed the U.S. to construct a dam across the river to supply power to Seattle. Seattle now wished to have the dam raised so as to permit greater power production. Raising the dam would result in the ruining of a unique Canadian beauty spot, offering trout fishing and other recreation—all vanishing commodities on the lower mainland of B.C. The settlement reached on the original dam resulted in a mere \$34,000 in compensation being paid by Seattle. The 1942 order allowing the dam was subject to IJC approval of the terms of compensation. Such approval, he said, was never received.

There was unanimous political opposition to the project in Canada. The way out was to resolve the dispute by negotiating a power transfer. To date, there has been no agreement despite talks and he, as a result, "has some doubts about the good faith of Seattle Light and Power". He noted that the IJC has said that it would "resolve" the issue by April 2 but he did not know how. In concluding he said that he found it to be "profoundly unsettling that an order, issued in 1942, and which had to take into account none of the concerns which are now routine in such matters, might be the basis of a settlement".

In reply, a U.S. participant agreed that 1942 might be a long time ago, but the compensation agreement had been reached in 1967. Seattle had the right, twice agreed to, to dam water in Canada. There were environmental consequences but they were essentially the same as for any dam, and less than for coal-fired generators discussed earlier. The Canadian spokesperson replied that he did not believe there is a "tittle of evidence" that the IJC has approved the compensation agreement. If it were just Canadians complaining it could perhaps be seen as a purely Canadian concern, but U.S. citizens are opposed to the project as well.

The U.S. side responded by wondering how Canada could muster such indignation after its action in Head Harbour. The United States has legal ground upon which to base its actions, the agreements of 1942 and 1967. In the case of Head Harbour, Canada has acted unilaterally and without regard

for the economic consequences to Maine. The dispute could be settled if B.C. would supply power at the same cost. Canada seemed unwilling to live up to the agreement and to supply alternate power at comparable costs. Unless Canada came up with an acceptable compromise, the dam would probably be built and Canada would have to live with it.

Law of the Sea

A Canadian delegate introduced the subject. By 1979 a large measure of agreement seemed to have been reached and Canadians were disappointed when the Reagan Administration indicated its intention to open all points for reconsideration. Canada has welcomed the recent U.S. decision to come back to the table and to drop the reconsideration of all but the arrangements for sea-bed mining. He expressed the strong hope that the U.S. would not go the route of a series of mini sea-bed mining agreements although there seemed to be the possibility of such an agreement in the offing. He reminded the U.S. delegation that Canada, Japan and Belgium have the capability to pursue a similar course although they are unlikely to do so for "a variety of reasons". He said he hoped there would be no mini sea-bed treaty before Geneva.

The spokesperson then went on to present his own views of the likely Canadian reaction to the four points which the U.S. seemed likely to press most strongly in its search for revisions. The first sticking point for the United States seemed to be a dissatisfaction with the international bureaucratic arrangements. Here Canada might be willing to compromise but the arrangements were so complex because of the number of nations involved it would be difficult. Second, he saw little difficulty in persuading Canada to agree that the U.S. should have a "more effective decision-making role" than one vote on the council. Third, on the question of the automatic transfer of technology to the international agency, Canada had some sympathy for the United States and might go along with some modification. For example, a simple time delay before making new technology public might work because in fact there has been very little success in keeping commercially applicable technological advances secret for long. Fourth, regarding cutting in liberation movements such as the PLO on the financial benefits, Canada was unlikely to support such a move.

In concluding, he said that Canada believed agreement on the Law of the Sea to be extremely important and wanted the treaty signed. Even though some progress has been made without the actual treaty, for example, the virtual acceptance of a two-hundred mile economic zone, the Canadian spokesperson expressed the hope that the full treaty would be signed before the end of 1982. He believed that if the U.S. maintained some flexibility, it should be possible.

In response, a U.S. participant said he thought the Canadian speaker was correct in his assessment of the prospects for the United States reaching an accommodation. He said that he had discussed the matter frequently and unofficially with a knowledgeable person in the Administration who had expressed the belief that the U.S. would take what it could get and sign.

A Democratic Congressman said that he had been encouraged by the Canadian assessment of the likely Canadian

stand and the prospect of some support for U.S. positions. Ten years of talks had permitted other nations to catch up with the considerable U.S. lead in sea-bed technology. Sea-bed mining would permit the U.S. to become self-sufficient in minerals, such as manganese, copper and nickel. The very notion that the United States should share with CPEC (Copper) nations, such as Zambia and Zaire, its ocean bottom technology was "ridiculous". Any Law of the Sea Treaty would be closely examined by Congress. He was encouraged by the possibility of Canadian support because without change the United States would "go it alone".

A Canadian participant intervened to say that Canada would manifest the kind of accommodating attitude the first Canadian speaker had held out only in order to draw the United States into the agreement. Some kind of régime must be put in place before the seabed is exploited "or a can of worms will be opened that we can never close". The world did not need new areas of instability. He suggested that if the mandatory sharing of technology were removed from the treaty, financial sharing required would not represent a big cost to the United States.

A U.S. Senator observed that he found the discussion to this point to be "encouraging" but warned about being sanguine about Senate ratification even if the Administration signed. He referred to the International Seabed authority as a "floating pagoda". He said that the group of seventy-seven would be enabled to "not only take our money and our technology" but also "to tell us when and under what circumstances we could expand." National security was involved and the seabed minerals held the key to U.S. security. He asked why it was necessary to create a new form of government in order to have revenue sharing. The U.S. would pay into a fund; he saw no need for international legislative jurisdiction. The Seabed Authority was the international bureaucrats' way of ensuring they would still have jobs when the negotiations were over.

The Canadian side asked who, in the absence of the Seabed Authority, would be the arbitrator if the United States and Germany or Japan got into a dispute. The U.S. side replied that the Truman Doctrine had worked for the world whether the world liked it or not. A dispute mechanism could be set up with utilization of it on the basis of payment into the fund. A Canadian participant stated that Canada would not back away from the need for an International Seabed Authority. In the absence of rules, who could prevent a spate of law suits around the world resulting in grievous damage to U.S. commercial properties? A U.S. delegate replied that U.S. legislation would take care of the latter problem by specifying that the U.S. government would assume responsibility for any such risks encountered by investors.

A Canadian speaker went on to raise a question concerning drilling rigs. It was his understanding that legislation before the Congress would provide that only U.S. citizens could raise complaints about the safety of a rig. If this were the case, Canada might well have to decide that U.S. rigs would not be allowed to operate in Canadian waters. "What is the situation?"

The U.S. side replied that the legislation in question proposed the well-known bare boats concept. However, the legis-

lation might well be side-tracked in the Senate as a result of the recent accident. So as not to appear retaliatory, a Congressman added that there was similar legislation before the House, but no pressure for action. Both Senators and Congressmen said the legislation had nothing to do with the accident but was an attempt to amend the Jones Act.

The Canadian who had raised the issue asked for the rationale for an amendment discriminating against non-U.S. citizens who would be barred from suing the owners. A U.S. delegate asked why rigs should be treated any differently than a drilling vessel. It was a well-established practice that a U.S. citizen could sue the owner of a bare boat charter but that foreigners could not.

After this brief side excursion, a Congressman drew the discussion back to the Law of the Sea saying, in answer to previously raised Canadian concerns, that U.S. national legislation would ensure that U.S. companies engaged in seabed mining would properly observe environmental concerns and that U.S. agencies would enforce the legislation.

A U.S. Senator ventured the opinion that voting rights were the critical issue. It was impossible to have 150 equal partners, but if adjustments were made and the U.S. Administration was willing to sign the revised treaty, he thought the Senator would accept it.

A Congressman asked if some other possible regulatory mechanism was possible. Why not the World Court with an expediting procedure, for example, he asked. He acknowledged the need for a mechanism to permit international review of environmental compliance, but the present treaty arrangements did not fill the bill.

A U.S. Senator interjected: "Let me tell you where I'm coming from". The U.S. was the umbrella for the free world. It needs manganese to make its steel. At the moment 98 percent of that manganese was imported. "Why", he asked, "would anyone in the free world want us to have to ask permission of the Warsaw Pact before we go about getting the minerals we need to make ourselves more secure and to continue to protect the free world?"

A Canadian concluded this item with an expression of hope that the United States would not isolate itself from the rest of the free world at Geneva.

The Garrison Dam Project

The subject was introduced by a U.S. participant. He reported that the court of appeal had lifted the injunction against proceeding with construction. There would be \$14 million more in this year's budget for the project. All work underway would drain back into the Missouri basin in keeping with the undertaking to Canada.

The Garrison dam should upgrade the water in North Dakota; the water being diverted into the project was the best water in North America aside from that in the Canadian Rockies. Canadian fisheries experts had been invited to come and carry out an inspection last year. Three points have to be made, he continued. First, North Dakota needs water. Second, there is nothing wrong with the water being used. Third, the U.S. wants to reassure Canada.

Addressing the issue of biota transfer, the U.S. spokesperson said that it has been going on for millenia between the two watersheds "each time a duck takes off". He said: "We do not intend to foul our own nest". The water would pass through the three main cities of North Dakota. The Red River was now polluted because of low stream flow and the project would improve this situation.

In response, the Canadian spokesperson said Canada has nothing against those parts of the project which keep the waters in the Missouri basin. Canada was guided by the Boundary Waters Treaty which does not permit transfer between two basins without consent. He said Canadians are worried about the possible impact of rough fish upon the valuable commercial fishery in Manitoba. He was skeptical that current engineering could offer guarantees that such a transfer would not take place and referred to the new IJC report in support of his contention.

The U.S. spokesperson noted that there were already carp in the Red. Shad had not moved North. With reference to the IJC report, he noted that the scientific report was much different than the summary report which had been prepared by politicians.

Another Canadian member said he was "very disturbed" about the U.S. side claim that the integrity of the IJC report was questionable. The two nations depend implicitly upon the accuracy and objectivity of the IJC. Confusion results from the conflicting statements.

A Congressman offered the observation that Garrison is "the last of the dust bowl babies" and that it should be re-evaluated. It was going to affect 12 wildlife refuges and 70,000 acres. It would cost \$1 billion. While the U.S. needed new crop lands, the Garrison dam would inundate some already in production. The paybacks would be \$19 million in irrigation and \$800 million in power. The project's viability was thus largely dependent upon power paybacks. He said he was very concerned about the wetlands impact.

The U.S. spokesperson responded by saying that the Congressman's group advocated no irrigation and direct supply to cities. That approach, he said, would worsen the problem of biota transfer. Moreover, in a drought, the wetlands would dry up. What Garrison would replace them with would be artificial to be sure, but would guarantee 180,000 acres of wetlands for waterfowl even in a drought.

Central America

The situation in Central America was the subject of an extended discussion, with the U.S. side leading off.

In both Costa Rica and Honduras, the spokesman said, the Administration was attempting to bolster the governments with increased aid. Each would receive \$75 million additional this year. Honduras would also receive new military aid and the United States would attempt to support and strengthen the efforts of the IMF in Costa Rica. Nicaragua was a difficult problem for the United States, since its régime was perceived as moving towards totalitarianism. The Administration asserted that the revolution in El Salvador was being controlled from Nicaragua and that the Sandanistas were providing increasing amounts of aid and weapons to the left in El Salvador.

For El Salvador, the spokesperson continued, the hope of the Administration was that the election would enhance international support for the centre and increasingly isolate the extreme right and the extreme left. El Salvador would receive an additional \$200 million in military aid and, would in addition, be the recipient of the largest amount of aid under the Caribbean Basin Initiative.

The Administration was finding it increasingly hard to support the government of Guatemala, "the most repressive régime in the world". A special envoy sent to persuade the régime to mend its ways had met with no success. The Administration would supply \$250,000 in military aid this year as a tiny carrot with the message: "More respect for human rights and more U.S. aid will be forthcoming". The March 7 presidential elections might hold out some promise for improvement; at least, he said, "the Reagan Administration is on its knees praying this will happen". Guatemala was seen as being much more important strategically, especially to Mexico, than was El Salvador.

A Canadian participant commented that Central America had not occupied a large part of Canadian consciousness until the last year and a half or two years. This raising of consciousness had been largely due to the efforts of the churches, which tended to support the Franco-Mexican position on El Salvador.

The Canadian government had been temporizing, but tended to have a different perception of what was appropriate than did the United States. Canada had always had a different position on Cuba and Canadians believed that if the United States had been more sympathetic to the Castros and the Sandanistas there would have been less likelihood of their turning towards doctrinaire and totalitarian Marxist-Leninism. He suggested that the United States should become more supportive of reform in Central America if reform were not to be carried out by guerrillas. This speaker mentioned in passing that recommendations contained in a recent House of Commons committee report had probably helped to dissuade the government from sending official observers to the elections in El Salvador.

Canada was continuing to provide aid to Nicaragua although if it ever became clear that Nicaragua "intended to go the totalitarian route" aid would probably cease. Canada opposed outside military assistance to Central America and would be very much opposed to any kind of direct military intervention, he concluded.

A U.S. participant commented that many of the problems in Latin America could be traced to the "benign indifference" of Americans although too often they had acted as "the ugly big brother" and had intervened militarily in the area in the past. The legacy was mingled fear and respect. The Alliance for Progress had been the best attempt to alter the situation. However, the United States was impatient and seemed to lack the fortitude and tolerance to pursue such initiatives through to a successful conclusion, said this speaker. The Alliance for Progress had "two prongs":

1. The creation of a situation in which all Latin American nations would have constitutional means of changing governments; and

2. The provision of support for those régimes moving toward democracy.

The approach generally was that as a country developed democratic institutions, the United States would provide further assistance towards the realization of the country's economic aspirations. This delegate said that he was supporting the present Administration in its "newly awakened and belated awareness" that aid must be provided before problems become crises. One of the biggest mistakes the U.S. had made was the covert intervention against Allende who had been elected.

A Canadian member said that traditionally the Canadian position had been to support reform whether or not Canada agreed with the particular form it might take. Canada was highly supportive of the Caribbean Basin Initiative. In response to a question about Canadian reaction to a U.S. blockade of arms from outside sources one Canadian suggested that Canada would be likely to object but another Canadian said that Canada had no official position. It supplies no arms to El Salvador and is saying quietly to Cuba and the United States that they should not do so. However, he continued if the guerrillas are being supplied with arms, Canada could hardly deny the government the right to receive arms.

A U.S. speaker observed that the United States had been inattentive to developments in the area and mainly unsuccessful in its actions so far. But there was now a real problem. In the next four to five weeks the United States could find itself in the position of having been the only country in the world to have supported elections in El Salvador. Duarte may come out of them weakened and the "madman D'Aubisson would be very difficult to work with as Prime Minister". It was probably he who had Bishop Romero killed. All the U.S.' allies said that negotiations are the route to follow. The United States was alone. The NATO allies have never rushed into the breach to support the United States and in this case "you've all told us we're wrong". Moreover the United States had begun to have its own doubts.

U.S. allies including Canada should tell the President that they are willing to get involved if the United States pursues negotiations, he said. Both the left and the right will be shooting people going to the polls. "Give us a way of saying that the elections aren't going to work and that we are going to sit down with our hemispheric friends and France and try to work out a solution". Money alone won't work nor are there other simple solutions.

There was now a small but well-organized and armed element of the left in El Salvador which was undemocratic and would accept nothing other than a military solution that leaves them in power. They must be dealt with as well as the right. The current U.S. policy, which was well-intentioned "is going to hell in a handcart". The Administration had thought it was supporting a well-intentioned, stable, pluralistic régime but now it seems that troops will have to be sent in, an action no one wants but which appeared inevitable unless the United States received some help from its friends.

Apart from El Salvador, this delegate continued, Guatemala was about to fall apart. As chaos expands, Americans were sure to be attacked and killed and that would provide the

United States with an excuse to use arms. The U.S., Mexico and Canada must go beyond saying only "let's negotiate" and must decide how to contain or eliminate the far left as a factor. The modern weapons in use by guerrillas in the area came chiefly from U.S. left-overs in Vietnam and the Soviets may not be directly involved. This speaker wondered if the Cubans and Nicaraguans were to be blockaded to prevent them from introducing more weapons into the area, whether the French would be also, since the French were selling sophisticated weapons to Nicaragua.

When a Canadian noted that Canada was officially supporting the elections although it would not send observers, U.S. speakers replied that such was true but the support was not enthusiastic.

An earlier U.S. speaker said the House had urged President Reagan to support negotiations. Mexico had offered its good offices to achieve a reconciliation between the United States and Nicaragua and for new initiatives in El Salvador. This might be the way out. While the Administration had not yet formulated its response he thought the Portillo initiative was interesting because it did not necessarily endorse the political legitimacy of the left. It simply offered the facilities of Mexico to bring about an accommodation. Portillo was saying that Cuba would be prepared to participate if Mexico leads. Would Canada endorse such an approach, it was asked? Another delegate added that it might help if Prime Minister Trudeau supported Portillo's idea.

Another U.S. delegate noted that Secretary Haig had neither embraced nor actively opposed the initiative. Portillo's motivation was almost certainly that of trying to climb off the limb on which he had placed himself with the Franco-Mexican initiative which had been poorly received in Latin America. In contrast, the more recent initiative had been very well received.

A Canadian delegate said that she found it difficult to believe, given recent history, that the United States could accept Portillo's initiative if it were to involve Cuba. The U.S. side replied that the United States was becoming more cautious and increasingly doubtful about the effect of the elections and was casting about for something else that might work.

A U.S. Senator asked, rhetorically, how many more Cubans the United States could afford in Latin America and the Caribbean. Mexico was "scared to death". Southern Mexico was already involved and the line had to be drawn somewhere. He believed that Cuba was stage-managing the unrest throughout the area and that its most immediate targets were St. Lucia and El Salvador. The United States had troops in Europe to keep out the Soviets, why not then a U.S. military umbrella for Latin America he asked. While he did not support the use of troops, he did not rule it out.

A Congressman submitted that Canada, the United States and Mexico had a deep common interest in stopping a Communist take-over in Latin America and the Caribbean and they must stop being apologetic about it. It was not the U.S.' fault that the only alternative to the extreme left seemed to be

the extreme right. The United States had attempted to attach "democratic strings" to its aid and when that had not worked, it had plowed billions into the area anyway. There have been "prodigious" increases in "productivity, health and literacy" as a result but the fact remained that the United States could not export its democratic institutions.

Having just returned from El Salvador, another Congressman offered the view that the United States stood in danger of making a dual mistake:

1. believing that a quick military knockout blow is possible; and
2. supporting elections which won't work.

Latin America had great confidence in Canada and the possibility of its playing a constructive role. There seemed to be more faith in Canada than in the O.A.S.. More involvement by Canada was again urged subsequently by another U.S. delegate.

Turning to earlier remarks by a U.S. Senator, the U.S. speaker continued that there was great difference between U.S. troops in Europe supporting democracies and U.S. troops in Latin America supporting repressive régimes. The violations of human rights in El Salvador were "horrendous" and he personally had caught the military in the cover-up of a massacre in San Antonio Aboté. The bodies had all been shot in the back of the head, there had been no firefight. Although he had lived in Haiti during "Papa Doc's" régime, it had been tame compared with El Salvador. He could recount horrifying stories of the shooting and burning of children on the grounds that they were "the seeds of revolution". Duarte was not in control, he said; Garcia was.

The people of El Salvador had no faith in the elections. One third of the population were under guerrilla control and would not vote, one quarter of the population had left the country and could not vote. The army was threatening prison or worse for those who did not vote. What was needed was the establishment of peace before elections were held. Portillo's offer must be accepted and an international force to interdict the arms flow established.

Another Congressman said that the present Administration had inherited the problem and that its response was not much different than the response would have been from any other Administration. He noted that few speakers had made any mention of Communism whose spread was inimical to U.S. interests. Was the United States paranoid in fearing the establishment of a string of Communist governments in Latin America? He pointed to South-East Asia as a possible parallel in this respect as well as in the area of human rights. Recalling the attacks made upon the South Vietnamese régime for its violations of human rights, he pointed out that what was now happening in Vietnam and Cambodia was far worse. Did Canadians believe his type of concern to be important?

In response, the Canadian spokesperson said that Canada certainly did not wish to see the establishment of Communist domination of the area and the issue was how could it best be prevented. The fear in Canada was that current U.S. policies would produce that undesirable result. The United States he said, cannot leave those "evil, repressive, inhuman régimes in place". It could prop them up or change them, but if the United States was not the agent of change, the Communists would be. Like other speakers he supported the Portillo initiative but concluded that if the only alternative to Communism were U.S. intervention, then intervention should be on the side of change.

One Canadian member said that Canada "has borne no responsibility for the course of world affairs since Korea" and that he was sick and tired of Canadians carping and criticizing the United States. As a country Canada had not pulled its weight and had, indeed, run away from its responsibilities. He did not want Communists in Latin America and would advocate three changes in Canadian foreign policy in the area:

1. "no more arm's length";
2. a more activist stance including earlier involvement in multilateral efforts in Latin America; and
3. more substantial support for the United States.

However, another Canadian delegate pointed out that Canada was not a military nation, that the government could not take a more aggressive military posture because they would not be supported by Canadians. Canada had earned its international respect through its participation in peace-keeping operations and while the reputation might or might not be deserved, Canada could not contemplate an orthodox military role. This delegate asked why, if the United States were convinced the U.S.S.R. was at the bottom of all these troubles, it did not go after them economically where they were vulnerable rather than through a series of "nickle and dime wars".

A U.S. Senator enumerated a number of areas of agreement on this problem area. No one wanted the Marxist left to win (and all the left is not Marxist); no one wanted the régimes currently in place; no one wanted Soviet proxy states in the area although there was disagreement about whether there was a difference between a Communist and a proxy state. Improvements in human rights alone would not accomplish what was desired. No one wanted military intervention. It was not sufficient to merely criticize from inside or outside the United States. The United States could be as enlightened as possible in its policies but there would still be a need for intervention and it must be multilateral. Arms supplies must be interdicted but such would not be credible if carried out by the United States alone. Finally, the free world and the Northern Hemisphere must get together urgently and do something more than cutting off U.S. arms supplies and deciding to send money. Risks had to be taken.

In summing up, a U.S. participant said that there have been "gross and grotesque" atrocities in El Salvador. Duarte was responsible for them only in the sense that he could not stop them but one should not be blinded from the atrocities of the left. Castro was now a popular hero but his régime began with a bloodbath. Positive results would not flow from negotiations with dedicated Marxists and this participant spoke against the idea of Prime Minister Trudeau endorsing the Portillo initiative, an action which would undermine the electoral process. Rather, Portillo's offer should be seen as a fall back position. He urged delegates to remember that the United States had been terribly disillusioned by the Sandinistas who had set aside all their promises of democracy. There would be no free elections for five years, there was no free press, there was no rule of law in the taking of property and there was no respect for human rights.

Middle East

A U.S. delegate introduced the topic of the Middle East, commenting that the United States had been pursuing a "two-track policy". The first which had been "pretty much a flop" was to develop a strategic consensus in the area; the AWACS sale to Saudi Arabia was a part of this approach. The second had been the pursuit of peace issues and the extension of negotiations based on the Camp David accords. Now that the United States was bearing down more heavily on Israel and Egypt, more attention must be devoted to land rights, water rights and Palestinian rule in East Jerusalem. Talks would continue even though there was some worldwide dissatisfaction with the Camp David approach since "it is the only game in town".

The Canadian spokesperson said while Canada supported the Camp David approach, some re-thinking was going on which could result in a more comprehensive approach to a solution along the lines of the European model. A Palestinian settlement was needed and the Austrian model might be useful. He noted with approval that the U.S. approach now seemed to be more even-handed.

The U.S. spokesperson commented that the United States was "terribly anxious" about South Lebanon where there could be an outbreak of violence at any moment. It was uncertain whether Ambassador Habib's mission could prevent such an outbreak through diplomacy. No solution seemed possible in the short term. Aside from Lebanon, a bright spot was the movement towards a successful conclusion of the first aspect of the peace treaty. The Israelis seemed firm about completing their withdrawal from the eastern portion of the Sinai despite some internal problems and the multilateral force was about ready to move in. The question was what Egypt would do when it had the Sinai. President Murbarak had more of a tilt towards the Arabs than had Sadat. In response to a Canadian question, this participant said that Assad seemed likely to retain control in Syria and that there would seem to be little likelihood of any immediate change in Iraq.

Poland

Introducing the discussion of the Polish situation, a Canadian spokesperson said that it should be assessed within the larger context of Eastern Europe. In terms of a diminution of oppression, it was the Canadian view that the Helsinki Accords had resulted in some positive moves. But Poland, pre-Solidarity, had been one of the countries least affected by the Accords and this, coupled with an ineffectual regime, might have helped to produce a situation in which a Solidarity could appear. Solidarity's tactic of continually pressing the limits had been very impressive and for a time seemed destined to produce a miracle but the dream collapsed because Solidarity could not produce economic solutions as well as political reforms. The opportunity had now been lost although some beneficial residual effects might remain.

This participant observed that the Canadian reaction to the imposition of military rule had been that while it was to be deplored, it was to be preferred to direct Soviet intervention with the likelihood of great loss of life. Canada had, nonetheless, urged the early lifting of military rule, the release of detainees and the restoration of reforms gained. To demonstrate its disapproval of continued military rule, Canada had introduced some minor economic sanctions although it has not cut off food aid.

A Conservative Member of Parliament commented, that the official opposition in Canada disagreed with the policy of the Canadian government in this instance. The opposition wanted much stronger sanctions. Poland owed Canada \$750 million in grain purchase credits up to the end of last year and that was likely to reach \$1¼ billion by the end of this year. Future purchases should be put on a cash basis. If that were to mean starvation for the Poles, then the remedy would be outright aid. Canada had given Poland higher fishing quotas within its 200 mile zone and the quid pro quo was to have been the Polish purchase of \$8 million of Canadian finished products. This had not taken place and the Polish fishing rights should be cancelled, he said. Nor would the official opposition allow Canadian companies to bid on the sour-gas pipeline in the U.S.S.R. But another Canadian delegate disagreed that the solution was to let the Poles starve. Sanctions had not proved effective in the case of Afghanistan. Canada had introduced sanctions against Poland only so as not to leave the United States out on a limb.

The U.S. spokesperson said that unlike Canada, the U.S. government had seen a direct linkage between the Soviet Union and the actions of the Polish Government. One of the great concerns of the U.S. Government was the increasing dependence of the Western European economy upon trade links with Eastern Europe, particularly the gas pipeline between the U.S.S.R. and West Germany.

Another worry was that the recent bank loan default of Poland may be "repeated and replicated in other areas". Further, the continued repression in Poland disturbed the United States and since Polish action "depends upon Soviet

accession" the United States considered it must "exact a price". Hence the sanctions.

A U.S. Senator commented that NATO stood in jeopardy of splitting apart and that Canada was naive in its view of what was at stake, its future perhaps depending on its ability to engender a common stand about what is to be done about the Polish debt and other issues. The Soviets, he asserted, had been involved and they would not allow Solidarity to stage a come-back. With thirty-eight divisions ready to move into Poland, they might not have actually given the orders but they had been nonetheless, directly involved.

Unless the United States in conjunction with Germany and the rest of NATO came up with some agreed responses for new situations, such as loan defaults, then there could be real trouble this participant continued. U.S. actions recently had contributed to placing NATO in disarray. For example, conflicting U.S. Administration statements about nuclear strategy had helped to produce the European peace movement and the course of pursuing only a one track policy of weapons upgrading, of what was to have been a two track policy of being prepared to upgrade theatre nuclear weapons while vigorously pursuing arms limitations talks, had been unsettling. Further, the United States had not discussed burden-sharing if Poland should go bankrupt, which event, would produce 38 per cent unemployment in West Germany alone.

A U.S. Senator said that the people of the United States were becoming increasingly frustrated by the apparent lack of willingness of its allies to co-operate in any meaningful way with U.S. efforts to contain the U.S.S.R. and to share in an equitable fashion the burdens of Western defence. As a result there was a growing sentiment in favour of the withdrawal of U.S. troops from Europe.

Nuclear Strategy and Defence Issues

A Canadian Senator opened discussion on nuclear strategy and defence issues saying that while Canada had participated from the beginning in the development of atomic weapons, it had taken a decision in 1945 not to acquire nuclear arms for itself. It had, for a brief period in the 1960's, possessed a number of nuclear weapons systems all of which have not been discarded except the warheads for missiles carried by Voodoo interceptors. These had been retained since the aircraft would be ineffective without them but as the new CF-18, which has no such need, comes into service they will be abandoned completely. However, Canada did not dispute the need for strategic and theatre nuclear weapons within the Western Alliance. Tactical nuclear weapons were not construed by Canada as being defensive. While Canada would accept none on its territory it neither encouraged nor discouraged its allies in this regard.

But Canada was firmly committed to participation in NATO and NORAD and was by no means as pessimistic about the future of NATO as was one of the earlier speakers.

The alliance might require some modification and it might experience some shocks, but it had survived others such as the withdrawal of France from the integrated military command. Canada's presence in Europe had more political than military value, helping to legitimize the U.S. presence by ensuring that the United States was not the only North American nation there.

This delegation deplored the way Canada had allowed its armed forces to become run down but said there were now signs that the trend was being reversed. A recent Senate sub-committee report which concluded that Canada had been "delinquent" in matters of defence and had urged increased resources for Canada's NATO commitments had received extraordinary attention. Among continuing Canadian priorities, he said, were the encouragement of SALT and MBFR talks, the search for the means to eliminate chemical weapons, the furtherance of nuclear non-proliferation and the eventual balanced reduction of conventional weapons.

With respect to the bilateral Defence Production Sharing Agreement, this spokesman said that recent major Canadian purchases such as the Orion and the CF-18 had produced an unfavourable balance for Canada of some \$200 million. This deficit should not be allowed to increase to unmanageable proportions. Canada was also concerned about recent Congressional action such as the Bayh Amendment which would require all defence R & D to be conducted in the United States, and the Berry Amendment which prohibited procurement from foreign sources of such military requirements as food, clothing and specialty metals. These were not helpful in maintaining a balance. Further, Canada had been concerned about the cost implications for its CF-18 program if the U.S. purchases of the F/A-18 were reduced. Though now somewhat reassured in that regard, Canada had begun to be concerned about the future availability of parts for the Aurora (Orion). The United States should pay attention to the impact upon its allies of its own current decisions. U.S. delegates declared themselves to be encouraged by Canada's support for greater military readiness. A U.S. speaker said that on the matter of nuclear arms his own view was that the rate of arms build-up must be reduced and that the best hope for such accomplishment was the pursuit of SALT. Another Congressman noted that in 21 of the 23 categories of arms the United States lagged behind the U.S.S.R. so that, although the arms race was a "horrible waste", the United States could not stop until they do. But a Canadian delegate pointed out that a House Committee had recently heard a senior Soviet official, Mr. Georgi Arbatov, who had employed the same sort of argument in defence of the Soviet arms build-up.

Plenary

For Committee I, two delegates, a Canadian M.P. and a U.S. Senator, reviewed the discussions which had taken place on trade and economic issues. The Canadian delegate reported that the most important areas of friction had been the NEP and FIRA. The general tone had been to emphasize the need

to resist pressures for further protection in keeping with the objectives of the upcoming GATT ministerial meetings. The U.S. side had clearly indicated that trade in investment and services should be set in the GATT framework.

The U.S. Senator gave a strong personal emphasis to his disagreement with the NEP, aspects of which he said distorted trade flows and was a direct violation of the GATT. These and unfair Canadian trade practices in the agricultural sector, in respect to poultry, eggs, and grains showed a lack of trade reciprocity. The U.S. frustration with Canada and other trading partners would become evident during the upcoming Danforth hearings on reciprocity, he warned.

A Canadian participant rejected the charge of unfair practices by Canada in respect to agricultural trade. He cited U.S. trade diverting practices in agriculture, such as higher U.S. tariffs on Canadian potatoes and corn and quotas on Canadian beef. But bilateral agricultural trade was fair, he concluded. The American co-chairman agreed that there was "far less sinning in the North American market than any other."

Committee II also had two rapporteurs, a Canadian M.P. and a U.S. Senator who summarized the discussions of the bilateral energy topics in considerable detail. An American Congressman said he thought it important to observe that the absence of U.S. comment on the NEP in Committee II did not reflect the state of concern in the U.S. Congress about this Canadian policy.

The Canadian co-chairman, in introducing Committee III's presentation to the plenary, asserted that the discussions in committee had been the best he had experienced in three years. He said that the discussions on acid rain, Central America and the Law of the Sea had been especially "illuminating" and, for that reason, two of them, acid rain and Central America, had been selected by the Committee for additional discussion in plenary.

The Canadian side then opened discussion on acid rain with the spokesperson noting that American members of the committee were "so sympathetic that Canadians gained the impression they may have been speaking to the converted". He said it was worthy of note that four Canadian members of the committee representing the three national political parties had been members of the House of Commons sub-committee on acid rain which had produced a unanimous report. That, he said, was but one of many possible concrete illustrations of the fact that in Canada there exists absolute political unanimity on the need for immediate action. "Those who want to delay, slow down or put off action have no political home to go to". He said that discussions in committee had revealed that the same circumstances did not exist in the United States. He went on to summarize the discussion in committee and concluded by saying that the Canadian side had been encouraged by the knowledge, sympathy and understanding displayed by their American colleagues.

Central American issues were introduced by a U.S. delegate. The rapporteur said that while discussion in committee had touched on all of Central America, its main focus had been El Salvador and he provided a succinct summary of the discussion.

The report provoked some discussion from the floor. A Canadian M.P. intervened to argue that the U.S. faces a fundamental dilemma in Central America. He said that the U.S. feels it must intervene in order to avoid the prospect of the establishment of Marxist régimes but if the intervention went no further than propping up "inhuman" repressive régimes it would be self-defeating. If the course of intervention is chosen there could be "no half-way measures", the U.S. would have to go "all the way" and replace current repressive régimes with moderate democratic governments.

A U.S. Senator said that it was important for Canadians to understand that there were some important inter-relationships among the range of multilateral questions discussed in Committee III, ranging from Poland to Latin America to the modernizing of nuclear forces.

He said that the current U.S. perception of itself, in the words of a song, is "You and me against the world" and that the "you and me referred to two Americans." The belief in the United States is that it has for too long been carrying the rest of the world. Some are even saying from this base "let's pull out of Europe."

The Senator said he was not arguing whether the feeling was right or wrong, but simply stating that it was something that his countrymen felt and that it thus had to be faced. The belief is that in the Caribbean the United States will "be left holding the bag" and that the same will be true in the Persian Gulf where the nation "with the least interest is bearing the greatest expense." These are, he said, deeply held views which cut across geographic and political lines. There is a tendency towards a new isolationism—"the rest of the world be damned." All of this is the product of a period a re-assessment of a profundity which the rest of the world has not yet understood.

Further economic troubles are complicating the process. The United States is a nation which feels itself to be put upon, it is looking for understanding and proofs of friendship. In these circumstances, Canadians would probably be well advised to soft-pedal differences and to focus upon the linkages which Americans are currently drawing among all major issues, he said.

If Canada wants action on acid rain, for example, scientific proof of damage isn't going to be the clincher. But a willingness to co-operate in developing a multilateral approach to El Salvador, or a unified NATO approach to sanctions against Poland might produce a higher likelihood of U.S. accommodations in, for example, economic areas. "We are looking for friends and will reward the friends we find."

In response, a Canadian said that he had been startled by the foregoing. He said that he saw the essential message as being that the United States wanted Canadian help and support internationally. He said that if that was what was desired, the objective was not being furthered when prominent

United States figures speak against the legitimate expression of nationalist feelings in Canada. Such action could only intensify such feelings which are very strong and diminish prospects for co-operation. "Be careful how you react to Canadian nationalism."

THE SENATE

Tuesday, May 18, 1982

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

YOUNG OFFENDERS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-61, respecting young offenders and to repeal the Juvenile Delinquents Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

PETRO-CANADA ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-101, to amend the Petro-Canada Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading on Thursday, May 20, 1982.

Motion agreed to.

PRIVATE BILL

THE ARMY, NAVY AND AIR FORCE VETERANS IN CANADA— REPORT OF COMMITTEE

Hon. Florence B. Bird, Deputy Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report:

Tuesday, May 18, 1982

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill S-25, intituled: "An Act respecting The Army, Navy and Air Force Veterans in Canada", has, in obedience to the Order of Reference of Tuesday, May 11, 1982, examined the said Bill and now reports the same with the following amendments:

1. *Long title*: Strike out the long title and substitute the following:

"An Act to amend the Act of incorporation of the association known as "The Army, Navy and Air Force Veterans in Canada" ";

2. In the French version, wherever the words "section des femmes auxiliaires" appear, substitute the words "section auxiliaire des femmes";

3. In the French version, wherever the words "direction provinciale des femmes auxiliaires" appear, substitute the words "direction provinciale des sections auxiliaires des femmes".

Respectfully submitted,

FLORENCE B. BIRD
Deputy Chairman

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, since the bill is being reported with amendments, I take it that, unless leave is granted, it will not be taken into consideration this evening. If we wish to deal with this report tonight, we should hear it read fully. If not, perhaps we can dispense with the reading of the amendments and honourable senators will have a chance to read the proposed amendments in due course and before consideration of the report.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have no objection to dispensing with the reading of the amendments, but we might as well have an opportunity to look at the report as it appears in today's *Hansard*.

Senator Frith: Perhaps I could ask Senator Bird whether she intends to move consideration of the report at the next sitting of the Senate.

Senator Bird: Yes, I intend to move consideration of the report at the next sitting of the Senate.

Senator Frith: In that case, honourable senators, we might dispense with the reading of the amendments.

Hon. John M. Godfrey: How long is the report? Will it take longer to dispense with the reading of it than it will to read it?

Senator Frith: By the time we have finished dealing with your objection, Senator Godfrey, it may well take longer.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Bird, seconded by the Honourable Senator Guay, P.C., that this report be taken into consideration at the next sitting of the Senate.

Is it your pleasure, honourable senators, to adopt that motion?

Hon. Senators: Agreed.

[Translation]

CANADIAN PARLIAMENTARY HANDBOOK

FELICITATIONS TO AUTHOR—DISTRIBUTION OF COPIES
REFERRED TO COMMITTEE

Hon. Joseph-Philippe Guay, seconded by the Honourable Senator Roblin, moved:

That the Senate extends its congratulations to John Bejermi, an employee of Parliament, who has authored a new and unique book to commemorate the Constitutional Parliament of 1982 entitled: "Canadian Parliamentary Handbook", published by Borealis Press Limited (Ottawa), which contains the biographies and photographs of all parliamentarians; and

That the Senate requests the Standing Committee on Internal Economy, Budgets and Administration to consider the matter of providing each member of the Senate and Administration with a copy of the said book.

Motion agreed to.

QUESTION PERIOD

[English]

BANK OF CANADA

INTERVENTIONS IN SUPPORT OF CURRENCY

Hon. David A. Croll: Honourable senators, I have a question for the Leader of the Government. I must first confess that I do not understand the operations of the Bank of Canada as they affect the Canadian dollar.

Some Hon. Senators: You are not alone.

Senator Croll: I am totally confused by the answers I have received as a result of inquiries.

According to recent announcements, the Bank of Canada has spent something like \$2 billion to support the Canadian dollar. Notwithstanding this action, the dollar continues to decline. In this regard I have several short questions.

How much money has the Bank of Canada spent in each year since 1977 to support the dollar?

In each year, for the past five years, what was the high, the low and the average level of the dollar?

What is the actual method by which the Bank of Canada intervenes to support the dollar?

If the bank has spent money to support the dollar, where did the money go? What institutions or persons inside or outside Canada received the money?

What guidelines and other considerations does the Bank of Canada utilize in determining when and to what extent it should intervene to support the dollar?

What institutions in Canada are selling the dollar short and in what amounts?

Does the Bank of Canada on occasion profit as a result of its dollar support operations and, if so, in what amounts?

If the Leader of the Government cannot answer these questions immediately, I am prepared to wait a week for an answer.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

NATIONAL DEFENCE

THE MILITIA—RUMOURED REDUCTION IN BUDGET

Hon. Jack Marshall: Honourable senators, my question is for the Leader of the Government and has to do with the letter to the Minister of National Defence from the Brockville Rifles of Canada indicating their dismay and concern over what they say is going to be a 50 per cent cut in the militia budget.

Has this matter been brought to the attention of the Leader of the Government in the Senate, and would he reply in order to allay the fears of that militia unit which has such a strong historic background?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I thank the Honourable Senator Marshall for giving me notice of this question.

Unfortunately, I do not have any information on the point as yet. Hopefully the question can be answered tomorrow.

TRANSPORT

CP AIR—OTTAWA-TORONTO ROUTE—FARE REDUCTION

Hon. Jack Marshall: Honourable senators, I have another question for the Leader of the Government in the Senate. It relates to an advertisement in the newspapers by CP Air indicating that that company intends to reduce the fare between Ottawa and Toronto by 20 per cent, which means a saving of \$35.

At a time when the government should be willing to accept suggestions for restraint, perhaps public servants travelling between Ottawa and Toronto should be advised, or even commanded, to use CP Air since the government would achieve a saving of \$35 on each of the thousands of tickets purchased.

Hon. Raymond J. Perrault (Leader of the Government): The senator's proposal will certainly be brought to the attention of the government. I can assure him that we are interested in all proposals which may assist the economy.

THE CABINET

SUGGESTED FREEZE ON SALARIES

Hon. Eric Cook: Honourable senators, my question is for the Leader of the Government in the Senate. There is a Chinese proverb which says that all journeys, even those of 1,000 miles or more, begin with the first step. Can the Leader of the Government inform the Senate why the Right Honour-

able the Prime Minister does not stop merely urging the need for restraint and take a first step by freezing, if not reducing, the salaries of himself and his cabinet colleagues? I am sure all other parliamentarians of both houses would commend him and gladly follow his lead.

● (2010)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a number of proposals are under discussion with respect to wage and indemnity levels in the country, and the Prime Minister has made a number of offers publicly. He has offered proposals and has invited responses from other sectors, inviting economic restraint at all levels from other sectors of the economy and from other levels of government. I know the honourable senator's support will be of interest to the Right Honourable the Prime Minister.

Senator Cook: I thank the Leader of the Government for his answer, but I asked why the Prime Minister does not take the first step.

Hon. Jacques Flynn (Leader of the Opposition): Surely, you don't expect an answer?

Senator Perrault: I hope honourable senators are aware that there has been a substantial measure of restraint demonstrated by this government, particularly in the past two or three years.

Hon. Martial Asselin: Where?

Senator Perrault: The criticism of the federal government, that somehow it is a profligate entity which is taxing inordinately and spending unwisely, is untrue and totally ignores the fact that while the federal government, in a sense, is the main "collection agency" in this country, the vast majority of revenues go back to the provinces in transfer payments and to individuals. Wage and salary settlements at the federal level and within the federal jurisdiction are lower than those within the provincial sector and lower than those that are to be found in certain other sectors. No one disputes the fact that this is a time for restraint, however, and the senator has voiced a concern of many Canadians.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, is it not a fact that the expenditures of the federal government are rising at a rate that greatly exceeds the rise in the cost of living which is supposed to be their guideline? Is it not a fact that the federal deficit estimated last November will be grossly exceeded by the time the figures are in, even at the present rate? Is it not time that the federal government should consider some real measure of restraint instead of this face-saving information called "pap" that they give us from time to time?

Senator Perrault: Honourable senators, the opposition seems to—

Senator Flynn: Does the Leader of the Government include Senator Cook in the opposition now?

Senator Perrault: —take a special delight in picking through certain negative economic statistics which are made available from time to time. It is a pursuit which lacks any

constructive aspects. Huge spending cutbacks are demanded, yet when the opposition is asked precisely how these massive spending reductions are to be achieved, the opposition is at a loss for words.

Senator Flynn: You are never at a loss for words, but you never say anything.

Senator Perrault: One way to markedly reduce spending in this economy would be to cut deeply into the social programs as well as other programs designed to meet human needs. The opposition continually talk in terms of improving services to people, increasing pensions and increasing investments in various parts of the country. They are continually demanding more employment-creating programs, all of which cost a great deal of money. Where are the proposals for the deep spending cuts which are being demanded by Senator Roblin this evening? At no time have I heard Senator Roblin—perhaps I can be corrected by other honourable senators—suggest specific proposals for deep spending slashes which are going to measurably and markedly reduce the budget and federal spending in this country. Are Senator Cook and others suggesting that we reduce old age security payments, family allowances or payments to veterans? These are the essential, visceral issues to which we must address ourselves.

● (2015)

Hon. Maurice Lamontagne: How about senators?

Senator Flynn: Why not?

Senator Perrault: Where are the specific proposals? It is easy to rise in this chamber and demand that spending be reduced, and to ask why the government is not deeply slashing spending. I ask: Where are the specifics of the proposals for significant reductions?

Senator Cook has suggested that there should be restraint in the public service, salary reductions for MPs and ministers; that they should make sacrifices by cutting their indemnities. As meritorious as such proposals may be, the economies achieved would not cure the economic problems which afflict this country and every other country in the world.

Senator Flynn: A change in government will.

Senator Perrault: Until the opposition produces specific details of the massive cuts they would like to see, their arguments will lack credibility, to say the least.

Senator Cook: But, honourable senators, could such a proposal to reduce the salaries of the Prime Minister and the cabinet not be a first step on a journey of 1,000 miles?

Senator Perrault: There is another Chinese saying, and it is this: "Better to light one candle than to curse the darkness." There has been too much cursing the darkness in here and not enough candle lighting.

Hon. G. I. Smith: Then why don't you bring out a candle?

Senator Perrault: It is so easy to "curse the darkness" and to say how terrible things are. Where is the "light" of constructive ideas, the "light" of useful information which would—

Senator Flynn: You insult the intelligence of this place.

Senator Perrault: —assist the government and Canada? We have seen very little of that kind of “light” in this place.

Senator Roblin: Honourable senators, I am inclined to think that Senator Cook’s suggestion of a first step has much merit. One of the things the government must do is re-establish some form of confidence on the part of the business community and the public at large. They should be leading us with their little candle, or whatever it is that guides them, out of this slough of despondency, bankruptcy, unemployment and loss of production and opportunities in which we find ourselves.

Hon. Royce Frith (Deputy Leader of the Government): Order! Question!

Senator Flynn: You did not intervene when your leader was speaking at length.

Senator Frith: That is not my job; that is your job.

Senator Roblin: The minister wants suggestions for decreasing government expenditure. I have a second little suggestion that I would ask him to consider. It is not a very big one, but if he would take that \$90 million he spends on advocacy advertising to convince the people that he is doing a good job and spend it on something more worthwhile, it would do something for us. And if the government would adopt the firm and resolute policy to hold the size of the public service to its present level—that is all we ask, and it is a very modest suggestion—in the course of time it would prove remarkably effective. If my honourable friend would pay attention to the Auditor General, who says—

Senator Frith: Question!

Senator Roblin: —that our civil service produces at a rate of 60 per cent, then we would have something. If the honourable senator wants a question I will ask: Why does the government not pay attention to the Auditor General?

Senator Flynn: He doesn’t know.

Senator Roblin: Why do they not investigate the efficiency with which government services are being delivered? As the honourable senator suggested, that is just a beginning. I do not think it would satisfy the Canadian public to stop there, but there is plenty of room for the government to make a start on this very difficult question of trying to turn our economy around. If the honourable senator is really interested in employment and jobs, then he must look at the national energy policy, because no matter what it may have done for Canadianization, which is a popular move in many quarters in this country, its effect on the economy of the country has been a disaster.

Senator Lamontagne: Dispense!

Senator Roblin: If my honourable friend wants suggestions as to how he can improve his policies, they are not hard to find.

Senator Perrault: Senator Roblin was once the premier of a great province, and he knows how important psychology is in

[Senator Perrault.]

building confidence, not only in the provinces but throughout the nation. Last week we saw, for example, a totally irresponsible series of rumours circulated. They appeared in the media. They were voiced by certain members of the opposition. What were the rumours? One was that Mr. Bouey was going to resign as the Governor of the Bank of Canada.

Some Hon. Senators: Hear, hear.

Senator Perrault: It was suggested that somehow there were internal problems within the bank, that there was some great dispute between Mr. Bouey and the Government of Canada and the Minister of Finance. Then we heard the rumour about exchange controls and devaluation of the dollar. All of these rumours were false. Apparently, they were circulated by certain groups or individuals—

Senator Smith: How do you know?

Senator Perrault: —some of whom may have sought to profit from those rumours.

Hon. C. William Doody: Shame!

Senator Flynn: I suppose it was members of the opposition.

Senator Asselin: Give us some evidence.

An Hon. Senator: Name names.

Senator Flynn: You are talking through your hat.

● (2020)

Senator Perrault: You hear me out. It is a belief held by some—

Senator Asselin: Oh, shut up!

Senator Perrault: —that certain people in world money markets have sought to realize profit out of recent speculation regarding the Canadian dollar.

Senator Flynn: It is easy to accuse in general.

Senator Asselin: Give us some evidence.

Senator Perrault: May I suggest that those who circulated those disquieting rumours, knowing them to be false, did a notable disservice to Canada and to the Canadian economy. They helped to cause a minor “run” on the Canadian dollar. But the rumours have been dissipated, and it is known now that those rumours were lies.

Senator Flynn: I did not know that there was a run on the Canadian dollar.

Senator Perrault: The episode caused difficulty for the Canadian economy. Senator Croll asked a few moments ago how much it cost the government to support the Canadian dollar.

Senator Flynn: He may be one of those.

Senator Perrault: Those rumours about impending devaluation were particularly unhelpful at this time.

Senator Flynn: You are spreading rumours.

Senator Perrault: The opposition spends time preaching doom, gloom and disaster, picking their way through what

they hope will be an economic graveyard, hoping that conditions will be bad enough to propel them into power again.

Senator Asselin: You are supposed to be so good.

Senator Perrault: That negative talk does not help the country.

As has been said on so many other occasions, it is better to be a member of the construction crew than a member of the wrecking gang, and there are too many members of the wrecking gang in the opposition right now.

Senator Flynn: Are you suggesting that Senator Croll is one of those who has spread those rumours simply because he put a question of that kind? Is that what you are saying?

Senator Perrault: Don't be ridiculous.

Senator Flynn: You are being ridiculous. You have ridiculed the Senate and have been doing that for too long now.

Hon. David Walker: Sonny boy, be quiet!

Senator Flynn: Senator McElman, would you please occasionally tell your leader to behave.

Senator Roblin: I rise on the invitation of the Leader of the Government to discuss the question of rumour-mongering, seeing that it arose from a question included in my remarks, and to tell him that I do not know who his rumour-mongers are, but I do know that they are not members of the opposition in this house, who are not profiteering at the expenses of the public interest.

I also ask him to reflect upon the fact that rumours gain credence only if there is some reason why they should. When one considers what has been happening to the Canadian dollar, and the weakening effect of the government's policies on the dollar, one sees why the rumours are given credence. That is the point my honourable friend should remember. These things do not arrive out of pure chance, because people, a great many of whom are outside of this country and not Canadians at all, are expressing their confidence in, and their views with respect to, our currency.

I am not one of those who want to see the Canadian currency under such serious pressure and to go so low as to be damaging to our economy, but I tell my honourable friend that if he is looking for the cause of the weakness of the Canadian currency, and the major reason why we have high interest rates in Canada in defence of that currency, he must surely look at government policy, because there lies the root of the mischief.

Senator Perrault: The honourable senator is entitled to his opinion, and we will have a full debate on that subject shortly. The honourable senator has suggested a useful initiative this evening.

Senator Frith: A mischievous initiative.

Senator Perrault: No, it is an opportunity for honourable senators to debate this question, and that is quite proper, but I do not think, regardless of our political differences, that any of us should be cast in the role of deliberately or accidentally

destabilizing the Canadian dollar. That is why, whether we serve in government or opposition, it is important to be as responsible as possible at this particular time.

Senator Roblin: May I ask my honourable friend if that is an apology for his recent imputations?

Senator Perrault: My imputation was—

Senator Smith: We all heard you.

Senator Perrault: I am making a direct statement; I am not implicating or attempting to implicate any member of this chamber, but there are those in certain financial circles in the world who, it seems to some of us, are deliberately trying to destabilize the Canadian economy, trying to weaken the Canadian dollar. I suspect that some of them made money last week when the Canadian dollar was under attack. Some of the rumour-mongering tactics were disreputable, and certainly against the interests of this nation.

Senator Asselin: That is a grave accusation.

THE ECONOMY

GOVERNMENT POLICY

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development. I would draw the minister's attention to an exchange that we had on Tuesday, May 11, during the course of which I asked him whether the speech given by his colleague the Minister of Finance to the OECD meeting was intended to reflect any change in the economic policy or priorities of the government.

● (2025)

The Minister of State for Economic Development in the course of several answers to questions by my colleague, Senator Smith, and me, said among other things, in connection with Mr. MacEachen's speech:

—Canada would like to play its part in remedying that as soon as possible, with a higher level of emphasis on the unemployed than has been the case in dealing with inflation and all of the undesirable consequences like high interest rates that stem from that.

Later the minister said:

—it ought to be self-evident to my honourable friend that there may be some shift... in the emphasis on what needs to be attended to because of the secondary and consequential problems.

Still later the minister said:

Honourable senators, the Minister of Finance has raised that as a higher priority, and perhaps a suggestion that there may be some action the western countries, in their fiscal, monetary and other policies, can take to accelerate the remedial action that should be taken to relieve the hardship that has accompanied the high level of unemployment.

Finally, in reply to a question from my colleague, Senator Smith, the minister said:

I would suggest to the honourable senator that there is a change in emphasis.

In light of subsequent statements made by the Minister of Finance, and by the Right Honourable the Prime Minister—in particular I quote the Prime Minister's statement to his press conference last Friday, May 14:

So, the way to tackle high unemployment is by bringing inflation down. That has been our policy, that is our policy, and that will remain our policy.

In light of those statements, will the Minister of State for Economic Development agree that the answer he would give today to my question, as to whether Mr. MacEachen's speech reflected a change in government policy, is "No"?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, my honourable friend has given us a trip through a number of statements, all of which have been taken out of context. I am not complaining about that.

Senator Murray: Surely you did not want me to read it all.

Senator Olson: Everyone can read the full reply that I gave. If the honourable senator wishes to take out those selected quotes, and from that conclude that I said the Minister of Finance was shifting his economic policy, then I agree completely with him. I did not intend to give that impression.

Some of those replies did say, however, that the distress—there are some other terms that could be used—resulting from the downturn in the economy, the unemployment, and so on, was the cause of ministerial concern; and at the OECD meeting in Paris, as well as the IMF meeting in Helsinki, he re-emphasized that he believed that countries of the western world, particularly the United States, should do certain things to bring interest rates down. The Minister of Finance has said more than once that a real interest rate—that is, interest rates over inflation levels—of between 8 per cent and 10 per cent in the United States, and between 5 per cent and 7 per cent in Canada, is too high; and that fact is continuing to dampen our economy and to postpone the advent of the kind of confidence needed by the decision-makers on capital investment to proceed with a number of projects that they have on their books. So I would hope that my honourable friend does not pursue this matter, because what he is trying to suggest is—

Hon. G. I. Smith: You are doing—

Senator Olson: All I hope is that the senator does not pursue his misinterpretation. That is the problem.

Senator Smith: You do not have to pursue anything you don't like.

● (2030)

Senator Olson: That is the problem. If I appeared to say that what the Minister of Finance said—to the effect that the fight against inflation would lead hopefully to a reduction in interest rates, and therefore a restoration of capital investment—meant a shift in government policy, I can assure you that that is not the case. He sincerely believes, and has repeated, as has the Prime Minister in the quotation that my

honourable friend has read, that that is at the root of the problem.

The United States, by the way, said at the summit meeting here in Ottawa that when inflation backs off by a reasonable amount we can expect interest rates to come down, but there are a few complicating matters, such as the size of the deficit in the United States, as interpreted by the market, which is very important. The Minister of Finance made some representations with respect to that, and did put more emphasis on the secondary and consequential problems, expressing the deep concern that this government has for the distress it is creating.

Senator Smith: "It" is creating? A slip of the tongue, perhaps?

Senator Olson: That the situation is creating.

Senator Smith: No, no—that the government is creating.

Senator Murray: Honourable senators, when the minister said that he wanted to re-emphasize that the Minister of Finance is very concerned about the hardship and other social and economic problems resulting from this international slump, or downturn in the economy, and that Canada would like to play its part in remedying that as soon as possible and I underline the following words, "with a higher level of emphasis on the unemployed than has been the case in dealing with inflation"—if that did not denote a change in emphasis and a change in policy, what did it mean?

Senator Olson: My honourable friend ought to read the words over again a few times. If the whole meaning has not got through to him in the past week or so since I made those remarks, he can read it over again tonight.

I will, however, put it in very simple terms for him. My honourable friend ought to know that this government has a very high level of concern for all of these things. The higher the unemployment levels get the more concerned we become. That ought to be self-evident, and that is what the remarks that my honourable friend has just read mean. If he reads them over again he will see that for himself.

Hon. R. James Balfour: As a supplementary to the question of my colleague, may I ask this? The minister indicated concern on the part of himself and of the government with respect to the size of the United States deficit. Would the minister indicate to us what the present estimate, as distinguished from the estimate contained in the budget, regarding the size of the Canadian deficit, will be?

Senator Olson: Honourable senators, when the Minister of Finance is ready to make a statement regarding recalculations and projections along those lines, obviously he will do it. My honourable friend, I am sure, knows very well that other ministers, including the Minister of State for Economic Development, are not going to speculate on what the amount will be; but my honourable friend also knows that the Minister of Finance has said that as a consequence of the downturn in the economy there has certainly been a reduction in revenue. In the case of certain programs that undergo automatic adjustments, there is also an increase in expenditures. Obviously,

[Senator Murray.]

therefore, in the situation that we have today on both sides of the ledger, unless there is an immediate, significant upturn in the economy, producing an upturn in revenue to the federal treasury from taxation in all its forms, there will likely be a larger deficit than was forecast; but the Minister of Finance will be making a statement with regard to that when he is prepared to make an updated prognostication.

Senator Balfour: Is the Minister of State for Economic Development saying that he, as a minister of the Crown, has no idea of what the change in the size of the Canadian deficit is going to be; whether it will be 20 per cent, 50 per cent, or 100 per cent greater?

Senator Olson: I did not say that at all. What I did say—and I thought it was pretty clear—was that I am not going to assume the responsibilities of the Minister of Finance in making a new calculation public.

Senator Murray: If the minister takes the deficit projection in the November budget, allowing for the differences in the Canadian and American economies, would he not agree that the deficit projection would be, in proportional terms, the equivalent of \$100 billion in the United States?

Senator Olson: No, I would not.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to ask a supplementary question about the meaning of some of the statements made by the Minister of Finance as a result of the Helsinki meeting.

As a preliminary, I might say that if the deficit of the Government of Canada is not almost double the figure that was indicated in the budgetary statement last November, I think a lot of us will be pleasantly surprised; but I am afraid it is going to be a very substantial sum.

In his report on the Helsinki meeting, the Minister of Finance stated—and I quote from page 2 of that statement:

Both the G-10 and the Interim Committee communiqués identified fiscal deficits as a factor contributing to high interest rates.

I pause to note that this is a statement subscribed to, obviously, by the minister, who was a party both to the Group of Ten meeting and the Interim Committee as well.

The Group of Ten industrialized countries emphasize “that a strengthening of fiscal discipline in both the near and medium term could foster economic recovery by relieving pressure on interest rates.”

That is a general statement they make their own, and it applies to all the countries in the Group of Ten.

I note that fiscal discipline in respect of the deficit is not strengthening in Canada, but is in fact weakening. However, my question is this. The minister quotes these remarks with approval—that is, “that a strengthening of fiscal discipline in both the near and medium term could foster economic recovery by relieving pressure on the interest rates.” What new policy initiatives does the Government of Canada intend to propose in order to strengthen fiscal discipline in both the near and medium term?

Senator Olson: Honourable senators, there were a number of measures in the budget of November 12 that fit into that category. There was discipline in holding down on the expenditure side, for example, to the extent that the cash requirements of the government for the fiscal year 1982-83 would be almost, but not quite, \$4 billion less than the previous year. That, I think, is very important discipline.

The fact of the matter is, however, that the international economy, including some sectors that are very important to Canada, has changed rather substantially since that time. I repeat that when the Minister of Finance is ready to make an adjusted assessment of the consequences of that state of affairs, he will do so. That is his responsibility and, no matter how many questions are asked along these lines, I am not going to assume that responsibility.

Senator Roblin: I do not really expect my honourable friend to assume that responsibility, and I would not recommend that he do so; but I think he could assume the responsibility of asking his colleague some questions and finding out whether there is any intention in the near future—and by that I mean within the next 30 days, before this Parliament rises for the summer—on the part of the Minister of Finance, of presenting us with his views as to how he is going to handle the deficit, which is obviously wildly out of control, and as to how he is going to respond to this statement made by the Group of Ten, to which he adheres, that more fiscal discipline would enable us to deal more effectively with the problem of high interest rates, which is throttling the country at the present time.

Senator Olson: Honourable senators, I think my honourable friend should go back to the statement he read. He should recall that that statement was made in the context of, or following, a meeting of the Group of Ten and the International Monetary Fund. It may be that the Minister of Finance will have a statement or announcement to make within a few days. I will convey to him my honourable friend's interest in this matter. However, I am sure that he will want to continue the discussions in the hope that they will reach the desired end result that was spelled out so succinctly, not only before the other ministers who were present at the meeting but also in the statement that my honourable friend has in front of him.

● (2040)

Senator Roblin: I hope that my honourable friend will ask the minister how he intends to do something about this matter within the context of his further declaration that perseverance in our present course is the best procedure. It looks to me like a contradiction in terms. I am glad that I do not have the responsibility that my honourable friend has of asking the Minister of Finance to reconcile “Allan” to “MacEachen.”

Senator Olson: I am glad that I do not have the responsibility of explaining what my honourable friend has interpreted as a contradiction, because it is quite obvious to me that it is not.

Senator Roblin: I think that my honourable friend underestimates himself. He could do much better than that if he really tried.

EXTERNAL AFFAIRS

INCREASE IN NUMBER OF SENIOR STAFF APPOINTMENTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to the questions asked by Senators Godfrey and Benidickson on April 28, 1982 concerning the number of under-secretaries in the Department of External Affairs.

The majority of the positions referred to by Senators Godfrey and Benidickson were created as a result of the government reorganization which was announced on January 12, 1982, and as a result of the subsequent decisions of the senior management of the Department of External Affairs.

Hon. G. I. Smith: Was that an answer?

Senator Perrault: That is the first stage of an answer, yes.

Senator Smith: Honourable senators, I wonder if I might ask a supplementary question of the Leader of the Government. When may we expect the next instalment of his answer, and will it answer the original question?

Senator Perrault: Honourable senators, a count is under way at the present time.

Senator Smith: I thought there was a great number, but I did not realize that it would take so long to count them.

Hon. W. M. Benidickson: Well, there was quite a number.

THE CONSTITUTION

PROCLAMATION ACTIVITIES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to the question asked by Senator Donahoe on May 5, 1982, concerning invitations to attend the function on Parliament Hill at which Her Majesty the Queen was present on April 17, 1982. Two or three other senators have mentioned the fact that, at least in some cases, the invitations arrived after the event.

Honourable senators, I have contacted the Secretary of State and he informs me that all of the invitations were first issued by telephone. Invitations were sent immediately to all who indicated that they would accept them. However, because of the great number of invitations involved, it was decided to send the actual invitations after the fact to those who said that they would not be attending. This was done as a courtesy to those who could not be there to provide them with some memorabilia of the event.

FREEDOM OF INFORMATION

STATUS OF PROPOSED LEGISLATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to the question asked by Senator Murray on May 6, 1982, concerning the release of a Canadian Unity Information Office poll.

Senator Frith previously indicated to Senator Murray, in a delayed answer given on March 30, 1982, which appears at

[Senator Roblin.]

page 3892 of the Senate *Debates*, that the Minister of Justice felt that the release of this poll might be prejudicial to federal-provincial relations and should, therefore, not be released at this time. That answer still stands.

[Translation]

PRIVATE BILL

E.G. KLEIN LIMITED—SECOND READING

Hon. Fernand-E. Leblanc moved that Bill S-26, to revive E.G. Klein Limited and to provide for its continuance under the Canada Business Corporations Act, be read the second time.

He said: Honourable senators, this bill would revive E.G. Klein Limited, retroactive to the date of the company's dissolution. E.G. Klein is a federal company which was dissolved when it failed to produce annual summaries, for two consecutive years, as required under subsection 133(1) of the Canadian Commercial Corporations Act.

The said company was incorporated on January 21, 1957, for the purposes and objects set out in the letters patent. However, the company never carried out such operations. In December 1978, when the company wanted to start active business, it got in touch with the Corporations Branch in Ottawa, through petitioner Mr. Paul Robert, solicitor, to enquire whether the company still existed. The answer was affirmative. However, it was pointed out that the company was in default regarding the filing of certain annual reports.

The petitioner asked the Corporations Branch to send appropriate forms for the missing years so that these could be completed and returned as required. The completed reports were sent in May 1979. The lapse of time from December 19, 1978 to May 1979 is due to the fact that the company's chief executive officer was in Germany, and that reports were sent to him for his signature. The reports were produced in May 1979, accepted by the Corporations Branch, and the related costs duly paid. However, at the beginning of December 1980, the undersigned sent the Corporations Branch a certificate of continuance pursuant to the new Corporations Act. In a letter dated December 9, 1980, the company was informed that it was dissolved as of March 1979.

After checking with the services concerned, which confirmed the dissolution, and after examining the legal options for reviving the said company, it was found that the only option was to have a private bill passed, since the Canada Business Corporations Act contained no provisions for reviving a company once it had been dissolved. Hence the present proceedings.

The petitioners do not know to whom were sent the notices of the Corporations Branch stating that said company would be dissolved if it failed to file its annual reports. Unfortunately, neither this fact nor the notices published in the Canada Gazette to that effect were brought to the attention of the company's administrators. The company therefore carried on its business, unaware that it had been dissolved. It is therefore

vital that said company be allowed to apply for a certificate of continuance under section 181 of the new Canada Business Corporations Act after December 15, 1980, which was the deadline, otherwise the company would be faced with a second legal dissolution.

[English]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, we have no objection on this side to this bill's going to committee.

[Translation]

Senator Leblanc: If there are no other senators who wish to speak on this subject—

Hon. Jacques Flynn (Leader of the Opposition): We cannot proceed to second reading now because you have already done so.

Hon. Martial Asselin: Before proceeding to second reading of his bill, I have one or two questions I want to ask Senator Leblanc. You said that when the forms requesting information were sent to the company, they were received by the senior officer who was in Germany. Have I understood correctly that these forms were sent for two years and that no answer was ever forwarded by the company? Was there a change in the management or the presidency of the company?

Hon. Royce Frith (Deputy Leader of the Government): Perhaps the company changed lawyers.

Senator Asselin: Or else was there a change of staff. How is it that, for two years, the required forms were sent out but were not completed or returned to the department?

Senator Leblanc: According to the letter which I received from the law firm of Robert and Champagne, with respect to the two years for which no information was received, the forms were sent simultaneously and the report was filed in May of 1979. I have also been told—of course, I have not been able to check—that apparently, the company still has the same executive director since there is no mention of any change, but that he was then in Germany.

Senator Asselin: For two years?

Senator Leblanc: From December 1978 to May 1979. Afterwards, the report was filed with a cheque which was cashed. Apparently, the department notified the company that a late report had been received and that the company was dissolved.

Senator Asselin: At that time, how many years had the company been in operation?

Senator Leblanc: The company was incorporated on January 21, 1957. Mr. Robert informed me that it remained inactive until December 1978 when it decided to become operative.

As a matter of fact, Mr. Robert will be present during the proceedings in committee. As you know, there are also technical details concerning procedure and I am not an expert in this field. I believe that Mr. Robert will be able to provide all the required information.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Leblanc moved that the bill be referred to the Standing Committee on Legal and Constitutional Affairs.

Motion agreed to.

● (2050)

[English]

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—ORDER STANDS

On the order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces", tabled in the Senate on 10th February, 1982.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): I remind honourable senators that the adjournment of this debate stands in my name so that other honourable senators may have an opportunity to speak to it, if they so wish and to give the chairman of the committee an opportunity to close the debate. However, the adjournment will not stand in my name beyond the end of this week unless some other senator indicates that he or she wishes to speak to it, in which case I shall be glad to yield.

Hon. Jacques Flynn (Leader of the Opposition): Will the Leader of the Government not be speaking to this report?

Hon. Duff Roblin (Deputy Leader of the Opposition): He can tell us about the navy.

Hon. Raymond J. Perrault (Leader of the Government): I may be moved to speak at some point.

Senator Flynn: We should like to compare what you are going to say to what you said last week.

Senator Frith: I suggest, honourable senators, that the order stand until Thursday next.

Senator Roblin: Go on; coax him to speak!

Senator Frith: But you are doing so well.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 19, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CANADA BUSINESS CORPORATIONS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-105, to amend the Canada Business Corporations Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading on Tuesday, May 25, 1982.

Motion agreed to.

ENERGY MONITORING BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-106, respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading on Tuesday, May 25, 1982.

Motion agreed to.

CANADA LABOUR RELATIONS BOARD

DISTRIBUTION OF ANNUAL REPORT TO SENATORS

On Presentation of Petitions:

Hon. Jack Marshall: Honourable senators, yesterday the Leader of the Government tabled the report of the Canada Labour Relations Board for the fiscal year ended March 31. I have not received a copy of that report in my office. Would the Leader of the Government check into the matter to determine whether other senators have received a copy and, if not, why not?

Hon. Raymond J. Perrault (Leader of the Government): Inquiries shall go forward.

QUESTION PERIOD

[English]

ENERGY

NEWFOUNDLAND—JURISDICTION OVER OFFSHORE RESOURCES

Hon. Daniel A. Lang: I would like to ask the following question of the Leader of the Government: Does the government intend to refer the issue of jurisdiction over offshore rights to the Hibernia oil field to the Supreme Court of Canada before the Supreme Court of Newfoundland—which is now seized of that question, among others—has delivered its judgment?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, my colleague, Senator Olson, has some information on that point.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Minister of Justice issued a statement today from St. John's, Newfoundland. Since it is not very long, I shall be glad to read it. It is as follows:

The Government of Canada has today filed with the Supreme Court of Canada a reference concerning jurisdiction over seabed resources in the Hibernia area offshore Newfoundland.

Because the matter is before the court, I am not in a position to comment in any detail on the legal issues, but I do want to tell you something about the reasons why the Government of Canada has found it necessary to take this step.

Our two governments have for months and years been discussing both the question of offshore jurisdiction and an agreement on revenue sharing and resource management. But these negotiations have always foundered because of the underlying dispute over the legal issue.

The provincial government has recently filed a reference to the provincial court of appeal. The questions raise a number of complex issues in addition to the question of jurisdiction in respect of Hibernia, including the status of inland waters, the territorial sea, and perhaps the interests of other provinces as well. We are participating in that reference and will continue to do so, but in the meantime it appears to us necessary to move to have the urgent and pressing question of jurisdiction in Hibernia resolved at the earliest possible date by the highest court, the Supreme Court of Canada.

Honourable senators, I apologize for my inability to provide you with an advance copy of this communiqué. It was handed to me less than two minutes before I entered the chamber.

Senator Lang: I have a supplementary question. Does the government realize what the effect of such a reference will be upon our whole judicial system and, particularly, upon the credibility of our judicial system? Further, does it realize what long-term effect it may have on our confederal relations with Newfoundland?

Senator Olson: I think we can assure the honourable senator that the Minister of Justice and the Department of Justice have taken all of that into consideration.

I also believe that the honourable senator puts forward a legitimate argument. However, I find myself in a somewhat awkward position in regard to making any comment, not only because I was only notified in the last few minutes that this was going to happen or, indeed, did happen today, but because there are some very severe limitations on what ministers may comment respecting matters before the courts.

Hon. Lowell Murray: May we infer from the minister's statement that the grave decision, announced by the Minister of Justice, was not really a cabinet decision, but one taken either by the minister acting alone or by the minister in concert with one or two of his colleagues? Frankly, it is astonishing that a minister in as senior and important a portfolio as the honourable gentleman's would have been informed of a decision such as this only two minutes ago.

Senator Olson: Honourable senators, that is not what I said; it is one of Senator Murray's usual misinterpretations of what I said.

It may be useful for honourable senators and, indeed, for my own edification, to read the rest of the communiqué. It will probably spell out some of the additional concerns honourable senators may have.

Carrying on from where I left off reading, the communiqué goes on to state as follows:

The prospects for Hibernia production are very promising indeed, and we consider that these resources are presently very close to commercial production. Development will require heavy investment that can only come within an established régime.

The major oil companies which are conducting the exploration need to have answers very soon as to which level of government has jurisdiction, and we must act to give them a firm legal basis on which to proceed.

The development of these resources is to the benefit of all, the people of Newfoundland as well as other Canadians. Delaying development, perhaps for years, is unacceptable to all concerned. We need the oil that the offshore promises to yield.

Perhaps most of all, I believe that the provincial economy is poised to enjoy the important contribution offshore development can make to its prosperity, and that the new job opportunities and economic stimulus await a political settlement between the federal and provincial government. While the legal issue must be resolved, we are still willing to meet with negotiators for the Newfoundland government to explore ways of managing resource de-

velopment and providing for a generous revenue-sharing arrangement with the government of Newfoundland. We are anxious to find a mechanism for co-operative management, one that can be implemented no matter what ruling the Supreme Court gives.

● (1410)

Senator Perrault: Hear, hear.

Senator Murray: Is it now the policy of the Government of Canada to short-circuit the judicial process whenever it is expedient to do so?

Senator Olson: Absolutely not, and if my honourable friend would consider this and reflect on it for a moment, he would agree that the jurisdictional basis is a firm legal one on which other agreements can be negotiated. The private sector, which will be making these investments, will know what the basis is and that the Minister of Justice has done the responsible thing.

Senator Murray: He will have short-circuited the process.

Senator Olson: That is absolutely wrong.

Hon. C. William Doody: May I ask the minister a supplementary question?

Has the minister considered what going over the head of the Supreme Court of Newfoundland could do to the credibility and, indeed, the integrity, of the highest legal body in the province of Newfoundland?

Senator Olson: The answer I gave a few minutes ago adequately answers that question.

Hon. Arthur Tremblay: Not at all.

Hon. Jack Marshall: Honourable senators, I have a supplementary question for the Minister of State for Economic Development.

The federal Minister of Energy, Mines and Resources, as I understand it, met last week with the Newfoundland Minister of Mines and Energy. Can the minister inform the Senate whether anything positive came out of that meeting?

Senator Olson: I can confirm that not only that meeting took place but several other meetings took place earlier. I will ask my colleague, the Minister of Energy, Mines and Resources, to give me a report on that meeting, provided both ministers concerned agree to make their discussions public.

Hon. G. I. Smith: I have a supplementary question to ask the Minister of State for Economic Development—or whatever his title is.

Senator Olson: "And Regional Development."

Senator Smith: Would he tell us whether there has ever been a precedent since Confederation wherein the jurisdiction of a provincial supreme court has been usurped, as it has been in this case, by a federal reference to the Supreme Court of Canada?

Senator Olson: It is difficult, honourable senators, to answer a question when one does not agree with the premise upon which it is based.

Senator Smith: If the honourable minister's objection to answering is only on the ground that he considers the wording of the question objectionable, I will be glad to put it in the most courteous way I can think of.

Senator Olson: It is not a matter of courtesy; you said "usurped".

Senator Smith: All right. I shall rephrase my question. All I want is the information.

Does the minister know of any precedent since Confederation wherein the federal government, after a matter had been referred to a supreme court of a province but before the judgment of that court had been rendered, referred the same matter, or a similar matter, to the Supreme Court of Canada?

Senator Olson: Honourable senators, I am not a lawyer, nor am I in a position to give a legal opinion on what the similarity to other cases might be. However, regarding the uncomplicated part of the question as to whether there are any similarities, I will take that part of the question as notice and will attempt to obtain an answer.

I might advise the honourable gentleman opposite, though, that it was only a short while ago that the Leader of the Conservative Party urged the government to make this reference directly—and I underline the word "directly"—to the Supreme Court of Canada.

Senator Smith: I am aware of that.

Hon. Eric Cook: The minister quotes the Leader of the Opposition but forgets to say that that statement was made before the issue was put to the Supreme Court of Newfoundland.

Senator Smith: The minister has undertaken to provide us with an answer in respect of any similarity, but honourable senators will also recall that I asked about a precedent, which is a vital part of my question.

I should also like to ask the minister whether he would also be kind enough to furnish us with a copy of the reference to which he has referred in reading the statement made by the Minister of Justice.

● (1415)

Senator Olson: Honourable senators, I can get a copy of the reference soon. However, a copy is probably in the senator's mailbox by now, but I will give an undertaking to see that that happens.

In reply to the other part of the question, yes, I can get that as well. I have heard from people around me who are in the legal profession that there are precedents for all of this, but I will try to find more specific references that will satisfy my honourable friend.

Senator Doody: Honourable senators, could the minister tell us if it is the intention of the Government of Canada to disband or dissolve the Supreme Court of Newfoundland, and, if it is not, could he tell us what role he envisages for that court in the future if it is going to be superseded by a direct

reference by the Government of Canada to the Supreme Court of Canada?

Senator Olson: Honourable senators, I do not think a question like that really deserves an answer other than a simple "no". It will continue to perform the very useful functions it is performing now and has performed in the past.

Senator Murray: Honourable senators, was the decision of the government to refer this directly to the Supreme Court of Canada taken because they were angry at the Supreme Court of Newfoundland for the decision that body made on the constitutional issue?

Senator Olson: Honourable senators, that is a comment which I think is unbecoming of even my honourable friend's usual misinterpretation of anything.

[Translation]

Hon. Martial Asselin: I have a supplementary for the Minister of State for Economic Development. I should like to know whether the federal government's decision to appeal to the Supreme Court is some indication that in future, the Government of Canada will prefer to take its case to the courts, in order to obtain legal solutions, instead of negotiating political solutions on contentious issues that may arise between the provinces and the federal government.

[English]

Senator Olson: The answer is no—

Senator Perrault: Hear, hear.

Senator Olson: —and if honourable senators opposite would like me to read a couple of paragraphs out of the communique that very precisely gave the reason why the reference—

Senator Asselin: It would help if we had a copy of his statement.

Senator Olson: —is being made at this time, I will do that. I only read it once, and they do not seem to understand it.

Senator Smith: We understand it very well.

Senator Asselin: Does he want to establish a principle?

Senator Olson: If it would help to give the answers in advance to those questions that have already been replied to in the communique that I read a few minutes ago, I will do so.

Senator Perrault: They want one-syllable words.

Senator Smith: The answers he read are quite unimpressive for the action taken and a very poor excuse for doing it.

Senator Olson: We do not expect the opposition to acknowledge that answers are good or impressive or anything else, but they are the real ones.

Senator Smith: It would be quite a change to get a real one which is also a truthful one.

Senator Doody: Honourable senators, the document the minister read a few minutes ago is obviously a political blurb to try to justify the action that was recently taken—talking about the economic wellbeing of the people of Newfoundland

[Senator Olson.]

and talking about the benefits which would accrue from the development of Hibernia.

The people of Newfoundland gave a political answer to that a little while ago when more than 60 per cent of them voted in favour of Premier Peckford's stand on that issue. In order to demonstrate the legality of that stand, a reference was made to the Supreme Court of Newfoundland. The Government of Canada has now demonstrated its contempt for the whole process by referring it to the Supreme Court of Canada in the face of the people of Newfoundland, and I find that contemptible.

Some Hon. Senators: Hear, hear.

Senator Olson: Honourable senators, the best and most accurate reply I can give to that is that I do not agree with the conclusions.

Senator Doody: Are there any questions that are acceptable to the minister, and, if so, would he present them to us so we can ask them?

Senator Olson: Honourable senators, when Question Period is used properly—and that is for honourable senators to ask questions seeking information on matters of fact—then, of course, they will get very accurate and precise replies based on facts. However, when they express an opinion and ask the minister for an opinion based on their misinterpretation they will get a reply that is in accordance with that expression.

Senator Perrault: Hear, hear.

Senator Doody: Honourable senators, just about every senator who has risen in his place so far today on this side of the chamber has asked a question seeking a factual answer. The only thing we got in reply was a quotation from a political press release blurb issued by the minister from St. John's, Newfoundland, telling us, and telling the ministry, what they had done in the face of the opinion of the Government of Newfoundland and in anticipation of the decision of the Supreme Court of Newfoundland.

Senator Asselin: Shame!

Senator Olson: That is a great question because the honourable senator predicated the first part of his question on the basis of someone's opinion. That is exactly what I replied to a minute ago.

Hon. Richard A. Donahoe: Honourable senators, I want to ask a question so that it will be abundantly clear to all honourable senators that we maritimers are outraged by the decision of the federal government.

● (1420)

My question is: When it made the decision to override the Supreme Court of Newfoundland—

An Hon. Senator: To ignore it.

Senator Donahoe: —to ignore it, did it have any indication in advance as to whether or not the Supreme Court of Newfoundland was likely to bring in a decision adverse to the position of the federal government?

Senator Murray: Exactly. It was an educated guess on the part of Jean Chrétien.

Senator Olson: I am absolutely shocked that anyone would ask such a question.

Senator Donahoe: Don't be shocked; just answer the question.

Senator Doody: I wish the people of Newfoundland could see the grin on the face of the minister.

Senator Donahoe: Should the decision of the Supreme Court of Canada differ from that of the Supreme Court of Newfoundland, has any decision been made as to which of the two decisions the government intends to follow?

Senator Olson: My honourable friend knows very well the jurisdiction and the level of both courts.

Senator Tremblay: Honourable senators, as a matter of fact, does the Supreme Court of Newfoundland have to stop the case because it has been referred to the Supreme Court of Canada, or can the Supreme Court of Newfoundland proceed with the case as it has been submitted to it?

Senator Olson: Honourable senators, I will check into that. If the references are different, then that is one matter; and, of course, there is also the matter of a legal opinion, as to whether they are different or similar. Obviously, any decision that is made by the supreme court of any province is appealable to the Supreme Court of Canada.

Senator Tremblay: I just want to know, as a matter of fact, if the Supreme Court of Newfoundland has to stop proceeding with the case.

Hon. Royce Frith (Deputy Leader of the Government): The court has to decide that.

Senator Tremblay: Which court? Has the Supreme Court of Canada to decide whether or not it will wait until after the Supreme Court of Newfoundland has taken its own decision, or will they just forget about the Supreme Court of Newfoundland? Those are questions of fact.

Senator Olson: No, they are not matters of fact; but if they are, then to the extent that they are, my honourable friend knows very well that both of those questions are entirely up to the courts to decide.

Senator Tremblay: If, by chance, the Supreme Court of Canada decides to wait until after the decision of the Supreme Court of Newfoundland has been rendered, then what would have been the purpose of referring the case to the Supreme Court of Canada before the Supreme Court of Newfoundland had rendered its decision—if there is the possibility that the Supreme Court of Canada, as a matter of courtesy and respect for the institution, will decide to wait until after the Supreme Court of Newfoundland has rendered its decision?

Senator Olson: It gets worse, honourable senators. The honourable senator is now asking me a hypothetical question. Both questions are predicated on the word "if", and the

minister is then asked to make a decision that only the courts can decide.

Senator Tremblay: Re-read what you have just said.

Senator Perrault: Look at the *Rules of the Senate*.

Senator Doody: Honourable senators, one minister who is now absent from the chamber has said that the two references—the reference to the Supreme Court of Newfoundland by the Government of Newfoundland and the reference to the Supreme Court of Canada by the Government of Canada—are different. Perhaps the minister will tell us what is the difference between those two references.

Senator Olson: Honourable senators, I will obtain a copy of both references. Even if I do, I do not intend to give a legal opinion, and an interpretation of those references would be just that. The honourable senator can reach his own conclusion, or perhaps he can wait for the courts to make their legal interpretation of what the references mean.

● (1425)

Senator Doody: I was not asking for a legal opinion. Somebody across the way said that there was a difference between the two references. I asked what the difference was. Obviously, the minister does not know.

Senator Perrault: They will be provided for you, and then you may wish to withdraw certain remarks.

FOREIGN AFFAIRS

LAW OF THE SEA TREATY

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government with regard to the recent conclusion of the Law of the Sea Treaty.

I notice that the United States, along with three other countries, voted against the treaty, while 130 countries voted for it. Ratification of the treaty by 60 countries is required, and this will probably happen at the end of this year. In view of the implications to Canada, what is the government, and the Department of External Affairs in particular, doing with respect to pounding some sense into the heads of the United States government in order for them to come to some conclusions on the ratification of this treaty, which, in the future, will affect the lives of everyone in the world?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Canadian government does not believe pounding sense into anyone's head to be a constructive initiative. The government opts for patient negotiations. The honourable senator's question, however, will be taken as notice, and the information will be provided.

Hon. Richard A. Donahoe: May I ask a supplementary before my honourable friend gets up again? I would like to know the distinction between "pushing" and "shoving" and "pounding".

Senator Perrault: The honourable senator, with his vast experience in provincial politics, has had a long career doing

all of those three things, and he is in a better position to tell us the distinction than are we.

Senator Donahoe: On this occasion I am quoting the Prime Minister of Canada, who said that very shortly he would be pushing and shoving the Government of the United States.

Hon. Royce Frith (Deputy Leader of the Government): He did not say that. He said there may be some pushing and shoving.

Senator Donahoe: If it is only a possibility, perhaps he would have done better not to have said such a thing.

Senator Marshall: Honourable senators, the Leader of the Government referred to patient negotiations. The negotiations have been going on for nine years now, and the only person who has shown any leadership is Mr. Alan Beesley, our representative in New York. In all the meetings I have attended, I have never seen anyone participate in these negotiations in the way that Alan Beesley and his excellent staff have done. The only other people I have ever seen down there was the odd minister paying a flying visit for one day. I think it is time that Canada showed some leadership and tried to come to terms with the United States, and the countries who are abstaining. We should try to get this treaty ratified for the benefit of all mankind.

Senator Perrault: Honourable senators, it is gratifying to note that credit is being given to Alan Beesley for his outstanding work. As honourable senators are aware, Ambassador Beesley is regarded as one of the top two or three people in the entire world on this subject of the law of the sea, and great progress has been made in achieving progress largely because of his efforts.

For Senator Marshall to suggest that Canada has been backward in attempting to achieve an agreement is unfair. I think Canada has played a prominent role in putting together an agreement, however imperfect and incomplete, and Alan Beesley is one of the reasons for it. Honourable senators can be assured that there has been a great deal of government support for Ambassador Beesley in his efforts.

Senator Marshall: There seems to be an impression that there is already an agreement. This is a mistake. It still has to be ratified by 60 countries.

Senator Perrault: Great progress has been made.

Senator Marshall: If great progress has been made, it has not been because of the efforts of the Department of External Affairs, but because of the efforts of Mr. Beesley and his staff.

Senator Perrault: Honourable senators, Senator Marshall knows better. He knows that Ambassador Beesley has had the full support of the Right Honourable the Prime Minister, the Secretary of State for External Affairs and other ministers. He should give credit where credit is due, despite his partisan leanings.

Senator Marshall: The credit is limited.

Hon. C. William Doody: I wonder if the minister could tell us if the quiet and patient diplomacy he has talked about with

[Senator Olson.]

respect to the law of the sea is the same sort of diplomacy that has been going on with the Province of Newfoundland, or is there a bit of bullying, or pushing and shoving, involved?

Senator Perrault: If the honourable senator would be less political he could make a more constructive contribution to this chamber. The kind of inflammatory talk in which he has been indulging today may make great reading back in the local papers in Newfoundland, but it hardly adds to a constructive dialogue in this chamber. The fact is that the senator has been promised all sorts of information with respect to these court referrals—documentation and other material—that he can read at his leisure. Having read it, he may have a more balanced view of events. However, to speak in the intemperate terms that he has done, in order to achieve some sort of political credit in Newfoundland, is, I think, unworthy of his position in this chamber. This is a kind of verbal pyromania.

● (1430)

Senator Doody: I wonder, honourable senators, whether the Government of Canada would consider replacing Mr. Lalonde, on that negotiating team, with the quiet diplomat who just spoke?

ENERGY

NEWFOUNDLAND—JURISDICTION OVER OFFSHORE RESOURCES

Hon. Lowell Murray: Honourable senators, may I ask the Minister of State for Economic Development whether there was any consultation between the Government of Canada and the Government of Newfoundland prior to this decision being taken to short-circuit the judicial process and refer the matter directly to the Supreme Court of Canada?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not agree that the judicial process has been short-circuited. I will not get any closer to agreement with that comment, no matter how many times Senator Murray makes it.

Yes, there have been a large number of negotiations going on for months—I think it is fair to say, for years—with everyone realizing that a sound legal basis on which regulations and jurisdictions can be put together is an absolute necessity for that development to take place.

Senator Murray: Did the Government of Canada consult the Government of Newfoundland during the period after the Government of Newfoundland referred the matter to the Supreme Court of Newfoundland and before the Government of Canada referred it to the Supreme Court of Canada?

Senator Olson: Honourable senators, I will check that out to determine exactly how many occasions there were, since I am sure there were more than one.

ECONOMIC DEVELOPMENT

REPORT OF SCIENCE COUNCIL OF CANADA

Hon. G. I. Smith: Honourable senators, I have a question that I would like to direct to the Minister of State for

Economic and Regional Development. I assume that he is aware of the report of the Science Council of Canada that was made public yesterday?

Hon. H. A. Olson (Minister of State for Economic Development): No, I am not aware of it. I read a lot of things, but I have not got around to this report.

Senator Smith: Perhaps, then, he would allow me to pass on to him a little information and ask him whether he agrees with it, because I will be seeking other information on this matter.

Senator Olson: The purpose of Question Period is to seek information, not to give it.

Senator Smith: Yes, honourable senators, that is what I am trying to do—to get information. Since the honourable gentleman does not have the background that would enable him to understand the question, I am giving it to him, after which I will proceed to ask the question.

Senator Olson: In cases like this, where a report has only recently been made public, I think it is for the honourable senator to ask the question, not to give a resumé of what is in that report. I will take the question as notice and come back with an intelligent, precise and informative reply.

Senator Smith: I am delighted to have the honourable gentleman's undertaking. I am sure that kind of answer will be a refreshingly delightful one to get from him, and one to which I look forward with great interest and anticipation.

Since the honourable gentleman does not want any background information, the question is simply: Does he agree with the council's reported view with reference to the importance of new information and other technological research to the welfare of Canada?

Senator Olson: Yes, honourable senators, I will take the question as notice.

Senator Smith: I have a supplementary question, honourable senators. When the minister is taking the question as notice and preparing the delightful answer that he informs us will be forthcoming, will he consider this as a further portion of the same question and indicate whether he agrees that, if Canada does not keep abreast of technological research in these fields, many sectors of our manufacturing industry would be rendered obsolete virtually overnight; our trade balance, already precarious, might never recover; and structural unemployment could lead to permanent joblessness for many Canadians, declining living standards and, for some, emigration?

Senator Olson: I should tell my honourable friend that I have just been advised by my very efficient staff that I already have a sheet in my book which is in reply to that exact question. If he will give me a few moments to read it, I will extract those points which are most pertinent to the reply.

Hon. Royce Frith (Deputy Leader of the Government): Thanks for asking!

Senator Smith: I would rather the honourable gentleman took his time and put himself in the position of giving us the splendid sort of answer he promised a few moments ago. I am

really quite surprised that he has more knowledge than he thinks he has; generally, it is the other way around.

● (1435)

Senator Olson: The problem is that I have to put it in the right sequence and in the kind of terms my honourable friend will understand. That takes a little more time.

Hon. Raymond J. Perrault (Leader of the Government): All things come to those who wait.

Senator Olson: I should advise honourable senators that the report is very much in line with the discussion paper we have had in our possession for some time. The questions, and some of the ramifications that my honourable friend pointed out, refer to perhaps only part of that paper. There may be other things in it that ought to be taken into account. For example, the Science Council reports a high level advisory committee reporting to the government and to provincial premiers, which has been rather useful. It is not full of the kind of doom and gloom my honourable friend referred to, which shows that he was rather selective in what he took out of it.

Senator Smith: I think the honourable gentleman would be well advised to take advantage of his first offer, namely, to make himself more fully acquainted with, and more perfectly informed of, the contents of the report, before he ventures into these flights of imaginative lecturing.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, once again I should like to address a question to the Leader of the Government concerning the Garrison diversion project. The concerns and fears of the people of Manitoba over that project have been expressed on various occasions in both the Senate and the other place. I am fully aware of the representations that have been made, of the court injunctions and of the report prepared by the Canadian delegation to the Canada-United States Interparliamentary Group which was appended to *Hansard* of May 13. I read that report thoroughly and I had a discussion about it with Senator Deschatelets. Despite all that, I am still concerned on behalf of the people of Manitoba, and I would like to bring additional information to the attention of honourable senators.

In response to my questions last week we were told that there was a possibility that, instead of its being directed north from North Dakota as a result of the Garrison project, the water might well be directed south. In that respect I should inform the Senate that a delegation from Pierre, South Dakota, is now making representations to block any such move. They do not want the water going south for fear that their own waters will be polluted by it.

In the Winnipeg *Free Press* of Saturday, May 15, 1982, the following news item appeared:

The lawyer for a group seeking to halt construction of North Dakota's Garrison diversion project tried to show a

[Senator Smith.]

U.S. federal judge yesterday that it needs more study and a new congressional authorization.

Tom Klinkel, representing a group of about 100 South Dakota farmers who fear possible harm from Garrison, spent yesterday questioning the U.S. official in charge of the North Dakota irrigation project.

U.S. District Judge Donald Porter ordered testimony to resume Monday in the lawsuit the farmers have filed seeking a court order to prevent Garrison from being built. All lawyers in the case said they expected testimony and arguments could be completed Monday.

I just want to suggest to the Leader of the Government that if the people of South Dakota are concerned at the suggestion that that water might be turned south, thus polluting their waters instead of polluting our own fresh water in Manitoba, surely that adds to the arguments and representations which have been made in the Senate to date. Thus, I ask the leader once again to make further representations outlining all of our concerns, the concerns not only of the people of Manitoba but of the people of South Dakota, to prove that our case is legitimate and that we have a right to holler about it.

Hon. Raymond J. Perrault (Leader of the Government): I take it that the essence of Senator Guay's question is, first, whether these news reports from Pierre, South Dakota, are accurate, and, second—

Senator Guay: They are accurate.

● (1440)

Senator Perrault: The second part of Senator Guay's question was whether additional representations are being made to the United States. I thank the honourable senator for those two questions, and they will be taken as notice.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, did our honourable friend leave us with the impression that additional representations are being made?

Senator Perrault: Yes. I have some information here, but I fear it is somewhat ancient. I say that because the material is dated April 27. On the basis of the statement made today by Senator Guay, I will seek further information respecting the Garrison project.

Senator Roblin: The information you have has been printed in *Hansard*.

Senator Perrault: Perhaps some of it.

Senator Roblin: The information in *Hansard* is more recent than your information, and the information referred to by Senator Guay covers the entire question.

Senator Perrault: And that, honourable senators, is why I do not propose presenting the material which I have before me. I shall ask for further information to be brought to the Senate tomorrow.

ENERGY

NATIONAL ENERGY PROGRAM—CHANGES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question for the Minister of State for Economic Development in connection with a reported intention on the part of the Department of Energy, Mines and Resources to produce a new policy in their field, which is being described by the department as the "son of NEP," in which there will be certain further changes made to our oil and energy regime. Is it true that changes are being contemplated in this field? I am particularly concerned to know if these changes have anything to do with the tax regime with respect to conventional oil in Alberta.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Minister of Energy, Mines and Resources has said, on a number of occasions, that the circumstances relating to energy volumes, prices and so on—all of which are extremely important, not only to the health of that industry but to attaining the objectives desirable for Canada—have been so profound that, obviously, he is looking at the current set and the projected set of conditions from this point on, rather than from one year, two years or even ten months ago. Of course, when an announcement is to be made, it will be made by the Minister of Energy, Mines and Resources. If and when the minister makes such an announcement, I will be very happy to flesh out the details which, I am sure, my honourable friend will want.

Senator Roblin: Honourable senators, I think the minister has made a significant statement, because he has accurately described what has gone on in the oil industry as a profound change, and some of us think it is not for the better. However, he has left me with the impression that the government is actively considering some change in the tax regime in the conventional oil business in Alberta. If that is not what he means, I wish he would say what he does mean.

Senator Olson: Honourable senators, Senator Roblin will have to understand, however difficult it is for him, that I will not make announcements or preludes to announcements prior to the minister making a statement. I know several gentlemen opposite were pursuing a similar line of questioning with regard to a matter on which the Minister of Finance may or may not make a statement because certain things have changed in that arena since last November.

Hon. R. James Balfour: That is the understatement of the year.

Senator Olson: What I want to say and to convey—because I want to give as much information, keeping it factual without injecting opinion, as I possibly can—

Hon. Richard A. Donahoe: And give us the truth.

Senator Olson: —is that there have been some significant changes in the energy field, particularly with regard to gas and oil, and the minister has acknowledged these changes. He has also said that they are considering the changing circumstances which may necessitate modification. However, those comments

do not mean that a statement will be forthcoming in a week, a month or even three months. He has merely acknowledged that significant changes have been made out there in the real world.

Senator Roblin: I thank my honourable friend for the development of his answer, but it really leaves untouched the core of the matter, and that is as to what the intentions of the government are with respect to making an announcement of this kind. I do not expect my honourable friend to make the announcement or to speak on behalf of the department, but I do think that he could find out from the minister when this particular matter will be brought to a head.

I am not asking this question out of idle curiosity, but because, as everybody knows, the oil industry in the province of Alberta is in very serious straits. The industry cannot be kept twisting in the wind much longer; there has to be some finality. My honourable friend wants finality in Newfoundland. We also want it in Alberta. I ask him whether he can find out for us when this statement will be made.

Senator Olson: I can do that, and I will also convey my honourable friend's admonition that sooner is better, because I think that is really the gist of his question.

Senator Roblin: I have always maintained that it is better to be half right in time than perfect far too late, and that is what I accuse my honourable friend of heading for unless he develops some sense of urgency with respect to this matter.

Hon. Royce Frith (Deputy Leader of the Government): Can one be too late and still be perfect?

Senator Roblin: Yes, sir. It is better to be half right in time than perfect too late.

Senator Frith: But how can you be late and still be perfect?

Senator Roblin: My honourable friend can argue his scholastic approach to these adages—

Senator Frith: Why don't we do that?

Senator Roblin: —and, of course, it is interesting to intellectuals, but that leaves me quite out of the picture, so he will have to resolve his own dilemma by himself.

Senator Frith: It is your phrase, not mine.

Senator Roblin: Honourable senators, I want to ask the minister another question. What intentions does the government have with respect to the creation of an emergency reserve of oil for Eastern Canada? Is such a program in the works?

Senator Olson: I shall include that in the reference or the question that I take to the Minister of Energy, Mines and Resources in response to the rest of the question.

Senator Roblin: While the minister is investigating that matter, would he look into another aspect of it? That is, one of the difficulties with imported oil these days has to do with the compensation fund and with the closing down of the oil industry in western Canada, to some extent, because it cannot market its product against the subsidized imports. Will he find out how the government intends to reconcile the fact that they

have an emergency supply of twenty million barrels, as has been mentioned—one month's supply—with the fact that that oil will be paid for at export rates and overhang the market in the same way as the non-adjustable contracts do at the present time?

I am not sure that I am making myself entirely clear, but the minister is one of those clever men who can usually see quite clearly the point that I have in mind. He may say that he can see quite clearly through me, but I would not quite agree to that.

Senator Frith: Nobody is perfect.

Senator Olson: I thank the honourable senator for the compliment, although I do not believe it is well deserved. I sometimes find a great deal of difficulty in seeing the real motivation, if there is one different from the apparent one, for asking a question. In this case, however, I think I understand the question.

There is, of course, a problem and, though my honourable friend may not wish to acknowledge it, it is a fact that about one year ago there was a major shutdown in the supply of Canadian oil to the Canadian market and, no matter how many times that fact is repeated, it remains a fact of life.

One of the things we often have to learn is that we must live with the consequences of the decisions we make. One of the consequences of that decision was that during the winter of 1981-82 refineries assured their customers for heating oil that there would be enough available, and that was a very profound obligation. As a result, they sought alternative supplies, some of which had to be provided under contracted arrangements.

The minister has already indicated in his April statement, I believe, that he has asked those refineries to minimize the amount of offshore crude they have to take under those contracts and to do a number of other things that will help enhance production within Canada. I believe he went even further and said that if all these things are not successful in returning Canada's oil production potential to its full level he would take some further steps. These are the facts that are unfolding. At this time of year it is also a fact, as it is every year, that a number of refineries go into a shutdown or, at least, a partial shutdown phase and, therefore, rely on supplies of refined products while they do necessary maintenance and repair. Therefore, some of the nominations at this time of the year are not as high as in other periods until they get through that repair and maintenance period.

● (1450)

Senator Roblin: My honourable friend has no grounds for saying that I am not concerned about security of supply in Canada. Of course, I am. I want self-sufficiency in Canada, and I much regret that the government's policy does not seem to be leading us much closer to that.

Would my honourable friend give us a report on what has happened to this shut-in oil in Alberta after the minister's requests to the importers of oil into Canada? Will he give us a report on what has happened and what the state of the Alberta production system is at the present time?

[Senator Roblin.]

Senator Olson: Honourable senators, I need more details on what the production levels are right now and what nominations are already in for June. As I recall, the statement of April 1 did not anticipate a very significant increase in production, from what is now shut-in production, until after we got through this period, and from now until about July when the nominations for crude would be substantially higher when stockpiles are being rebuilt. That refers to the refined product for the coming winter and the ensuing season, other than the winter requirements.

Senator Roblin: It will be interesting to calculate the cost of this particular policy to the Alberta oil industry.

Senator Olson: Yes, it would be interesting to a number of people, including provincial governments and others who supported that shutdown at that time, to calculate the cost of the decision they made. It may make them a little more cautious in the future because markets such as this—including a different quality of crude and, in many cases, the inability of refiners to handle different qualities from what they were used to, for the very simple reason that the output in the mix of refined products is different—have to be considered. You also have to know where to dispose of those things. If you interrupt the flow, both in and out of refineries, there ought to be a profound look at the consequences which flow from that. These things cannot be turned off from one week to the next.

THE ECONOMY

GOVERNMENT POLICY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, yesterday in the chamber some serious charges were made about the lack of restraint in the area of government spending. I should like to answer some of those questions today.

The principle of restraints is reflected in the estimate of total government spending of \$76.3 billion for the fiscal year 1982-83, which represents an 11.7 per cent increase over spending forecasts for the 1981-82 fiscal year outlined in the budget. In fact, this rate of growth in government spending is lower than for the previous two years.

The government's restraint efforts have been assisted by making the Post Office a crown corporation.

Hon. Martial Asselin: And increasing the price of stamps to 30 cents.

Senator Perrault: I also have with me today a statement concerning the Post Office, and I will be glad to read that.

Honourable senators have asked for information, and then, when an effort is made to provide information, we see the result.

Senator Asselin: You are doing fine.

Senator Perrault: Rather than carrying the full operating cost of Canada Post, only the crown corporation's deficit is included in government spending plans. The projected deficit is \$400 million, but the \$1.7 billion operating cost has been

deleted. As a crown corporation, Canada Post will pay for services provided by government departments.

The government has also shown marked success in restraining growth of the civil service. More than once yesterday Senator Roblin stated:

—if the government would adopt the firm and resolute policy to hold the size of the public service to its present level—that is all we ask—

The government has shown marked success in that area. The total number of authorized person-years has been reduced from 315,680 in 1981-82 to 255,322 in 1982-83. Senator Roblin said, "That is all we ask." We have met his wish.

Senator Asselin: It is not enough; too little too late.

Senator Perrault: When consideration is given to the number of employees transferred from Treasury Board control to other jurisdictions, the increase in the number of employees under Treasury Board will be held to less than one per cent. This kind of record, I suggest, did not invite the kind of opposition attack levelled at the government yesterday.

Government spending is now guided by an envelope system. Major funding allocations are made according to specific areas. It is the responsibility of departments coming under an envelope to raise funds for programs within the envelope allotment.

The government's commitment to equality and fairness is demonstrated by spending in the social affairs envelope. It is the single largest envelope, accounting for nearly 40 per cent of all government spending.

This is why yesterday I said that, if we are to achieve the kinds of massive cuts which will markedly reduce the deficit and reduce government spending, we must look at these major programs. The opposition must ask themselves whether they want to see deep visceral cuts in these human programs. None of us wishes to see human beings suffer as a result of some economic target.

Some of the largest programs in this policy sector include old age security and guaranteed income supplement payments, payments to the provinces for hospital insurance, medicare and extended health care, and payments towards post-secondary education. The same opposition members, who were attacking the government's alleged record with respect to funding of post-secondary education, charging that the government was being parsimonious by allegedly cutting back on support for higher education, were, yesterday, demanding deep reductions in government spending.

Family allowances are included in the social affairs envelope as well as unemployment insurance and the Canada Mortgage and Housing Corporation. Social affairs has been, continues to be, and, I hope, will always remain, a major priority with the Government of Canada.

The economic development envelope contains funding provisions for new economic development initiatives to help renew Canada's economy. Surely, honourable senators are not attacking that. Are they suggesting that we cut back on

programs to stimulate the economy of the Atlantic provinces, Quebec, northern Ontario and other parts of Canada?

Spending for economic development will increase by 12.9 per cent. Perhaps the opposition supports major cuts in this area. Is this the area where they would like to see spending reductions?

The estimates do not reflect the recent re-organization affecting the Department of Industry, Trade and Commerce, Regional Economic Expansion, and External Affairs. The estimates also do not include spending plans under the 1982-83 allotment of \$175 million through the Western Development Fund. All will have, we believe, a positive effect on economic renewal.

These economic development dollars are not dollars which are being trickled down the drain. If this aid triggers the kind of economic activity we hope it will, it will have a multiplier effect; it will create jobs, secondary employment, and benefit the entire country. It will also ultimately add to tax revenues of governments and help to support vital services.

Senator Asselin: Speech!

Senator Perrault: Yes, it is, in a sense, but I know that honourable senators want information.

A special supplementary estimate for 1982-83 explains in detail fund allocations in these areas.

The spending estimates presented by the President of the Treasury Board, Don Johnston, underscore the government's determination to curb inflation. The 11.7 per cent spending increase is less than the inflation rate at the end of 1981.

An Hon. Senator: Is there much more?

Senator Perrault: There is not much more, honourable senators. I know that, in their avid pursuit of truth and freedom of information, most honourable senators will wish to have this material.

Government spending plans for 1981-82 had to be revised in the November budget, as honourable senators will recall, to take into account changes in interest rates, the cost of carrying the public debt and inflation.

The public debt envelope will increase from 11.7 per cent to 19.6 per cent of total outlays between 1976-77 and 1985-86. It increased by more than \$2 billion between 1981-82 and 1982-83.

Government finances are subject to the same inflationary strains as the finances of all Canadians.

Restraint, equality, fairness and renewal are the principles behind the estimates. The policies funded by the estimates are designed to reduce inflation as the cause of high interest rates.

The 11.7 per cent growth in government spending is not a short-term cosmetic commitment to restraint. Spending estimates for future years will reflect a similar rate of growth.

● (1500)

So, there is an earnest effort being made in the area of restraint. As I said yesterday, honourable senators are aware of the fact that federal governments, whether they be Con-

servative or Liberal, inevitably seem to be cast in the role of the villains because they are the tax collectors—

Hon. Richard A. Donahoe: Mostly Liberal.

Senator Perrault: —the people who must raise most of the revenue which, in turn, is passed back to the provinces by way of transfer payments, and to individuals, with little federal credit given. Thus I hope no one in this chamber would wish to make political capital on the basis of allegations of waste and lack of restraint, which are not supported by fact.

Hon. G. I. Smith: I wonder if the honourable gentleman would read again what his speechwriters have said regarding the amount of money spent by the government on its self-culogizing advertising campaign.

Senator Perrault: The government has an advertising campaign—there is no doubt about that.

Senator Smith: I asked the honourable gentleman to read what he has before him.

Senator Perrault: In relation to the total budget, the cost of advertising is a minuscule amount.

An Hon. Senator: What's \$8 million?

Senator Perrault: The people of Canada have a right to know how their tax dollars are being expended on their behalf. This should be an entitlement of the people of your province, Nova Scotia, and the other provinces. They should know how their dollars are being managed at the federal level. Surely the honourable senator is not criticizing that.

Senator Smith: What you really mean is that you are feeding pap from your imaginative values of that type of advertising. You are not concerned with telling people the truth in that advertising; you are concerned with spreading propaganda.

Senator Perrault: This government is not concerned with what the honourable senator has so colourfully described as propaganda; it is concerned with meeting the economic problems which plague this nation and other nations. That is the number one priority. The people of this country have a right to know how their tax dollars are being spent, and the programs which are available to improve their lot and assist their incomes.

The honourable senator often sounds like a clone of Scrooge in Dickens' *A Christmas Carol*. In the face of facts, often he will say, "Humbug" or, "This is nonsense." I hope that the generous spirit which eventually transformed Scrooge will transform him some day.

Senator Smith: Since the honourable gentleman insists on making a long speech, I suppose that the same privilege is extended to everyone.

The best thing I can wish for the honourable gentleman, and the information and helpfulness he can provide to the Senate, is for him to lessen his lexicon of blustering and bombastic words and confine himself to facts occasionally—occasionally, is all I ask.

[Senator Perrault.]

CANADA POST CORPORATION

REPORTED ANNUAL RATE INCREASES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information to give concerning the Canada Post Corporation. Over recent weeks, I have been asked questions by certain honourable senators about Canada Post, so I have some facts to provide.

Hon. G. I. Smith: That is a change.

Senator Perrault: I should like to put the postal rate increases into perspective. My reply will be a long one, but it is a reply to a number of questions that have been asked. I shall be most pleased to present it now. It will take but a few minutes.

The deficit of the Canada Post Corporation for this year will be about \$620 million. The corporation is expected to reduce that over the next few years in order to eventually reach the goal of self-sufficiency.

The corporation has formidable targets to meet. It intends to deal with them in a number of ways—by improving cost effectiveness, by boosting productivity and by adopting a predictable policy directed toward gradually shifting the total cost of postal service from taxpayers to users. Postal increases will not be made arbitrarily or by whim.

The recent rate increases were not popular but they were necessary. I believe it was the Honourable Senator Donahoe who seemed to suggest that these rates were unfair—at least, that is the expression in—

Hon. Richard A. Donahoe: Honourable senators, I only remember that they promised to improve the service if they raised the rates.

Senator Perrault: I have an answer to the honourable senator's question which he raised yesterday with respect to the invitation he was sent. I hope the honourable senator has an opportunity to read that, and after reading it perhaps he will be more understanding of the Post Office.

One of the main reasons that the deficit has grown so alarmingly is that postal rates had not gone up for a period of three years. Canada Post's costs have shot up alarmingly over that period. The new rates will enable the corporation to reduce the subsidy requirements and to fund revenue-producing services.

These rates have only been in effect a short time and the corporation is still assessing their impact on its business customers. Until it has done this, it is premature to suggest further rate revisions.

There is a widespread misconception that I must clear up, and it is that the Canada Post Corporation has a monopoly on the mails and can increase rates with impunity. There is an impression that the corporation is beyond challenge and can act arbitrarily with impunity. That is certainly not the case.

The Canada Post Corporation is required by Parliament to take over the operation of the mails from a department of the federal government which previously had that responsibility. The postal service will now be run more like an independent

business, subject to the same discipline of the marketplace as every other business, with one highly qualified exception.

The postal service is also a public service with unique social responsibilities. One of those responsibilities is to make sure that all Canadians and businesses have access to a basic level of service at a standard cost to themselves, no matter where they live or where they do business in this country. To discharge that responsibility fairly and consistently, we must price the postal service in the same way as other public services are priced, whether they be utilities such as local hydro-electric commissions, transportation systems such as the Toronto Transit Commission, or communication facilities such as those offered by Bell Canada, which is, of course, one of the corporation's main competitors.

Parliament recognized this principle by writing into Canada Post's mandate a preferred position on first class mail. The rate indicated by the preferred position is 30 cents for 30 grams. Is this too much for the carriage of a letter from Newfoundland to the Yukon?

Senator Donahoe: It sure is.

Senator Perrault: Incredibly, the honourable senator says that it is, but I will not comment on that because I do not want to be unduly political.

The rate is the minimum financial condition for giving all Canadians a basic standard of postal service, whether they live in densely populated cities or in remote and tiny villages.

It is important to recognize that the rest of our services—parcels, ad mail, our courier service, and many others—are delivered daily across Canada in competition with the private sector. Private entrepreneurs can and do compete with the Post Office.

Let me reassure honourable senators that this competition has and will force the corporation to pursue realistic pricing policies for all its services.

The only concession made to Canada Post in discharging its responsibilities is the preferred position I mentioned a moment ago on first class mail. Such a limited concession does not result in a monopoly. The corporation has no exclusive claim on first class mail traffic; quite the contrary.

Canada Post's mandate, in fact, specifically exempts from preferential status some of the mail now being handled by couriers. I refer, as one instance, to the large volumes of written material which are moved daily between head offices and regional operations by company employees. There are many other exemptions as well.

Where such mail does fall within the jurisdiction of Canada Post, it can still be carried by private carrier at a cost that Parliament has decreed will be at least, currently, \$1.35.

Canada Post has an exclusive privilege in first class mail and certainly not a monopoly. Parliament, in granting this exclusive privilege in first class mail, re-asserted one of the basic principles upon which Canada's postal service was originally founded, a principle that underlies all of the world's leading postal systems. This principle is particularly appropriate to a

vast country like Canada with its scattered population. That principle, quite simply, is this:

There will be a basic level of postal service available to everyone... individuals and business alike, across this country.

This ensures all Canadians, in cities, towns, villages and rural roads, will have mail service at the same affordable price.

Notwithstanding this mandate to provide a mail service to all Canadians, the corporation is still committed to working toward financial self-sufficiency. What is still at issue is the timetable to attain that. If it moves too fast, it will be prone to indigestible rate increases and pricing policies; if it moves too slowly, it loses the financial discipline of the bottom line. These constraints are hardly those enjoyed by any monopoly.

Clearly, then, Canada Post does not have a monopoly. What it does have is an exclusive privilege to deliver first class mail at a preferred rate. Parliament has re-affirmed this capability in recognition of the fact that the Post Office provides universal service throughout the country. Even in this instance, others can compete with it if they charge a multiple of the normal rate. In every other case, the corporation's products and services are fighting in head-to-head competition in the marketplace with many other businesses.

● (1510)

I would like to now address the charge—I am almost at the end—that the—

Senator Donahoe: Good!

Senator Perrault: Honourable senators have been asking for weeks for information about the Post Office. Now that I have brought that information to the Senate, they are impatient about listening to it.

Senator Smith: This is not information but propaganda.

Senator Perrault: The honourable senator calls it propaganda, and yet I have divested myself of a virtual blizzard of facts.

I would like to now address the charge that the Canada Post Corporation is "flexing its muscles" and threatening legal action against those who are seeking alternative delivery methods.

A handful of utilities—ironically, pure monopolies in their own right—have decided that they want to use their own systems for some easy-to-deliver locations. However, it is being discussed as if this sort of thing were an epidemic. It is not. The vast majority of municipal utilities use the Post Office services. They are saying that they are prepared to invest in Canada Post Corporation at a time when the Post Office has an opportunity to turn things around.

The overwhelming majority of the business community has seemed willing to extend their support of the new corporation. A few have not. They have resorted to alternatives, in some instances, without objectively exploring the services the Post Office can offer. I have mentioned why the postal service was given a preferred position on first class mail. It is needed to ensure a basic service to all Canadians. The other side of that coin is that those who continue to use alternative services for

first class mail, in breach of the corporation's mandate, are doing so at the expense of all Canadians. They are the ones who are really being subsidized, by the additional costs the rest of us must incur as a result.

In conclusion, the corporation's approach to resolving the problems has been by way of improving the postal service to the point where the need for alternative services is progressively reduced, and by selling Canada Post's services to customers. It is a marketing approach but, to be successful, it will need the support of the private sector. This strategy has only been in effect for a short time and the corporation sees no reason to change it now.

In the meantime, I want to emphasize that there is no lack of commitment to self-sufficiency for the Post Office. It is simply a matter of arriving at financial targets that also allow the Post Office to meet the other mandates of service set out in legislation.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask a couple of follow-up questions on the two statements that the minister has made. He tells us that he has given us a blizzard of facts. I rather fear that it may turn out to be a snow job, particularly in respect to his mini-budget speech. After Senator Phillips introduces his resolution this afternoon, as he may do, my honourable friend can make another speech on the budget, and we will listen very attentively to it.

With respect to his first one, could he finally furnish us with the spending estimates of the federal government on a national accounts basis? I believe that the figures he gave us recently were not on that basis, which is the all-in basis.

The second thing I would like him to do is to adjust the figures he gave us for the changes in bookkeeping procedures which have adorned the present budget. He knows what several of them are—he just mentioned the Post Office. Another one is the Oil Import Compensation Fund which has been removed from the expenditures and handled in another way, but exists just the same. Would my honourable friend be so kind as to bring in those figures so that we can compare the amount for the current fiscal year with the amount of the past fiscal year on what would be the same equitable basis?

Senator Perrault: Honourable senators, I will certainly confer with my colleague, the Minister of Finance, in order to find out if that information can be made available.

Senator Roblin: Does that mean that it might not be produced?

Senator Perrault: I will direct an inquiry to the minister.

THE SENATE

MINUTES OF THE PROCEEDINGS—PRINTING OF WRITTEN QUESTIONS

Hon. Daniel A. Lang: Honourable senators, I rise on a question of privilege. I have not been here for a sufficient length of time to understand how the *Minutes of the Proceedings of the Senate* are prepared. It seems that written ques-

[Senator Perrault.]

tions that remain unanswered are not printed in the Order Paper each sitting day. Would the Leader of the Government or the deputy leader explain why those questions are not printed each sitting day until they are answered?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we will obtain an answer to that question.

STANDING RULES AND ORDERS

NOTICE OF COMMITTEE MEETING

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Molson has asked me to remind honourable senators who may be interested that the Standing Senate Committee on Standing Rules and Orders will be meeting in Room 356-S when the Senate rises this afternoon.

Senator Molson has asked me to do this because he realizes that the notice was rather short, and he hopes that there will be a full attendance since there is a rather substantial accumulation of business for the committee to consider.

YOUNG OFFENDERS BILL

SECOND READING—ORDER STANDS

On the Order:

Second reading of the Bill C-61, intituled: "An Act respecting young offenders and to repeal the Juvenile Delinquents Act".—(*Honourable Senator Perrault, P.C.*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in the name of Senator Neiman, I move that this order stand until Tuesday, May 25, 1982.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

PRIVATE BILL

THE ARMY, NAVY AND AIR FORCE VETERANS IN CANADA— REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Report of the Standing Senate Committee on Health, Welfare and Science on Bill S-25, respecting The Army, Navy and Air Force Veterans in Canada, which was presented yesterday.

Hon. Florence B. Bird moved that the report be adopted.

She said: Honourable senators, in the absence of Senator Bonnell, I was in the Chair during the single meeting when your committee studied Bill S-25. We interviewed the following four witnesses: Stanley Stillwell, of Winnipeg, who is President of Dominion Command of The Army, Navy and Air Force Veterans in Canada; Albert Bianchini, of Edmonton, who is the Vice-President of Dominion Command; John C.

McArthur, who is the Secretary-Treasurer of the Dominion Command; and Shannon Howard Martin, their legal adviser.

Your committee was concerned about the points raised by Senator Macdonald and Senator Smith concerning the possible wide interpretation of membership as stated in paragraph 2(a) of the bill.

The witnesses assured us that all persons applying for membership are subject to a careful screening process to avoid infiltration by possible subversive individuals. They made it clear that it is unlikely that former veterans would tolerate the membership of men and women who had fought against Canada, or who were known to be opposed to the principles of a free, democratic society.

What this bill does is to legalize what is already a policy enforced by The Army, Navy and Air Force Veterans in Canada, as it did in the case of the Royal Canadian Legion.

The Law Clerk suggested three minor amendments to help clarify the text of the bill. All of them were readily agreed to by the witnesses and by your committee. The first amendment changes the long title and reflects more accurately the scope of the bill; and the second and third amendments deal with inaccuracies in the French version of the bill.

Hon. John M. Macdonald: Honourable senators, I should like to ask one question. Referring to the first amendment, realizing that in the course of time the majority of members would not be veterans, was any consideration given to the fact that they drop the word "Veterans" from the title?

Senator Bird: The feeling on the part of our witnesses was that there would always be veterans as long as we have an army, navy and air force, which we would obviously need for civil defence and in case of crises in the government. Therefore, there would always be veterans who would be looking after the bylaws, which are very strict, as well as the screening process, and they will continue to need the support of their families and like-minded people.

Motion agreed to.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Marshall moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

● (1520)

NATIONAL DEFENCE

CONSIDERATION OF THE FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—ORDER STANDS

On the order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces", tabled in the Senate on 10th February, 1982.—(*Honourable Senator Frith*).

Hon. Paul C. Lafond: Honourable senators, I rise on a question of privilege. It would appear that on at least two occasions the Deputy Leader of the Government has extended to me the courtesy of closing the debate on this report. Obviously closing the debate in the Senate—or in the country—on our failings in matters of national defence is the least of my wishes, unless we have had some meaningful response or notice of intent from the government. In the interim, the subcommittee is pursuing its inquiry and will produce reports to the people of Canada on the status and requirements of Canada's defence establishments. Should the government wish this item dropped from the Senate's order paper at this time, I will not oppose it, but I do not want to share any responsibility for it.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, yesterday Senator Perrault said there was a possibility of his intervening. I know of no other expression of intention by the government to intervene in the debate. I suggest, therefore, that this order be allowed to stand until next Tuesday, to give Senator Perrault an opportunity to intervene if he wishes. If he does not wish to proceed, we can follow the procedure recommended by the chairman of the subcommittee.

Hon. Jack Marshall: Honourable senators, can the Deputy Leader of the Government advise whether any honourable senators may speak twice on this report?

Senator Frith: Certainly, with leave; and I do not anticipate any difficulty in obtaining leave.

Order stands.

THE ECONOMY

ECONOMIC, FISCAL AND ENERGY POLICIES OF FEDERAL GOVERNMENT—DEBATE ADJOURNED

Hon. Orville H. Phillips, pursuant to notice of May 18, 1982, moved:

That the Senate of Canada do urge the Federal Government to re-direct its economic, fiscal and energy policies, and bring forward as soon as possible a new budget; such budget to provide proper economic direction, improved employment opportunities and measures to restore national confidence in the economy.

He said: Honourable senators, I must first apologize for the confusion in moving the motion. I shall presume that when I have completed my remarks the apology will not have been necessary.

Earlier it was my intention to move a motion dealing with Alsands and the Alaska pipeline. I went home to dinner and tuned in the CBC to hear the 6 o'clock news. I learned that the Conservative opposition in the other place had moved a similar motion. I was rather disappointed to hear that, but, on the other hand, I was encouraged by a friend on the opposition benches who said, "All right, you have, in the language of CBC personnel, been pre-empted". I may have been pre-empted, honourable senators, but that does not mean that I or

any other honourable senator in this chamber has been deprived of the opportunity to look at the economic situation and—I would particularly like honourable senators to note this—to vote on the economic situation.

Honourable senators, I hope that a debate will take place on my motion. I hope that later on it will not be possible for me to stand up and say, “There are not enough senators present.” I hope that honourable senators will be sufficiently interested to consider today’s difficult situation.

Honourable senators, I approach you with nothing more than an honest request that you consider the difficulties. I hope that in my remarks I have not labelled anything Liberal that Senator Lamontagne finds offensive—

An Hon. Senator: Not yet.

Senator Phillips: —and I hope that I have not labelled certain things which, within the Liberal viewpoint, would be considered offensive.

I see Senator Benidickson talking to the lady senator from New Brunswick and also a senator from British Columbia, who I understand represents the Indian population. I have had the greatest respect for Senator Benidickson and also for the other two senators, but there is no need for them to get into a conclave, a whispering group. Come on, honourable senators, be fair.

We do not have to have millions of dollars to be talking about today’s economy. We have to have common sense. Common sense replaces the millions of dollars that the Grit party has become used to.

Hon. Royce Frith (Deputy Leader of the Government): That is the trouble with common sense—it is not very common.

Senator Phillips: I will remember that, Senator Frith. I thank you.

● (1530)

Hon. W. M. Benidickson: Honourable senators, may I say a word on a point of privilege?

I hope my honourable friend, who has always got along well with me, was not complaining because I went to speak to two other senators. My purpose was to make arrangements to go with them to the funeral of the husband of one of our highly regarded waitresses in the Parliamentary Restaurant; that was all. I hope I did not interfere with my honourable friend’s speech.

Senator Phillips: I thank the honourable senator for his intervention. I would like to think that I did not have a reason to incite him with regard to his remarks. Unfortunately, I cannot agree with his intervention. If he really wants to be hit with the attitude of 1957 to the present day, I think I can remind him of a few things. I would just ask the honourable senator to remember that we are friends. I have always respected him, and I am sure I always will, but do not push me too far, senator.

Honourable senators, it is very easy for me to say my motion deals with all sections of the economy. Our fisheries, our

[Senator Phillips.]

agriculture and our manufacturing industries are completely destroyed. I look at the government benches and see they are vacant. I note the fact that the Leader of the Government in the Senate is not present, as is the case with the Minister of State for Economic Development, the Minister of State for the Canadian Wheat Board, and with the character no one can describe, the Minister for nothing. Why should I stand here and ask questions? Someone always says, “Well, you get answers.” I do not get answers from them, however, honourable senators. I end up asking questions of a vacant head—a head that contains nothing.

Honourable senators, you have been here as often as I have. Would you like those answers? Would you be proud of those answers, Senator Frith? I just ask you, because these are points that disturb me.

Honourable senators, when I look at my notes, I see that it is my intention to discuss the mega-projects, including the Alsands project. I presume that I am supposed to discuss the mega-projects with the attitude that there are certain benefits to us that may come from them, and I am agreeable to doing that; but, Honourable Senator Frith, every time I have spoken in this chamber you have got to your feet with the ultimate knowledge of whether I should speak or whether I should not. You give directions to the Speaker and, incidentally, I do not mind saying that the Speaker has always followed them. I suppose that somehow or other it was my fault for having raised certain subjects. I am directing that remark to the deputy leader, and I hope I am not giving him cause for satisfaction, or whatever you want to call it. It is a rare occasion when the deputy leader is not present. I compliment him on that. It is also a rare occasion when he gets back to reality. I ask him, in the name of God, to get back to reality. I respect the honourable senator in a good many ways, but, get back to reality, senator. It is a simple request. Get back to reality and I will have even greater respect for you. If you think I am wrong, Senator Frith, let me point out that Senator McElman has not opened his mouth so far, so I must be right.

Hon. Charles McElman: You tempt me deeply.

Senator Phillips: I thought I would, senator.

Honourable senators, this afternoon I just want to forget my notes, make my remarks and tell you basically what I think. That is very difficult, honourable senators. It is easy for me to say, “Forget about unemployment.”

● (1540)

By the way, Senator Frith, I have two uncles who were Grits. In a large family, certain things tend to be overlooked. Although I have forgotten many members of my father’s family and my mother’s family, I do remember that there were two Grits, and for that I apologize. Everybody has a black sheep in the family.

Senator Frith: I am sure the feeling was mutual.

Senator Phillips: The honourable senator is absolutely right: my uncle said the same thing to me. My point is simply that there are times when I understand you guys, Senator Frith.

Honourable senators, I find that I have spoken for a good many minutes and I have not yet referred to my notes. If I continue in this pattern, I would ask honourable senators to remind me to refer to my notes because I have no desire to proceed without looking at them. At the same time, I have no desire to simply stand up and read my notes.

I would now like to refer briefly to a statement which was made by the Prime Minister and the Minister of Justice to the effect that we are now independent, that we have cut the apron strings, that everything is free. Honourable senators, I just ask this question—

Are you through twisting and turning, Senator Frith?

Senator Frith: I was just counting to see if we have a quorum, Senator Phillips.

Senator Phillips: If the Honourable Senator Frith would like a quorum count, I would remind him that I can count.

The question I should like to ask is: Do you believe that Canada has cut its apron strings; that Canada is free and can do whatever it likes in the future? Do you agree with that, Senator Frith?

Senator Frith: Honourable senators, this is not Question Period. I take that as a rhetorical question. I have heard it and I would like to hear Senator Phillips develop what he has in mind.

Senator Phillips: Well, I know what the reply of the honourable senator will be. I must say that I am a little disappointed that he cannot stand up in this chamber and say that we are free. Is he willing to go to Perth and say, "Oh, no, we are no longer free"? Are you, senator, willing to do that?

Senator Frith: No. Besides, I doubt whether I can get there before dark.

Senator Phillips: It would not matter whether you arrived at sundown or sunrise, Senator Frith, we would still be in disagreement. I want to make that clear.

How can the Honourable Senator Frith, however, say that we are independent, but that they are not independent in Perth and they are not independent in Smiths Falls? How is it that the honourable senator can have that attitude?

Honourable senators, I have been having what I thought was fun in dealing with Senator Frith; perhaps the Senate did not think it was fun. Now, I shall move on to the Honourable Senator Olson, the Minister of State for Economic Development and Cancellation. In the November 12 budget, the Minister of Finance filed a document entitled, "Economic Development for Canada in the 1980s." Honourable senators, I should like to quote the first paragraph:

The decade of the 1980s holds great promise, offering opportunities of unprecedented magnitude and the potential for lasting benefits from economic renewal to Canadians in every area of the country.

Honourable senators, for the 1.75 million Canadians who are unemployed and for the 1.5 million Canadians who have been forced to accept part-time employment, that promise is

meaningless. I say to the Honourable Senator Olson that the decade of development has become the decade of depression.

Honourable senators, allow me to go on to read the next paragraph:

These developments will involve massive investments in productive capability, and in the transportation industry's capacity to ship bulk commodities. The recently published report of the Major Projects Task Force, for example, identifies \$440 billion of potential projects, predominantly in the energy and resource sectors, which are under consideration for investment between now and the end of the century.

Honourable senators, I draw to your attention that the "now" referred to in the quoted section is long gone. The end of the century is now the new target.

• (1550)

Recently, Senator Olson, in replying to Senator Roblin, said, "Oh, but it is difficult to understand and to project the mega-projects to the year 2000 or beyond." Honourable senators, there is the crux of the truth: the Honourable Senator Olson is now projecting the projects beyond the year 2000. He is somewhat like the Minister of Finance, the Minister of Energy, Mines and Resources and, yes, the Prime Minister, in that they have assembled a group to consider a television program, which is rather simple: "Pay for Your Fantasies, Your Dreams." Yes, honourable senators, the Honourable Senator Olson, the Minister of Energy, Mines and Resources, the Minister of Finance and the Prime Minister have all bought that idea of a fantasy. But the fantasy did not materialize because they refused to pay the price. Of course, I would not suggest that the Honourable Senator Olson did not attempt to pay; but he attempted to pay with Canadian dollars and he never got beyond that point.

We on this side of the Senate are quite accustomed to the honourable senator replying to questions with a sort of smart-alecky attitude, saying, "Do you want the long list or do you want the short list?" Well, honourable senators, I am asking the honourable minister to give us the short list, the long list and, above all, the factual list. But he cannot do that. He knows that when it came to paying for their fantasy island, the honourable senator, the Honourable Minister of Energy, Mines and Resources, the Honourable Minister of Finance and the Right Honourable Prime Minister had to pay in Canadian dollars and nobody would accept such payment.

On numerous occasions the Leader of the Opposition has reminded the Honourable Senator Olson that his title as minister is about to be changed. I find it intriguing that the minister's title is to be changed from "Minister of State for Economic Development" to "Minister of State for Economic and Regional Development." In any event, that just has not occurred, honourable senators, and I can tell you why it has not. The reason is simple: the change in his title has not been made because his title is going through a further change. Senator Lamontagne, I am sure you are more aware than I am

that his title is to be changed to "The Minister responsible for Economic Cancellation and Development."

I realize it may be difficult for the honourable minister to accept, but the next time we on this side are asked whether we want the long list or the short list, I wish he would remember that what we really want is the factual list.

Honourable senators, let us consider for a moment the mega-projects that have become mega-disasters as a result of the manipulations of the micro-minds of the cabinet. The two projects uppermost in the minds of Canadians, when one mentions cancelled projects, are the Alsands and the Alaska pipeline, and I will have more to say about those two projects later. But let me ask the minister now to consider for a moment some of the other projects that have been cancelled but had not received the publicity or the advance notice of the Liberal Party. Just consider Cold Lake. Well, it is frozen, honourable senators. But I, for one, did not receive an announcement from the honourable minister with respect to Cold Lake. How come? Let's look at the Syncrude expansion. That is deadlier than a mackerel, honourable senators. Why didn't I receive an announcement from the minister with respect to that? How come the Deputy Leader of the Government did not remind me about that? Let's look at Judy Creek. That project has also gone down the creek.

I am sorry that the honourable minister seems to be so irritated.

Hon. H. A. Olson (Minister of State for Economic Development): I am not; not at all.

Senator Phillips: I really did not intend that the honourable minister should become irritated. Perhaps he will just bear with me for a minute. The Polar gas project is another that has been cancelled. How come? I suspect that interest rates might have something to do with it. The project for liquefied gas has been cancelled. Can the minister tell me why that project was cancelled? It was in his budget.

The upgrading of heavy oil has been cancelled. Honourable senators, surely after the announcements concerning that—and there were several from the Minister of Energy—one could expect that project to be a present project receiving high consideration. As I said, the list of cancelled projects has now become the long list, and the list of projects to be undertaken does not even exist. I could go on and give a long list of cancelled projects, but I am sure Senator Olson will be doing that. It is unfortunate that Senator Olson and Senator Frith have capitulated. I wish we could have something a bit different.

● (1600)

Honourable senators, I have enjoyed myself and I hope honourable senators have enjoyed my remarks. It is unfortunate that Senator Frith has not enjoyed my remarks as much as I have.

Hon. Jacques Flynn (Leader of the Opposition): He would not admit it.

[Senator Phillips.]

Senator Frith: I did not hear what he said, so I cannot anyway.

Senator Phillips: Honourable senators, I come to the part in my notes where it says, "The Minister of State for Economic Development is about to have a title change." Have I dealt with this topic?

Senator Olson: Yes, you have.

Senator Flynn: Very effectively.

Senator Phillips: Then that is fine. I am sure the minister accepts the fact that he is to become the "Minister of Cancellations." The fact is that Senator Olson will be busier than a cat on a hot tin roof if he is trying to explain the cancellations into the future.

Senator Olson: I like to be busy; I thrive on it.

Senator Phillips: Pardon me? I did not hear you.

Senator Olson: It is all right; I don't want to interrupt you.

Senator Flynn: I bet you are sorry you did.

Senator Phillips: Looking at my notes, then at Senator Olson, I am reminded of the fact that I have not dealt with the Alsands situation. I recall that the honourable senator was approached by the CBC and other media organizations. There is a picture somewhere showing him standing on a stone on his ranch. I do not object to that, and I merely say that I wish I had something like that. But then he said that—and it is not Eskimos but buffalo that rub their heads on the stone on which he was standing. Do you remember that, senator?

Senator Olson: Yes.

Senator Phillips: Good. I have no complaints about the honourable senator standing out in the middle of nowhere and having a buffalo rub his head. But let us say that this buffalo which approaches the honourable senator and rubs his head has a certain amount of knowledge. I wonder what the response would be then. I am saying this with the idea in mind of waking up the Senate. Let us suppose that Joe Clark is the buffalo. Let us suppose that Joe Clark, as the buffalo, says, "Oh, there are no interest rates." Would the minister say the same thing as he said last week—and I shall come to that later?

Hon. Duff Roblin (Deputy Leader of the Opposition): I wonder what he said.

Senator Phillips: I have mentioned that the mega-disasters have made Canadians aware of the National Energy Program as a national failure. It should also be recognized that our economy is collapsing. Most Canadians have looked at the Alsands project and have said that it will help Alberta, British Columbia and Saskatchewan. However, the spin-off from the Alsands project would be of great help not only to Alberta but also to Ontario and Quebec.

I am sorry if I am interrupting the conversation between Senator Olson and Senator Frith.

Senator Frith: Apology accepted.

Senator Phillips: Let us consider for a moment the towers that would be built as a result of the Alsands project. Some of those towers would carry high voltage power lines among other things. However, those towers have been cancelled. Those cancellations do not only affect Alberta, as Senator Olson seems to think, but also Ontario and Quebec. I notice that Senator Olson is picking up his notes and is preparing to leave. I ask that he stay for a moment because I want to come to him in a short time.

Senator Flynn: This is just the beginning.

Hon. Lowell Murray: The introductory remarks.

Senator Olson: I shall read the speech very carefully tomorrow.

Senator Phillips: I do not think Senator Olson recognizes the fact that such a project would require a great deal of steel. In Ontario alone it would require 200,000 tonnes of special steel to build these lines. The Hamilton steel workers know that, and I would hope that the Liberal senator from Hamilton would make other senators aware of it. However, in case he does not, I hope senators will remember my remarks.

● (1610)

Every tap and every valve necessary for the Alsands project would have been made either in Ontario or Quebec. Because of Mr. Lalonde's decision, those will never be manufactured.

Thousands of trucks would have been required to meet Alsands' needs. Those, honourable senators, would have been made in Canada, but they will not be made now or ever. Tires would have been required for those trucks. Every plant that was producing tires in Ontario has closed.

Honourable senators, I am disappointed that the Minister of State for Economic Development has left the chamber, but I appreciate the fact that the Deputy Leader of the Government is still making notes.

I turn now to the situation as it affects Montreal. Honourable senators, the engineering institutes within Montreal have lost a \$1 billion contract. Does the Deputy Leader of the Government really think that the Charter of Rights was worth \$1 billion?

The Government of Canada has boasted about its assistance for electronic development. Honourable senators, I would simply make the comment that it will be very difficult to sell electronics to Japan.

The migrant workers for the Alsands project have come from eastern Canada. Where are those migrant workers to go now? Will they go back home to the maritime provinces? Most of them are now in western Canada.

It is my hope that honourable senators will take a more concerned attitude about the cancellation of the mega-projects than did the Prime Minister. The Prime Minister has said that we still have the F-18A, which is an American aircraft, and that we still have the Trans-Quebec and Maritimes pipeline. The Minister of Energy, Mines and Resources has said that we still have the Beaufort Sea project and the Hibernia project. Honourable senators, I do not expect that the F-18A aircraft

will materialize; neither do I expect that the TQ&M pipeline will materialize.

Honourable senators, I turn now to the National Energy Program. The NEP places more emphasis on nationalism than it does on energy. I am sure we all realize that nationalism does not turn turbines; it gives very low mileage in a car; and it does not heat a home when the temperature is below zero.

The Minister of Energy, Mines and Resources, in conjunction with the Prime Minister, made certain attitudes public. The Prime Minister was to get his Constitution, and the Minister of Energy, Mines and Resources was to achieve his idea of socialism in energy. I do not agree with that. The Minister of Energy, Mines and Resources, during his present career, has done more to destroy oil production than the bomber commands of the allied forces in Europe and the Pacific could possibly have done.

Honourable senators, I realize that my remarks are taking longer than I had anticipated and, therefore, I will attempt to abbreviate them.

Last year, honourable senators, as a result of the National Energy Program, Canada lost about \$18.6 billion in investments. This was not investment that was looking for special returns; this investment was looking for legislative returns; but that money left Canada.

● (1620)

Honourable senators, let us just look at this situation for a moment. Of that \$10.2 billion I mentioned earlier, \$5.3 billion was foreign; \$4.9 billion was Canadian, but it left Canada. Why? Why would Canadian funds leave Canada? In addition, we have \$8.4 billion for the purchase of shares of foreign-owned companies in Canada—in other words, Canadianization, or Mr. Lalonde's socialism. The total figure is \$18.6 billion.

Now, honourable senators, there is an assumption that you just do not recognize figures, and that the company investing tends to forget, and so on, but, honourable senators, I will come back to the lack of investment. I would ask you to remember this, that of the amount of money that left Canada last year, supposedly to account for Canadianization, the interest far surpassed the dividends. I ask you to consider that point. The idea of Canadianization will cost Canada \$56 billion in the next few years. Canadianization will cost \$56 billion, plus increased interest rates. Is it really worth it? You can smirk if you like, but I do not think it is worth it.

I look at my notes and see that I have a long section dealing with the fact that the federal government has reduced the payments to the provinces for health services. I look at those figures and I see that they amount to about \$5.5 billion. I also look at my notes, honourable senators, and see that the federal government is giving Petro-Canada \$5.5 billion. I do not think that is purely coincidental.

The Minister of Energy, Mines and Resources said that we still have the Beaufort Sea and Hibernia, that there would be no problems with oil production. He further said that we would be self-sufficient in 1990.

Recently an announcement was made that a consortium had been formed to drill nine wells in the Beaufort Sea. These nine wells—incidentally, this became a mega-project—will cost \$600 million, but the taxpayer is being nailed for \$50 million a well. Honourable senators, I just cannot see this type of reasoning. Why should the mere drilling of a well cost Canadian taxpayers \$50 million for their mere 25 per cent? Is that justifiable? I ask honourable senators to look at that very carefully.

Honourable senators, I have figures that show a well off Newfoundland or a well off Nova Scotia will cost \$20 million to \$30 million, as compared to the Beaufort Sea, which will cost about \$66 million per well. I also have a study that was carried out by the Alberta Gas Trunk Line, now NOVA. It compares the Beaufort Sea and the Hibernia cost. Honourable senators, the costs in the Beaufort Sea are far higher than they are in Hibernia. For the Beaufort Sea, the cost of development and exploration is \$11.75 per barrel, including \$7.35 for tariffs and transportation.

Honourable senators, I want you to remember the figure ten. The ten begins to escalate each year. Also the ten refers to the development and exploration costs.

Let us take the lower one, the transportation costs of \$7.35 in 1980, Senator Frith. Let us take that through to 1990. That then becomes \$19.06 or 42.5 cents per gallon, or 10 cents per litre, according to my calculations. I ask you to consider what the difference will be in the future, what the cost of oil will be in 1990. I project that it will be \$6 or \$7 a barrel more because of the current attitude of the government.

● (1630)

Honourable senators, I realize that I have spoken for a considerable length of time. I should like to ask you at this point whether I should adjourn the debate and resume at another time, when I will attempt to be briefer.

Senator Roblin: Go ahead.

Senator Frith: Honourable senator, of course, you can adjourn the debate and move a motion to continue at a later date, and I am sure that you will have no difficulty in getting support for such a motion. But depending on how much more time you feel you need, it is not late; it is only a quarter to five. Therefore, I do not think you need feel any pressure to stop now. However, I would certainly prefer that you stop before 6 o'clock so that rule 12 does not bring us back here automatically at 8 o'clock this evening.

Senator Phillips: Honourable senators, in looking at my notes I seem to be a little more than half way through, but I did not intend to be this long. I will try to abbreviate my notes on the transportation of oil. I would ask honourable senators to consider the difficulty of transportation of oil from Ellesmere Island down through the straits. With the additional expense, it is just not possible to sell that oil. We could transport it from the Beaufort Sea at a great expense, and we could bring that oil to Come By Chance for refining. Of course, Come By Chance is closed down at the moment and it will cost about \$300 million to get it into working order. When it gets there,

[Senator Phillips.]

what are you going to do with it? You cannot distribute it from there, so then, hopefully, you ship it off to the United States. But the United States is not going to buy oil at \$20 a barrel above the world price.

The Trans-Quebec and Maritime pipeline is a very interesting one because originally it was going to be one way and now they are considering reversing it. Recently, we saw some new drawings and those drawings are very simple. They are going to take it from four feet in Montreal down to eight inches or four inches at the Strait of Canso. Honourable senators, if you try to reverse that you will have the damndest explosion in Montreal since the atomic bomb exploded on Hiroshima. I ask you to stop and consider that the TQ&M pipeline not be reversible. What we in the maritimes would like would simply be, if there is enough oil off Sable, not to ship it back to Montreal but to ship it the other way. Probably there is not enough natural gas there, but let us make the pipeline reversible. Let us not have it at four inches at the Strait of Canso and four feet at Montreal.

Honourable senators, I am now going to deal with unemployment. For years we have heard the government refer to inflation rates and the rate of unemployment. At the present time we have 1.3 million unemployed that are accounted for. It is presumed that we have another half a million unemployed that are not accounted for. We have 1.5 million that do not have full-time jobs or are unable to find them because the government is not encouraging programs that will create jobs.

The next important point I should like to make is that the government one week will take a certain attitude regarding deficits and so on, but then ignore the point that disturbs me most. That is, we are spending \$2 million per hour to pay interest on our deficit; and we can then turn around and say, "Well, let us have a look at interest and interest rates". I ask how one can be sincere if one is going to do that.

● (1640)

The purchasing power of the dollar has been reduced to less than half its value of 10 years ago, but, in the meantime, government expenditures have increased fourfold. Surely, that is reason for us to stop and consider. In the meantime, the government has made no effort to control its expenditures. The main cause of—

Senator Frith: Pardon my sneezing; I am allergic to expenditures.

Senator Phillips: Honourable senators, let us stop and consider the fact that basically the cause of inflation is a question of over-expenditure.

I would like to make one brief point concerning Senator Olson's statement in Alberta. I am sorry that he is not present in the chamber, but I hope that he will read my speech. Senator Olson, when he was in Alberta last weekend, expressed concern that Canada would no longer be able to compete in international markets if inflation and high interest rates continued in Canada.

Honourable senators, I am not in disagreement with Senator Olson's statement. In fact, I am rather pleased to think that a

cabinet minister would suddenly recognize that fact. I would ask this of the minister: Would he provide us with an explanation of his views? Surely, we in the Senate are entitled to hear the views he expressed in Red Deer. Would he tell us what his attitude is? This is an ideal motion for Senator Olson to absorb and support, because he was worried about interest rates in the United States; he was worried about inflation in the United States; and he was also worried that we in Canada are doing worse than the United States. Therefore, I would say to Senator Frith that this is his opportunity to tell the minister to support this motion, and he need have no worry in that regard.

Honourable senators, I realize that I have taken a good deal of your time, and I thank you for your attention. However, I should like to mention briefly two things, namely, fisheries and farming. In regard to fisheries, I will summarize my views in this way: Last year many fishery plants in Atlantic Canada were closed. They closed because the plants could no longer afford to carry an inventory at 20 per cent interest. The government's response was to appoint Mr. Kirby. Last year Mr. Kirby was a constitutional expert. This year he is a fishmonger.

With regard to farming—and I realize Senator Smith is an expert in farming—let us look at the speech given by the Minister of Agriculture to dairy farmers in Saskatchewan. The Minister of Agriculture said that farm income would decline by 30 per cent. Let us take a brief look at Statistics Canada. It has confirmed that bankruptcies are up 50 per cent this year.

Honourable senators, I apologize for having taken up so much of your time. There are a number of subjects that I wanted to touch on, but I realize that there is only so much time.

In closing my remarks, may I say this: I have asked you to consider my motion, which refers to "a new budget". As a

Conservative, I have respected you Grits in that you were able to come up with two oil policies at a time when it was necessary. Is there any reason why you cannot come up with a two-budget policy? I believe you can.

I come from a very large family. I had two uncles who were Grits, and I still ended up respecting them. I would hope that you people would also show respect and vote for my motion. Here I am not being partisan. I can point to the fact that John Turner, the leading candidate for the Liberal Party leadership, has asked for a new budget. I can also point to the fact that Donald Macdonald, who is close behind John Turner, has asked for a new budget.

Senator Frith: And also Brian Mulroney.

Senator Phillips: I do not blame the honourable senator for listening to him. I, too, am impressed with Brian Mulroney, and I appreciate the fact that the honourable senator is impressed with him. Let us get on with the consideration of my motion.

● (1650)

I realize that each of you over there, down to my left, will have his own view, and that you will vote according to your own beliefs. I do not quarrel with that, but I just ask one thing: For God's sake, let us vote on this subject. Let us not leave it on the Order Paper perpetually. When I look at the Order Paper, I see motions going back to last July. I ask you to remember this, that a vote against this motion would, in my opinion, be disastrous; but a vote to delay it would be disgraceful. Let us vote on it tomorrow night at 10 o'clock, or next week, but let us vote on it, honourable senators.

On motion of Senator Macdonald, for Senator Balfour, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 20, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PRIVILEGE

STATEMENT BY SENATOR COOK

Hon. Eric Cook: Honourable senators, I rise to make a statement on a matter of personal privilege.

Honourable senators, Canada is a federal country. This sometimes annoys the Right Honourable the Prime Minister because it imposes some curbs on his powers. He has quarrelled with every other first minister. However, this is not too important—politicians come, and must, thank God, eventually go.

The courts, particularly the superior courts, are different from politicians. They do not come and go. They are permanent.

It is vital that all citizens of Canada, wherever they live, perceive our courts to be competent, independent and impartial. This is even more important now that the new Charter of Rights puts more responsibility on the courts. Any action which would tend to bring the independence and competence of any of our courts into question is a grave matter.

In my opinion, the Prime Minister and the Minister of Justice have dealt a severe blow to the public perception of the Supreme Court of Newfoundland.

Some Hon. Senators: Hear, hear.

Senator Cook: Honourable senators, I am a member of the Bar of Newfoundland and a former Master of the Court. In my view, the Prime Minister and the Minister of Justice have behaved with great impropriety. Perhaps if either of them had any real experience of practising before the courts, they would have had second thoughts before treating with contempt one of the superior courts of Canada.

I deplore their shocking discourtesy and their complete lack of statesmanship. Therefore, I can no longer support the Trudeau government, nor do I wish to remain a member of the Liberal Party, under its present leadership.

I was an active member of the party under the leadership of the Right Honourable Louis St. Laurent and the Right Honourable Lester B. Pearson, two great statesmen, and two wise, tolerant and kindly gentlemen. It is sad to contemplate the present state of this party. There are few distinguished public men or women in the provinces who are active Liberals. Federally, it has fallen under the complete and absolute control and power of one man who, I am sorry to say, I do not

perceive to be a great statesman, nor do I think he is wise or tolerant, and he is certainly not a kindly gentleman.

Some Hon. Senators: Hear, hear.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until next Tuesday, May 25, 1982, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

● (1405)

[*English*]

JUSTICE

NEWFOUNDLAND—JURISDICTION OVER OFFSHORE
RESOURCES—REFERENCE TO SUPREME COURT OF CANADA—
NOTICE OF MOTION

Hon. Daniel A. Lang: Honourable senators, I would like to move on the next appropriate day—I presume it would be Tuesday next—a certain motion. I do this only because I am concerned that my country be ruled by law and not by men. My motion is:

That the Senate deplores the decision of the Government of Canada to refer to the Supreme Court of Canada the question of jurisdiction over the seabed resources off Newfoundland, called Hibernia—

And this is my point.

—while at the same time the Appeal Court of Newfoundland is seized with the matter that includes this very question.

I hesitate to bring this matter before the Senate and perhaps I should not say any more, but it is an urgent matter. Perhaps I will not receive it, but I request leave to move this motion today.

Some Hon. Senators: No.

The Hon. the Speaker: Leave is not granted.

Hon. Raymond J. Perrault (Leader of the Government): No, of course not.

Hon. Jacques Flynn (Leader of the Opposition): What did you expect?

Senator Perrault: It requires notice.

Senator Flynn: That generosity is typical of the Leader of the Government.

Hon. Martial Asselin: I second the motion.

Hon. H. A. Olson (Minister of State for Economic Development): He will need until next week, anyway, to get his argument straight.

Hon. Duff Roblin (Deputy Leader of the Opposition): I am not sure about that.

Senator Flynn: I would like to see your argument. It is probably just blind faith.

QUESTION PERIOD

[English]

INDUSTRY

DOME PETROLEUM LTD.—SUGGESTED GOVERNMENT ASSISTANCE

The Hon. the Speaker: Are there no questions, honourable senators?

Hon. Jacques Flynn (Leader of the Opposition): Yes. We have a problem because it is very difficult to choose.

Hon. H. A. Olson (Minister of State for Economic Development): Try to ask questions and not make speeches.

Senator Flynn: I defy you to give me a lesson in that respect. Anyone who reads *Hansard* knows that you never reply to a question, and that you follow the bad example set by the Leader of the Government.

Hon. Raymond J. Perrault (Leader of the Government): What are you talking about?

Senator Flynn: I am not talking about anything very important.

Senator Perrault: Try to be lucid.

Senator Flynn: I was talking about you.

Senator Perrault: You were not talking about anything very sensibly.

Senator Flynn: Indeed, talking about you is not sensible at all.

I am wondering what the Minister of State for Economic Development has to say about the problem of Dome Petroleum?

Senator Olson: Honourable senators, the minister is aware that there has been some speculation recently in a number of newspapers in western Canada and, I believe, also in the *Toronto Globe and Mail* of today. There has been no response to any request with respect to their financing problems by the federal government.

Senator Flynn: Is the minister or the government worried about the situation concerning that great company and all the mega-projects connected with it?

Hon. Jack Marshall: No, what's a billion?

Senator Olson: The Government of Canada is concerned about all companies, both large and small, that are having difficulties in this economic downturn which is being experienced worldwide. That, of course would include Dome Petroleum.

● (1410)

CANADA

ALLEGED CIA INTERFERENCE IN ELECTIONS

Hon. Nathan Nurgitz: Honourable senators, I have a few questions for the Leader of the Government in the Senate who always requests that we ask short questions relating to facts. Very briefly, could he tell me if he has met on one or more occasions, beginning in 1976, with a Mr. John Meier?

Hon. Raymond J. Perrault (Leader of the Government): Yes, I have met with Mr. Meier.

Senator Nurgitz: As a supplementary question, would the leader confirm whether he received certain material from that Mr. Meier, as, I believe, was reported in House of Commons *Hansard* and, certainly, in newspaper accounts?

Senator Perrault: I did receive some material from Mr. Meier.

Senator Nurgitz: As a further supplementary—

Hon. Royce Frith (Deputy Leader of the Government): This is like old times.

Hon. Duff Roblin (Deputy Leader of the Opposition): He is like a new man.

Senator Nurgitz: I told you I would change him.

The Leader of the Government in the Senate, more than any other senator in this chamber, waxes rather eloquent about the government practising freedom of information—

Hon. H. A. Olson (Minister of State for Economic Development): Keep the questions brief.

Hon. G. I. Smith: How about brief answers?

Senator Olson: I just wanted to compliment the honourable senator on how well he was doing.

Senator Nurgitz: I thank Senator Olson for his comment.

As I was saying, since the Leader of the Government, more than any other senator in this chamber, waxes rather eloquent about his government's practising freedom of information, would he undertake to make public the documents, the tapes or, indeed, the report that was made in connection with the meeting with Mr. Meier?

Senator Perrault: Honourable senators, that is a commitment that I am not able to make.

Senator Nurgitz: Would the Leader of the Government tell us why he cannot make that commitment?

Senator Perrault: In May of 1976, I received a call from a member of the judiciary of the Province of British Columbia who told me he had, in his office, a distraught individual known as John Meier who alleged that he had in his possession a body of evidence relating to certain foreign activities touching upon the political life of this nation.

The judge stated to me on that occasion that the charges seemed to be so serious and of such import, that he urged me, as B.C.'s representative in the cabinet, to come to his chambers and meet with Mr. Meier in his presence. I immediately acceded to the request of his lordship and met with Mr. Meier.

Mr. Meier's allegations were of some gravity. So much so that I told him that I would be prepared to bring his information to Ottawa as quickly as possible. He then provided me with a tape recording in which he set forth personally his allegations. The tape was something like 25 minutes in length. Among a number of allegations, his statement made reference to certain alleged activities in connection with at least one of our major political parties by foreign citizens. I felt that Mr. Meier's views should be brought to the immediate attention of the government.

I visited Mr. Meier at his home. I reviewed certain documents, and subsequently brought the information to the office of the Prime Minister in Ottawa.

An independent investigation was then authorized. I was not provided with a written report of that investigation, and I was subsequently informed that the proof necessary to support the Meier allegations did not appear to be in existence. I have heard nothing of the case since that time.

Senator Nurgitz: Is the Leader of the Government prepared to tell us what the precise allegations, which proved groundless, were?

Senator Perrault: I believe it would not serve the public interest to repeat these allegations on the floor of the Senate. They could be injurious to certain people serving in public life and, unless they are substantiated, it would be unfair to sully the reputations of those people by repeating unsubstantiated charges.

● (1415)

Senator Nurgitz: I have a supplementary question to ask the Leader of the Government. Because he has been accusing some of us of being negative—and I am quite serious about that—I ask whether he has, indeed, satisfied himself as to the inaccuracy of newspaper accounts of CIA involvement in provincial elections in this country, and if so, can he give such assurances to us and to the people of Canada?

Senator Perrault: I can only say that a body of information was provided for me and, in the cursory manner in which I examined the evidence, it was not possible for me to make definitive judgments.

The material I reviewed related to many subjects, and Mr. Meier's allegations, as I recall, related to provincial and federal elections.

[Senator Perrault.]

As I say, to bandy about allegations in this chamber is not useful at this time.

At some point a decision may be taken to refer this matter *in camera* to the Standing Committee on Justice and Legal Affairs of the other place or to some other committee of Parliament, a decision which will not be made by me.

[Translation]

QUEBEC

CONSTITUTIONALITY OF CERTAIN PROVINCIAL STATUTES

Hon. Martial Asselin: Recently, the Quebec government tabled in the National Assembly a series of bills whose legality was based on the notwithstanding clauses in the Charter of Rights, which was adopted—

Hon. Royce Frith (Deputy Leader of the Government): Is the question for Senator Perrault?

Senator Asselin: Yes, for Senator Perrault. Do you wish to answer the question?

Hon. Jacques Flynn (Leader of the Opposition): No, he only wants to tell him what to answer.

Senator Asselin: My question is directed to Senator Perrault. Subsequent to the tabling of these bills, the Minister of Justice, Mr. Chrétien, and the Minister of State, Mr. Joyal, stated the very next day that they would ask for a ruling on their constitutionality. They were willing to go to the Supreme Court to obtain a ruling on the constitutionality of this legislation.

Has the government, through its Minister of Justice or its Minister of State, Mr. Joyal, who apparently is responsible for Quebec affairs in the cabinet, had a change of heart since then, or does it still intend to submit a reference to the Supreme Court to determine whether the provincial legislation is or is not constitutional?

[English]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. I do not have that information available at the present time.

ENERGY

NEWFOUNDLAND—JURISDICTION OVER OFFSHORE RESOURCES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I should like to quote some remarks made yesterday by the Deputy Prime Minister, the Honourable Allan J. MacEachen.

Hon. Jacques Flynn (Leader of the Opposition): Who is he?

Senator Perrault: The Deputy Prime Minister stated:

—while the provincial government—

This is Newfoundland:

—had recently filed a reference to the provincial court of appeal, the questions submitted by the provincial government raise a number of complex issues in addition to the

question of jurisdiction in respect of Hibernia. These other matters include the status of inland waters, the territorial sea, and perhaps the interest of other provinces as well. In the view of the Minister of Justice, it was necessary to move rapidly to have the urgent and pressing questions of jurisdiction in Hibernia resolved at the earliest possible date by the highest court, the Supreme Court of Canada.

He then went on to state:

—the jurisdiction of Hibernia which, until it is resolved, will constitute a block to the development that we can all foresee for the province of Newfoundland.

This is part of the explanatory statement offered by him with respect to the reference to the Supreme Court.

Honourable senators yesterday asked whether in the history of our judicial system was ever such extraordinary action taken. I can only say that the Leader of the Conservative Party, Mr. Joe Clark, suggested this identical process himself in the case of Quebec's Bill 101. According to *Hansard* of October 19, 1977, at page 29, he stated:

There is one other matter in the constitutional field with which I want to deal quickly. It relates to the legislation passed by the legislature of Quebec, namely, Bill 101. I believe there is every reason for the government of Canada to take the action that only it can take, and to make a direct reference of that bill to the Supreme Court of Canada.

● (1420)

So there are other precedents.

Senator Flynn: No, no.

Honourable senators, I rise on a question of privilege. I think the Leader of the Government is unintentionally misleading the Senate, because anybody who reads *Hansard* of that date will find that that was in order to have Parliament delay consideration of the constitutional resolution until after the Supreme Court ruled on it. Mr. Clark never suggested that he would bypass the appeal courts of the provinces. First of all, that is not a precedent; and, secondly, the simple reply that the Leader of the Government should have given, if he wanted to tell us the truth, is that there is no legal precedent.

Hon. H. A. Olson (Minister of State for Economic Development): That is not right.

Senator Perrault: Honourable senators, this matter will be fully debated next week, a debate which we on this side all welcome.

Senator Flynn: All right.

Hon. Martial Asselin: Why did you start the debate today?

Senator Perrault: The Leader of the Conservative Party proposed a direct reference when this matter was before the courts in the province of Quebec.

Hon. Lowell Murray: That is right.

Senator Flynn: I have it right here.

Senator Perrault: This happens to be a matter of fact.

Senator Flynn: No, that is not a precedent.

Senator Perrault: The Leader of the Opposition should not be so agitated. He will have an opportunity to emote next week.

Senator Flynn: The Leader of the Government should not mislead the Senate.

Hon. C. William Doody: Honourable senators, I have a supplementary question. In the explanation that the Leader of the Government gave us a few moments ago, he mentioned the extreme haste that was necessary to resolve the issue of the offshore, and more particularly, to resolve the issue of Hibernia. Could the minister tell us why there is this sudden haste? What has happened in the immediate short term that makes it necessary to resolve it so quickly? It was mentioned yesterday that it has been ongoing for 15 years. Could the minister tell us if it is because all other aspects of the energy policy have fallen apart—the self-sufficiency mega-projects of the Alsands, and so on—and because the Liberal government is going to grab Hibernia as an alternative?

Senator Perrault: Honourable senators, there will be a full exposition of the facts next week, but let me say that if one dispassionately examines the record, one will quickly realize that the federal government has exerted every conciliatory effort in trying to achieve an understanding with the Province of Newfoundland. I quote from some of the words in the correspondence between the Right Honourable the Prime Minister and the Premier of Newfoundland. He said:

I continue to hope we can resolve our differences over resource management and revenue-sharing despite the fact that two legal actions have been launched. In the meantime, while these two court actions proceed, the federal government remains committed to working co-operatively with the government of Newfoundland in order to ensure that current oil and gas activity in the offshore continues.

He went on to say—

Hon. Richard A. Donahoe: Those are words that he was using.

Senator Murray: Utter hypocrisy!

Senator Perrault: Well, the Deputy Leader of the Opposition never credits the government at any time with any good faith and his credibility has been so—

Hon. Duff Roblin (Deputy Leader of the Opposition): The Deputy Leader of the Opposition has not opened his mouth so far, but he is willing to do so.

Senator Perrault: —badly shattered by his unrelenting assault on the government that really he cannot be taken seriously.

Senator Roblin: Honourable senators, I rise on a point of privilege. I have not opened my mouth so far in the chamber this afternoon. Does my honourable friend wish me to do so?

Senator Perrault: You just made a comment.

Senator Roblin: I never said a word, although I would be happy to because my honourable friend's statement can be shot so full of holes that it would not hold water.

Senator Perrault: I withdraw my remark and direct it to the \$60,000-man instead, Senator Murray.

Hon. R. James Balfour: Cheap shot!

Senator Perrault: It is not a cheap shot; it is an expensive remark.

Senator Donahoe: Honourable senators, I rise on a point of personal privilege. When the Leader of the Government was speaking and was objecting to being interrupted, I was conscious that I spoke at that time, and it was not Senator Murray who spoke the words. I made the comment: "Those are words", and I still say that those are words that he was using, and when attributing blame to anybody for interrupting his speech, he had better attribute it in the right direction.

Hon. Louis J. Robichaud: Who cares who said it?

Senator Flynn: Senator Robichaud cares about nothing.

Senator Perrault: Honourable senators, there may be a ventriloquist loose in the Senate. I do not know where these voices are coming from.

Senator Roblin: He is right over there.

Senator Flynn: That is not fair to the leader's deputy.

Senator Donahoe: There is a good Charlie McCarthy here.

Hon. D. G. Steuart: There are some dummies around, at least.

Senator Perrault: Senator Steuart says there are some dummies around, at least.

An Hon. Senator: He knows about that!

Senator Perrault: Honourable senators, may I quote further from the letter sent by the Prime Minister to Mr. Peckford?

Senator Asselin: We have read it.

● (1425)

Senator Perrault: It continues:

You have insisted that the federal government agree, in advance of serious negotiations, to set the issue of legal ownership aside permanently and commit itself to a framework for resource management that could produce a stalemate which would not be in anyone's interest.

I conclude this by quoting the Deputy Prime Minister, who said:

—the Government of Canada has succeeded in working out arrangements or agreements with three western producing provinces, and that we were able to work out an agreement on the offshore, after intensive negotiations, with the Province of Nova Scotia—

That is of great interest, I am sure, to Senator Smith. I am sure he hailed that negotiating agreement.

Senator Flynn: Honourable senators—

Senator Perrault: Don't be so anxious—

[Senator Perrault.]

Senator Flynn: I am rising on a point of order. I thought a moment ago the Leader of the Government said that we should not discuss the matter because we were to have a debate on the subject next week. The Leader of the Government is now making a speech.

Senator Perrault: I am not.

Senator Flynn: You are repeating one of your speeches.

Senator Perrault: Invariably, the Leader of the Opposition panics in the face of facts.

Senator Flynn: I do not panic at all. I merely resent being bored by you.

Senator Perrault: Then the Leader of the Opposition has the option to resign. Perhaps he can find a more useful occupation.

Senator Flynn: That would not solve the problem, which is you.

Senator Perrault: I wish the Leader of the Opposition would attempt to create more light than heat. He would then be making a real contribution to our energy program.

Senator Flynn: In comparison to you, everything I say is a useful contribution.

Senator Asselin: Would it not be better for the minister to hold his remarks until next week, when the subject is going to be discussed?

Senator Perrault: I would not have commented had I not been provoked.

Senator Asselin: Are you starting the debate right now?

Senator Perrault: This is what the Deputy Prime Minister said:

I believe that what has been possible with four of the provinces is possible and can be attained, with good faith on both sides, with the Province of Newfoundland as well.

Those are very conciliatory statements.

Senator Murray: Honourable senators, I should like to ask a supplementary question of the Minister of State for Economic Development. The minister may recall that in the document that we quoted in the Senate some time ago, namely, his top secret memorandum to cabinet entitled, "Priorities for Federal Government Economic Development Policies and Expenditures to the mid-1980s," under the name of Senator Olson, Minister of State for Economic Development, it says, at page 36:

Economic development in Canada is by its very nature essentially regional in concern and activity and shared with regard to federal and provincial government responsibilities.

A little later it says:

The one clear requirement which emerges from these conflicting demands is consultation. The partners of the federation must know what each government is intending to do and the aim of such consultation must be to concentrate efforts and scarce resources on those prob-

lems and issues which will improve the standard of living, lifestyles, and choices for all Canadians.

There has been a recent trend away from consultative processes and activities. This trend has also been accompanied by efforts to establish programs which are aimed at increasing a government's visibility.

Later it says:

—it is equally important that departments also explicitly recognize the federal-provincial jurisdictional context for their goals and activities and plot a strategy of federal-provincial action and negotiation which will lead to the proper handling of issues and the successful fulfillment of departmental objectives—

And so on.

Will the minister say how he can reconcile the unilateral action taken by the Minister of Justice yesterday with those sentiments so eloquently expressed in his memorandum to the cabinet a few months ago?

Senator Olson: The honourable senator is a little sensitive about identifying what is essentially stolen property. Some time ago I gave him an answer regarding the ethics of that. There may be further implications involved in that, but what my honourable friend is doing now is quoting from a document that obviously he either stole himself or received from someone who did steal it.

Senator Asselin: Be careful!

Hon. Royce Frith (Deputy Leader of the Government): Look who's telling someone to be careful!

● (1430)

Hon. G. I. Smith: I should like, honourable senators, to direct a question to the Leader of the Government. A few moments ago, in reference to the matter of the Supreme Court of Newfoundland and the Supreme Court of Canada, the Honourable the Leader of the Government quoted as a precedent for the action that has just been taken by the Government of Canada a request by the Right Honourable Joe Clark to refer a matter arising out of the legislature of Quebec directly to the Supreme Court of Canada. Was that reference ever made, in the manner and the time suggested by the Honourable the Leader of the Government in the Senate?

Senator Perrault: Yes. Ultimately, the reference was made to the Supreme Court. The honourable senator is aware of that.

Senator Smith: I suppose, honourable senators, the honourable gentleman is prepared to stand by that as an assertion of fact.

Senator Perrault: Honourable senators, next week there will be a debate on this matter, which I think we shall all welcome. That point will be scrupulously reviewed and dealt with at that time.

Senator Smith: Since the honourable gentleman has made his assertion today, and not as of next week, I should think he would be prepared to tell us today, and not next week, whether

he stands by the assertion he has just made that this reference was in fact made in relation to the Legislature of Quebec at the time he referred to it as having been made.

Senator Perrault: Honourable senators, we gave the commitment here yesterday that a search would be made to determine whether in fact precedents exist. That search will be carried out as objectively as possible, and that information will be brought to the chamber.

Senator Smith: Honourable senators, the honourable gentleman was not prepared to wait until that search was finished before making what I believe to be a completely erroneous assertion as to what he said was a precedent. I am merely asking him now to verify his assertion.

Senator Perrault: Honourable senators, the point I am attempting to make—perhaps not very successfully—is that the Leader of the Conservative Party had suggested that there was merit in a direct reference to the courts in certain circumstances; indeed, he proposed that on October 19, 1977. That is the point I was making.

Senator Smith: What you said you were doing was offering a precedent for the action of the Government of Canada regarding the reference to the Supreme Court of Canada in matter relating to Hibernia. That is what the record will show.

Senator Frith: It is a comment, not a question.

Senator Smith: Honourable senators, I will ask the Leader of the Government if he will not more frequently respond positively to the restraints offered to him by his deputy leader.

Senator Perrault: Honourable senators, the preliminary research turned up this rather interesting item from October 19, 1977, that the Leader of the Conservative Party felt there might be value in the procedure. It is not a precedent in the sense that the reference was actually made on that date.

Senator Flynn: What date are you quoting?

Senator Perrault: October 19, 1977, I understand, senator.

Senator Flynn: There was no question then.

Senator Doody: Honourable senators, I asked the Leader of the Government in the Senate a little while ago if the great Hibernia grab that is contemplated by the Government of Canada is to be the replacement for its shattered energy self-sufficiency policy. I do not remember having had a reply.

It seems to me that it is passing strange, having heard the wording of the reference a few minutes ago, that it is only Hibernia that the Government of Canada is concerned about. Is the continental shelf, or the continental slope, or the continental trench, of no interest to the government of Canada? Are they only interested in the Hibernia oil field, while all the whale pasture out there is to be left to the peasants in Newfoundland? Is that the story?

Senator Olson: No, that is not the story at all.

There were several comments included in what Senator Doody alleges to be a question, but let me tell him that the government is interested in all of the potential reserves of oil

for Canada. These include such things as the seismic data available on the west coast of Canada, in the Beaufort Sea, in the Mackenzie Delta, down through the great sedimentary basin and all the way through to the 49th Parallel. There are other interesting seismic developments off the shores of Labrador, and indeed, higher up in the Arctic, as well as off Sable Island and Hibernia. All of these things are of great interest to us.

● (1435)

Senator Doody: Honourable senators, I have a supplementary question. I thank the minister for his geographic, seismic and geological tour of Canada, but it does not really apply itself to the question I asked. Is it only the Hibernia oil basin in which the Government of Canada is interested in its reference? Is the minister now saying that the proven gas reserves in the Labrador Sea, which the honourable minister mentioned himself, are to be left to the Province of Newfoundland, and that it is only the question of the oil in Hibernia that is to be resolved in this particular reference? Is that what the honourable minister is saying?

Senator Roblin: It sounds like it!

Senator Olson: You are mixing things up again.

Senator Flynn: In your mind.

Senator Olson: The statement made by the Minister of Justice, when he was in Newfoundland yesterday, is very clear as to the reason for making a reference respecting the potential at Hibernia. It was also included in the letter that the Prime Minister wrote to the Premier of Newfoundland.

In their view, there is some urgency, in terms of time, to proceed with settling the legal basis upon which the private sector can make plans for drilling, development, and all the rest of the work and investment required for the Hibernia oil field.

Within the time frame laid out, it is, in their judgment, useful that this reference be made now so that economic activity can be generated and the people living in Newfoundland, indeed, Canadians all over the country, can benefit from what appears to be a potentially large oil find.

Senator Doody: Honourable senators, may I ask the minister the same question in another way? Perhaps I can then get an answer.

Are all of the other components of the energy self-sufficiency program, as enunciated by the Government of Canada some time ago, going to be treated with the same sense of urgency as that applied to Hibernia? Are we going to have the same pull-out-all-the-stops-and-trample-the-rights-of-people attitude in terms of the Alsands project, Cold Lake, tertiary oil recovery and the sedimentary sand projects? Will the same priority be given to all of those as has been given to Hibernia, or does the Government of Canada see a big, rich, unprotected oil field out there that it can grab so that it does not have to worry about all of these other areas?

[Senator Olson.]

Senator Olson: Honourable senators, that is one of the most distorted, uninformed, misinterpreted conclusions that I have ever heard.

Senator Doody: Is that the honourable minister's answer?

Senator Olson: Yes.

Senator Doody: Is he saying that my question is uninformed? That is why I am asking the question—because I am uninformed!

The minister has announced the Canadian government's policy.

Senator Olson: Order!

Senator Doody: The minister is the former of the policy, the enunciator of the policy—

Senator Olson: Honourable senators, I did not—

Senator Doody: —but I am the recipient of the policy. I am getting it there, as a Newfoundlander!

Senator Donahoe: The shaft!

Senator Olson: Honourable senators, I have heard the comments that were made there. As to the question that was put to me, after you take out all of the verbiage—

Senator Flynn: Your verbiage.

Senator Olson: No, his verbiage. The honourable senator asked whether the government was concerned about the potential of other oil producing areas in Canada. I replied to that question in some great detail, which he just called a geographic and geological tour of Canada. He then made a number of other comments with something less than complimentary phraseology, and I simply replied to him that that part of his preamble to the question was really a very distorted conclusion.

Senator Doody: I can only say, honourable senators, that if I can think of anything complimentary to say about the minister I will.

[Translation]

Senator Flynn: I have a question for the Leader of the Government which is prompted by his quotation of the Prime Minister's statement. I will try to repeat the main points. While the case before the Newfoundland Court of Appeal and the case before the Supreme Court of Canada would be under review, the federal government says it is prepared to continue the negotiations with the Newfoundland government. That means both cases will be reviewed at the same time. Which decision will be acceptable if, perchance, the two courts rule differently?

Senator Asselin: That would be a contradictory ruling.

Senator Flynn: I do not mind at all the deputy leader's prompting even though the question was not directed to him. Let us suppose there is indeed a contradictory ruling. The ruling of the Supreme Court will not take precedence over that of the Newfoundland Court of Appeal. They will still have to

appeal the Newfoundland ruling. Are they not creating an impossible legal situation by proceeding this way?

● (1440)

[English]

Senator Olson: Well, the Leader of the Opposition—

[Translation]

Senator Flynn: I did not ask you to give the answer, Senator Olson. No one is qualified to answer in any case, and certainly not you.

[English]

Senator Perrault: Has the Leader of the Opposition finished speaking? May I have an opportunity to reply? The Leader of the Opposition frames his question in hypothetical terms, using words like “supposing” and “if.”

Senator Flynn: I am not supposing.

Senator Perrault: You ask a hypothetical question—another hypothetical question.

Senator Flynn: No, no, not at all.

Senator Perrault: I am not prepared to speak to questions like that at the present time. Matters relating to this issue will be discussed next week. I hope to participate in the debate at that time.

Senator Flynn: No, no.

[Translation]

What I am asking the Leader of the Government to do is to inquire from the Minister of Justice or the Prime Minister. In view of the decision they have made and the very clear possibility—it is not hypothetical at all—that the ruling of the Appeal Court of Newfoundland will be different from that of the Supreme Court, which ruling will prevail? The ruling of the Appeal Court of Newfoundland will have to be appealed and the government will not have saved any time.

[English]

Senator Perrault: Honourable senators, I can only remind the Leader of the Opposition once again that he is asking what will happen, if an event should take place—“if”. That is a hypothetical question, an improper question, and I do not intend to reply to it at this time.

[Translation]

Senator Flynn: I simply asked the Leader of the Government to submit my question to the Minister of Justice or the Prime Minister. Is he telling me that he will not do so?

Senator Asselin: Which ruling will prevail?

[English]

Senator Perrault: I have stated that it is a hypothetical question. The subject will be fully explored next week, in any case, but a question larded with expressions such as, “What if this were to happen or that were to happen?” or “Under these circumstances, what would you do?” is clearly out of order.

Senator Flynn: No, no.

Senator Perrault: That is clearly out of order.

Senator Flynn: No, no.

[Translation]

I asked if you were going to refer the question to the Minister of Justice, yes or no?

[English]

Senator Murray: If there is no answer to the question of the Honourable Leader of the Opposition, then I would like to put a question to the Honourable Leader of the Government on another matter.

Senator Frith: He answered. He said he will not answer a hypothetical question.

[Translation]

Senator Flynn: You are prompting, Senator Frith!

[English]

THE CABINET

STATEMENTS BY SOLICITOR GENERAL

Hon. Lowell Murray: Honourable senators, I should like to address a question to the Leader of the Government in the Senate. Some weeks ago we had occasion in this house to remark upon the resignation from the British cabinet of the Foreign Secretary, Lord Carrington, which was done in strict adherence to the traditions of their cabinet and parliamentary system. I wonder whether those traditions, which are equally Canadian traditions, are respected in this country at all.

In particular, I should like to draw the attention of the Honourable Leader of the Government to statements made recently by the Solicitor General of Canada. The minister will recall that some time ago the Solicitor General of Canada parted company from his colleagues and committed a flagrant breach of cabinet solidarity by attacking the budget of the Minister of Finance, in return for which the Prime Minister described the Solicitor General as having been “incredibly naive.” Then yesterday, again, we had the irresponsible remarks of the Solicitor General, one of the chief law officers of the Crown, concerning the serious problem of prostitution in Vancouver.

My question is this: How many more statements will we require from the Solicitor General before Mr. Kaplan takes the honourable course and submits his resignation, or before Mr. Trudeau takes the constitutional course and demands his resignation?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that is not a serious question being asked by Senator Murray. It is designed for some political effect, and I do not intend to reply to it.

Hon. Jacques Flynn (Leader of the Opposition): Oh, no, you would never do that.

THE ECONOMY

REDUCTION IN HOUSING STARTS

Hon. Richard A. Donahoe: Honourable senators, I should like to address a question to the Leader of the Government in the Senate on a matter of considerable importance. I hope that when he proceeds to answer me he will not drag forward his customary red herring of doom and gloom, because I propose to be exceedingly factual in the manner in which I put the question.

I cite the fact that there were 6,700 single, detached home starts in the first quarter of 1982, as compared to 22,700 in the first quarter of 1981. Does the leader consider that fact a harbinger of good or ill for the prospects of economic recovery?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, our colleague Senator Olson may have more specific information on that particular point, but of course we would like the number of housing starts to be far higher than they are. I hope the Honourable Senator Donahoe hopes that they will be higher, too. Certainly, we hope they will be.

Senator Donahoe: I would like to say to my colleagues that I asked the question in the hope—the faint hope—that I would learn the attitude of the Leader of the Opposition with regard to this great problem.

Hon. Jacques Flynn (Leader of the Opposition): You mean the Leader of the Government.

Senator Donahoe: Yes, the Leader of the Government in the Senate. I am sorry.

Hon. R. James Balfour: He should be the Leader of the Government.

Senator Donahoe: Yes, that is where he belongs.

Senator Perrault: I have already expressed agreement with the senator that we would like to see far more housing starts than that, and the thrust of the policy is to initiate more housing starts in 1982.

These are not easy economic times. The honourable senator is aware of that fact, and with his background in business he knows the difficulties facing Canada, just as he knows the difficulties facing every other country in the world. The world economic malaise really began in 1973 and there have been very difficult problems for all of us since then. By working together on a less partisan basis, perhaps we can solve some of our Canadian problems.

Some Hon. Senators: Oh, oh.

An Hon. Senator: Get a coalition government!

Senator Donahoe: I do not consider what has been said by the leader to be an answer to my question, but having failed to hear an answer I will nevertheless ask a supplementary question. The Conference Board of Canada—the board that provided the statistics I have already cited—makes a quarterly compilation of its “consumer attitudes” index, the most recent

of which shows that consumer confidence has reached its lowest level since the survey began in 1962.

Let it be said that I am not factual, I will quote from the report, which said:

This bearish attitude is likely to dampen any recovery in consumer spending in the months ahead.

Would the Leader of the Government—or the Minister of State for Economic Development, who seemed rather anxious to get into the act when I put the original question—tell me whether the government is depending upon a surge in consumer spending to dampen the recession? If so, on what basis does it make its projections?

Senator Perrault: Honourable senators, it is a bit sad that day after day in this chamber we hear this continuing effort by the opposition to destroy confidence in Canada.

Some Hon. Senators: Oh, oh!

Senator Perrault: They ferret out these supposedly adverse economic nuggets, like a gold miner trying to find the mother lode.

Senator Donahoe: “Supposedly adverse”?

Senator Perrault: Gleeefully, they extract certain adverse facts, quote some of them out of context, and seem to enjoy themselves in the process. I wonder why the opposition today is not joining in our great and enthusiastic applause for the sale to the City of New York by Bombardier of \$1 billion worth of Canadian manufactured subway cars.

Some Hon. Senators: Hear, hear.

Senator Perrault: That is one of Canada's great business deals of recent years. Why do members of the opposition have to say repeatedly in this chamber that “confidence is dropping” and that “never before has Canadian morale been worse”? What do these tactics do to inspire confidence in Canada? I am proud, as all honourable senators should be proud, of the fact that Canadian business and technology were able to make the subway sale. We should close many more such deals. Let's talk about the good news along with these shabby bits and pieces of adverse information that are dragged into the Senate.

● (1450)

Hon. Jack Marshall: What about the houses?

Senator Flynn: Everybody in Canada must be wrong except you.

Hon. D. G. Steuart: Oh, oh!

Senator Flynn: And there is the barker behind him.

Senator Steuart: A barker, yes, but always of the truth.

Senator Flynn: I wish the honourable senator would rise some time in his place and not always hide behind the Leader of the Government. I would like him to say how great his leader is, if he believes it.

Senator Steuart: I would like to say how great he is right now.

Hon. Royce Frith (Deputy Leader of the Government): Thanks for asking.

Senator Flynn: That is on the record.

FARM BANKRUPTCIES

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Economic Development. In view of the admonition of the Leader of the Government, I do not really know how to frame my question, which deals with farm bankruptcies. Perhaps I could deal with it from the standpoint that the surviving farmers do not have much competition.

Federal government statistics indicated at one point that farm bankruptcies had increased by 50 per cent in the first quarter of last year. The Canadian Federation of Agriculture has some figures that may be even higher, and they say that it is not a situation that is unique to the east, but is spreading rather rapidly to the west.

I was born on pavement, so I am not really sure, but do farm bankruptcies, which mean a loss of production, jeopardize Canadian food production either in the short term or the long term, or is production somehow or other maintained?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I respect the tone in which the question was put and I want to say that, by and large, I expect that the land base is used by whoever purchases it, whether it be a neighbour or someone entering the market, from whom-ever it was who faced the unfortunate situation of bankruptcy.

It is not quite that simple, however, because in many cases there is an integrated operation that does not get up to full production within a short time. I have to agree that there is a difficulty with respect to some of the debt service charges because of the very high rates of inflation and because of how farm land prices have moved up, particularly in the latter part of the 1970s and including 1980 and 1981.

It is a fact that while the Consumer Price Index has moved up from around 8 per cent to a high of around 13 per cent, farm prices have advanced in some parts of Canada by 25 per cent, 40 per cent and as much as 80 per cent per year at various times. However, I think it is fair to say that the people who hold the mortgages to those lands have calculated that they could accommodate that kind of mortgage at the interest rates that prevailed prior to the sharp upswing that took place about 12 to 18 months ago. So there are farmers who are in the situation I have just described, and I think they can be found in all parts of the country.

I would like to add one other thing, and that is that from the discussion that we had with the Canadian Federation of Agriculture, it would appear that the debt-to-equity ratio of farmers generally across the country is substantially better than in most other businesses. In other words, their equity in those farms is higher in relation to their debt. So it probably could be argued that the situation in the agricultural sector is not as serious, but, of course, I understand that for the individuals who face such economic problems it is just as

serious to them. There were some figures given of farmers who have a difficult debt-to-equity ratio, to the effect that the level is somewhere around 20 per cent.

NEW BRUNSWICK

CLOSING OF CFB CHATHAM—EFFECT ON LOCAL ECONOMY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have the response to a question asked on May 5 by Senator Thériault about CFB Chatham. It is a rather long reply and, if it is acceptable, I will ask that it be incorporated into the record of today's proceedings as having been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

The decision to move 416 Squadron out of Chatham was taken on the best military, strategic and economic criteria provided by experts in the Department of National Defence. With the introduction of the new fighter aircraft, the CF-18 Hornet, the technical capabilities of this aircraft together with its cost necessitate a consolidation of ground support systems. In other words, costs dictate that we must operate from fewer bases, in this case Cold Lake and Bagotville with support from Goose Bay and Comox.

The social and economic effect on the Miramichi region with the departure of the 416 Squadron is well known to the government. Inasmuch as the decision to reduce CFB Chatham cannot be reversed, the government has taken a strong interest in this matter to protect the economic health of the region over the short and long term. The Department of National Defence has ordered a delay in the reduction of the base until 1984, two years later than originally, contemplated. The Minister of Defence also visited the Miramichi on November 7, 1981 to talk with the people and to hear their concerns.

A committee of officials of several federal departments has been set up to identify alternative economic activity for Chatham and communities affected by the reduction of activities due to the surplus of military infrastructure. The matter is also the subject of specific attention by a high level task force at the assistant deputy minister level which is being chaired by the Department of Regional Economic Expansion. The recommendations of each of these groups will be brought forward to the ministers concerned for consideration this summer.

As for the feasibility of Chatham as a site for future DND research, some options in this field are under consideration. The focus must now be on the identification of alternative economic activity for Chatham. With the combined efforts of the Government of Canada, the Government of New Brunswick and local officials from the Miramichi, the government remains confident that the concerns of all affected groups in this matter can be met in a satisfactory way.

ENERGY

EAST COAST—OFFSHORE OIL EXPLORATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have the answer to a question asked on April 27 by Senator Donahoe. It relates to the allocations of drilling permits for offshore oil exploration. Again, the answer consists of several paragraphs, and I would ask that it go into the record as having been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Under the Canada Oil and Gas Act, which received Royal Assent on December 18, 1981, new exploration agreements are to be completed with the federal government by all companies operating on Canada Lands. The process of completing these agreements is proceeding expeditiously and is not holding up exploration programs. Conditional upon completing an agreement is an undertaking on the part of companies, under the Canada benefits clause of the Canada Oil and Gas Act, to submit:

—a plan satisfactory to the Minister for the employment of Canadians and for providing Canadian manufacturers, consultants, contractors and service companies with a full and fair opportunity to participate on a competitive basis in the supply of goods and services used in that work or capacity.

This requirement and the need to ensure that proposed programs will meet environmental standards are key components of the exploration and production approval process. Provided that companies make appropriate preparations for meeting these legislative requirements, there would be no delays in proceeding with exploration and production programs.

With regard to the second question asked by Senator Donahoe, I would like to reiterate what the Minister of Energy, Mines and Resources said earlier this month at the Houston Offshore Technology Conference, that the Government of Canada is pushing ahead vigorously in the Canadian offshore to secure oil and gas supplies for a stable, long-term energy future.

ECONOMIC DEVELOPMENT

MEGA-PROJECTS—STREAMLINING OF REGULATORY PROCESS

Hon. H. A. Olson (Minister of State for Economic Development): I also have a response to another question asked on May 5, this time by Senator Nurgitz, and it relates to the streamlining of the regulatory process with regard to mega-projects in the Arctic, and especially those in the energy field. It also is rather lengthy, and I would ask that it go into the record as having been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

As I indicated when initially responding to this question, there is an ongoing general review of Canada's regulatory processes in the form of the Standing Joint Committee on Regulations and other Statutory Instruments. It is not the federal government's intent to weigh down the development of Canada's resources—both energy and non-energy—with a myriad of superfluous regulations. The government is prepared to adopt streamlining wherever feasible. For example, just last week, May 14, the National Energy Board announced changes in its natural gas export approval procedure. However, the government is not prepared to cut corners when the environment, citizens' health or civil rights are at stake. A case in point is the deferment for two years of the Norman Wells oil pipeline. This deferment was imposed to ensure that proper studies were carried out relative to native rights and environmental impact.

With specific regard to regulations governing energy developments in the Arctic, the Canada Oil and Gas Lands Administration is responsible for regulating oil and gas exploration and development in the Canada Lands, as well as onshore and offshore oil and gas activities in the Arctic. COGLA itself is a tangible example of the federal government's efforts to simplify the regulatory process, as the functions currently being carried out by this body were formerly divided between the Departments of Indian Affairs and Northern Development and Energy, Mines and Resources.

THE SENATE

MINUTES OF THE PROCEEDINGS—PRINTING OF WRITTEN QUESTIONS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an answer to a question put to me yesterday by Senator Lang respecting the printing of the full list of written questions on the Senate Order Paper on a weekly basis.

Senator Lang asked during yesterday's proceedings why the full list of written questions is printed only once a week on the Order Paper.

The reason is that the Journals Branch of the Senate is following the recommendation of the Standing Committee on Internal Economy, Budgets and Administration which stated:

That all questions asked pursuant to Rule 20A(1) be printed on the Order Paper on the next sitting day after they are sent to the Clerk of the Senate and only once a week, on the first sitting day of each week thereafter, until they are answered.

The recommendation formed part of the Internal Economy Committee's report respecting the printing of certain information in the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate*, which was presented on December 16, 1981. The report was agreed to by the Senate on December 17, 1981.

Rule 20A(1) is as follows:

(1) A question described in paragraph 20(1)(a) or (b)

(a) that seeks statistical or other information not readily available, or

(b) to which an answer in writing is desired, shall be sent in writing to the Clerk of the Senate to be placed on the Order Paper until answered.

(2) The reply to a question on the Order Paper shall be printed in the *Debates of the Senate* of the day on which it is given.

The reference to the report of the committee is the *Minutes* of December 16, 1981, at page 1811.

PRIVATE BILL

THE ARMY, NAVY AND AIR FORCE VETERANS IN CANADA— THIRD READING

Senator Marshall moved the third reading of Bill S-25, respecting The Army, Navy and Air Force Veterans in Canada.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would like to make a brief intervention on third reading of this bill, simply to explain that the amendments suggested by the Standing Senate Committee on Health, Welfare and Science, and subsequently adopted by the Senate, will be incorporated in the bill when it is printed. The bill, as it appears on honourable senators' desks at the present time, is in its unamended form.

Hon. Jack Marshall: How's that for co-operation, Mr. Leader?

Motion agreed to and bill read third time and passed.

● (1500)

THE ECONOMY

ECONOMIC, FISCAL AND ENERGY POLICIES OF FEDERAL GOVERNMENT—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Phillips:

That the Senate of Canada do urge the Federal Government to re-direct its economic, fiscal and energy policies, and bring forward as soon as possible a new budget; such budget to provide proper economic direction, improved employment opportunities and measures to restore national confidence in the economy.

Hon. R. James Balfour: Honourable senators, my remarks this afternoon will be brief.

In early 1980, as economic storm clouds gathered over the western industrialized countries, we in Canada had good reason to believe that it was within our power to insulate ourselves to a substantial extent from the recessionary forces that would be felt by our neighbour, the United States, and our trading partners in western Europe.

We had, in effect, an economic "ace in the hole" in the form of a thriving, dynamic petroleum industry poised for a great

leap forward in the attainment of what all agree must be the ultimate goal of Canada, energy self-sufficiency.

The planning was virtually complete and the technology developed for several so-called mega-projects which, when on stream, would for decades to come provide Canadians with millions of barrels of petroleum annually and, in the process, create across this country thousands of jobs.

Then came October 1980 when the government of Mr. Trudeau and Mr. Lalonde produced, amid great fanfare, the so-called National Energy Program which, on analysis, had as its main thrust a massive grab for control over the development and revenues of the resource industry.

The industry was at first simply stunned and then, inevitably, angered. Corporate planners who, in good faith, assumed that they were conducting their business operations and making their financial plans and commitments in a political atmosphere of honesty and stability, suddenly found that this government, without warning, had pulled the rug out from under them.

A confiscatory tax regime was imposed on their revenues—in truth, not a tax but a wellhead royalty. Twenty-five per cent of Canada Lands leases were confiscated without compensation. Government commitments on tar sands oil pricing were repudiated. Unreasonable, discriminatory measures against foreign, mainly American, petroleum companies were introduced, and with massive adverse economic consequences.

Instead of the thriving, aggressive, dynamic petroleum industry operating in Canada that was the case in 1980, we now have a demoralized, apprehensive, angry petroleum industry in Canada whose main concern is what act of monumental stupidity will next be planned and imposed upon it by this incompetent federal government.

Consider the consequences of the National Energy Program. Canada's ability to meet its own oil needs has sagged. More than \$7 billion has left the country to purchase foreign oil companies, putting pressure on our dollar and raising interest rates. Billions of other Canadian and foreign investment dollars have fled, making the pressure worse. More than 300 oil-drilling rigs have moved south, and 2,000 fewer wells were drilled in 1981 than in 1980.

The oil sands and Cold Lake projects have been cancelled, representing a loss of over \$25 billion of investment in the next seven years. The Alaska Highway gas pipeline has been delayed by four years or more and, indeed, the entire project may be in jeopardy. The Judy Creek tertiary recovery project has been lost; the Syncrude expansion has been lost; the heavy oil upgrading project in Saskatchewan has been lost; and all the drilling rigs and service rigs that were, by and large, owned, directed and controlled by Canadians and which were turning the energy industry in Canada into a Canadian-controlled industry, have picked up and moved elsewhere to invest elsewhere not only Canadian money but Canadian incentive, intelligence and expertise to create growth and jobs not in Canada but elsewhere.

But, of course, it is not just energy that is at stake here; it is the economic recovery of this country because the energy potential of Canada offers the best way to lift this nation out of recession and the best way to guarantee the kind of economic strength and future that is within our grasp.

To fully appreciate the disastrous consequences of what this government has done to the economy of Canada, you need only look at the government's own estimates of the jobs that would have been involved in the projects which have either collapsed or been delayed indefinitely.

All across Canada there would have been 255,000 potential new jobs. Those are not my figures, honourable senators; those are the figures of the Government of Canada published in 1978 by Mr. Gillespie. There would have been 71,000 direct jobs in energy projects, projects that the government boasted would be built but which have now been abandoned because of the step-by-step destruction of the energy industry in this country under the stewardship of Mr. Lalonde.

Back in 1978 Mr. Gillespie, referring to the energy projects which the federal government put forward as the basis of Canada's future, listed such projects as the Dempster pipeline, which is now on indefinite hold. That would have created 6,000 jobs directly and 26,000 jobs indirectly, or so he said. He listed the Alaska Highway gas pipeline, which would have created 13,000 jobs directly and 55,000 jobs indirectly; that is in jeopardy. He listed the Polar Gas project, which would have created 15,000 jobs directly and 45,000 jobs indirectly; that has gone. The Tenaco LNG project has been cancelled; the Kitimat pipeline to the Alaska Highway oil pipeline—the proposed one or the other—has gone; the Alsands project has been cancelled; the Syncrude project expansion has been cancelled; the heavy oil upgrading in Saskatchewan has been postponed indefinitely; the Cold Lake project has been cancelled; and the oil storage project at Wabanex has been cancelled.

These projects which, by and large, are the victims of this government's policies, would have created 71,000 jobs directly in the oil and gas industry and 255,000 jobs indirectly—jobs in Quebec, Ontario and Atlantic Canada, as well as in western Canada.

In 1978, the government of Mr. Trudeau announced a series of energy projects that would create nearly 100,000 jobs in the oil and gas industry and 320,000 jobs in related industries. Now, four years later, almost all of these projects have been abandoned, thanks to a so-called National Energy Program which can only be categorized as an unmitigated economic disaster for this country.

Consider the federal government oil subsidy program. In effect, by virtue of this policy, the federal treasury subsidizes the cost to import large volumes of foreign crude oil at a time when equivalent volumes are available but are not being produced in western Canada. We have been subsidizing the importation of foreign oil at the expense of the taxpayers of Canada to the extent of billions of dollars each year. The cumulative cost is in the order of \$17 billion Canadian, or

[Senator Balfour.]

about 20 per cent of our national debt, which has been incurred to subsidize the price of gasoline and fuel oil. The interest on the money we have borrowed to subsidize oil prices, calculated at 15 per cent, which is low, is \$2.5 billion annually.

The subsidy program has favoured importing oil at the expense of shut-in Alberta production. In April alone, 300,000 barrels a day were shut in. This represents unnecessary imports of \$12 million a day and an unnecessary subsidy of \$5 million a day.

As a result of this foolish policy, there is a double cost to the Canadian people, first, in the public funds being paid from the treasury through these subsidies; and, secondly, in the economic cost resulting from such large amounts of money leaving the country.

Surely, it is obvious that a fundamental change of direction in the oil importation subsidy program is called for. The program should be dismantled, and eastern Canadian refineries should be called upon and required to replace the imported oil with western Canadian crude.

● (1510)

But we pay another price for these foolish and destructive policies, honourable senators, a national price, because there exists within these policies a threat to the continued existence of this country as we now know it.

Yesterday morning the results of a recent Gallup poll were announced which showed that 27 per cent of Canadians had lost confidence in the future of Confederation—27 per cent honourable senators.

In the aftermath of the Saskatchewan provincial election, the figures indicate that support for the once-strong Liberal Party has eroded to 4.5 per cent of the total vote. Surely honourable senators opposite must pause at the mention of such figures and recognize the obvious fact: the Trudeau government has forfeited the confidence and support of the Canadian people.

Honourable senators, the long and the short of it is that Canada's energy industry is in a shambles and, as a result, its economy is in a shambles. Nothing short of fundamental changes to the National Energy Program, preceded by the resignation of the minister responsible and the removal of the bureaucrats who were the program's architects, will start the industry on the road to recovery and thus restore the possibility of achieving self-sufficiency by the end of this decade and, at the same time, begin the process of economic recovery for this country.

Hon. John M. Godfrey: May I ask the senator a question?

Senator Balfour: Certainly.

Senator Godfrey: I am a little puzzled because you stated twice that the postponement of the Alaska Highway gas pipeline was as a result of the National Energy Program.

I did not think that that project, which brings U.S. gas from Alaska to the lower 48 states, had anything to do with the National Energy Program. How has the National Energy Program caused a postponement of that project?

Senator Balfour: I suppose that the financeability of the line is jeopardized by our high interest rates, which are as a result of the National Energy Program.

Senator Godfrey: Is it not true that that project is to be financed primarily by the United States, and, therefore, it is the high U.S. interest rates that affect the financeability of that project?

Senator Balfour: Interest rates in the United States and Canada are inextricably linked.

Hon. Royce Frith (Deputy Leader of the Government): Good.

Senator Godfrey: The postponement is as a result of high U.S. interest rates.

On motion of Senator Macdonald, for Senator Charbonneau, debate adjourned.

The Senate adjourned until Tuesday, May 25, 1982, at 8 p.m.

THE SENATE

Tuesday, May 25, 1982

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

QUESTION PERIOD

[English]

ECONOMIC DEVELOPMENT

MEGA-PROJECTS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Minister of State for Economic Development, which is his proper title.

Hon. Duff Roblin (Deputy Leader of the Opposition): You mean "and Regional" Development.

Senator Flynn: No, that is entirely irregular.

Hon. Arthur Tremblay: Not yet.

Senator Flynn: That is not in accordance with the legislation.

Honourable senators, evidently, the minister was kind enough to give an interview on mega-projects to a journalist from *Le Devoir*. The article makes very interesting reading, and I would commend it to all members of this house, particularly to the members on the government side because they may find out some things of which they may not have been aware.

The Minister of State for Economic Development is quoted as recognizing that the revision of the industrial strategy, which he is now bound to proceed with, will mean many substantial changes of orientation, especially in the oil sector. I am wondering whether the minister will be as candid with us as he was with the journalist in question and tell us a little of what is entailed in that revision.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I want to make sure that my honourable friend is quoting me directly—

Senator Flynn: It is my translation, but I will give it in French if you like.

Senator Olson: —and is not stopping half way through a sentence, because I do not believe that I spoke in exactly those terms.

Senator Flynn: You were misquoted!

Senator Olson: What I tried to indicate was that this government is very realistic and that it takes into account the economic conditions as they now exist—and they have changed rather dramatically over the past six months,

although perhaps there were some signs of change even prior to that time.

Senator Flynn: I hope the minister does not deny that he spoke of a revision of the orientation of the government perspective with regard to its energy policy, which has been in existence for two years.

Senator Olson: Honourable senators, what I think I said—and I am not so capable in the French language, as my honourable friend knows—

Senator Flynn: I am not trying to trap you.

Senator Olson: I understand that, but what I did say in English—and I took it from the tape, by the way—was with respect to the Alsands and Cold Lake projects we were talking about. I said:

There are two things wrong or that are disturbing with the Cold Lake and Alsands, and that is the massiveness of the project and the time frame required from the disbursement of funds until you get cash flow. Smaller projects can be done more quickly in that respect.

I think that is a statement of fact. Until recently, until the cost of capital and the time frame which adds to the cost of capital changed the situation, it was intended that those projects would go ahead. I think my honourable friend agrees with me that there was at one point in time the view—and, indeed, a great deal of investment was made to support that view—that both of those projects would go ahead. The reasons given now for change are the international market and the cost of capital and the time frame. I am sure my friend the Leader of the Opposition will agree that this was a very objective assessment of those two projects.

Senator Flynn: I agree with the minister that he was objective in his comments to the journalist from *Le Devoir*. I am just asking him to be as objective with us as he was with him. According to the journalist, the minister, in that interview said that from now on the government should not intervene so much in mega-projects, because it had burned its fingers in the process. Does that mean that that is part of the reorientation or the revision of government policy?

Senator Olson: Well, honourable senators, for a long while members of the opposition here, and some others—and I am not being critical of them for doing so—have tried to interpret our economic development strategy as being totally reliant on a series of mega-projects.

As I have so often tried to explain to my honourable friends, in my view, there are many economic development activities that will take place in this country, between now and the time frame at which the major projects committee was looking that

do not fall into that category. In fact, I have said a number of times that perhaps 20 per cent or so would be in that category.

If the Honourable Leader of the Opposition is trying to perpetuate the idea, which is a figment of his and his colleagues' imagination, that our economic development strategy is based entirely, or even principally, on mega-projects, then again I have to say to him that that is not the impression that we have tried to leave.

Senator Flynn: Apparently, the journalist had that impression. Maybe you corrected it.

Senator Olson: Yes, I did.

Senator Flynn: In any event, I am glad you are correcting it now.

I have one last question I want to put to the minister. Of course, if I were to try to elicit very clear and concise answers I would have to spend the whole night, and probably without any success. I should like to refer again to the article in *Le Devoir*. They say that another major change affects especially the future of Gros Cacouna, about which everybody knows because it has been branded by the Liberal government as, if not a mega-project, at least a project interesting Quebec and especially the lower St. Lawrence. The Minister of State for Economic Development is purported to have declared that what has been found in the way of natural gas on or around Sable Island is so important that it may be that we will have a pipeline oriented towards the west rather than towards the east. I think Senator Smith put a question along those lines last week. Apparently, we will not need the gas from the Beaufort Sea but, rather, will use the gas which apparently has been found around Sable Island. It will be sent to central Canada rather than having gas from the west being shipped through the pipeline to the east.

Senator Olson: Honourable senators, I am always encouraged by good news.

Senator Flynn: I did not say it was bad news.

Senator Olson: I do not think I went quite as far as the journalist attempts to indicate I did.

Senator Flynn: Again misquoted—poor you!

Senator Olson: I do complain sometimes when I am under-quoted or over-quoted.

Senator Flynn: But you are never quoted exactly.

Senator Olson: It is fairly obvious that, if the size of the discoveries which now appear at least potentially possible from Sable Island are correctly estimated, it may be economically feasible to bring that gas ashore sooner. These discoveries were made only in the last few days or weeks; certainly not very long ago. It is an encouraging sign. It may also be economically feasible to bring that gas in to serve the immediate east coast and perhaps some distance to the west. That makes sense.

Senator Flynn: Bravo!

[Translation]

Senator Tremblay: Honourable senators, I have a supplementary concerning the interview which *Le Devoir* arranged with the Minister of State for Economic Development. The article states that the Mr. Olson "who is considered as the leader of the conservative wing of the federal cabinet" intends to implement—

[English]

Senator Olson: I reject the question, because I do not accept that assertion.

Senator Roblin: You do not have to accept it; you just answer the question.

Senator Tremblay: My question will continue unless you object to any quotation reported by the journalist.

The article states that the minister said that at least a dozen departments are now working intensely on the review of the industrial strategy, and that the new industrial strategy will require the very close co-operation of the provinces. It also states that the Minister of State for Economic Development relies to a great extent on regional co-ordinators in the field.

I learned from that article that the fourth of those regional co-ordinators was recently appointed for Saskatchewan.

Senator Olson: Last Friday.

Senator Tremblay: My question is this: The minister has underlined the necessity for the co-operation of the provinces.

[Translation]

The other day, during a visit to eastern Quebec, the lower St. Lawrence and the Gaspé, the Prime Minister insisted, as he had before in other circumstances, that co-operative federalism was dead and that from now on the federal government would act unilaterally, without bothering to consult with the provinces.

It seems to me that between what the minister told the journalists and what the Prime Minister said—

Hon. Royce Frith (Deputy Leader of the Government): Would you please specify your question?

Senator Tremblay: That is exactly what I am doing, because to be specific, my question needs a preamble, an introduction. If you keep on asking questions, I will have to add to it.

Hon. Maurice Lamontagne: This is not a preamble, it is a speech!

Senator Tremblay: In any case, I agree with the minister's position, and it seems to me that we, as consumers of government policy, must know whether there is any co-ordination within the government itself on its policies. Am I, in fact, to believe that the policy of the government, its real policy, is that expressed by the Minister of State for Economic Development, namely, co-operation with the provinces, or is it the position referred to by the Prime Minister himself, namely, unco-operative federalism, or a kind of parallel federalism, with all governments acting independently, without consultation?

● (2010)

[English]

Senator Olson: Honourable senators, there are, in fact, several questions there. To answer the first one, the document, *Economic Development for Canada in the 1980s*, that we published with the budget papers in November, was never intended to be a complete blueprint with all the "i's" dotted and the "t's" crossed for every economic sector in Canada. Indeed, we described it—and I have so described it many times since—as an identification of the potential of the constraints, and of the priorities to deal with them, so that we can maximize the economic benefit to Canadians. We want to make it clear that there ought to be—and we say this in the paper—consultations with those sectors, and with the private sector generally, in order to give muscle to, or put flesh on, what is a bare-bones economic development strategy. We have made that clear. That is what I am talking about when I said there are a number of departments that are doing some work and having consultations to flesh out that policy.

Insofar as concerns the contradiction that my honourable friend tries to draw between what I said and what the Prime Minister said, let me say this to him: The federal government is prepared to do a number of things in economic development, but not necessarily on the basis used in the past, where each level of government shares a portion of the same project or the same task. It is useful to know what a provincial government's economic development strategies are so that you can get a common view of what the aims and objectives are—the end result that you are aiming at—and then we can work in concert rather than to have a different target. It seems to me if my honourable friend takes all of that into consideration, he will see that, first of all, there is no contradiction, and that it makes eminent good sense.

Senator Tremblay: Honourable senators, I have a supplementary question. I think that the minister made a very interesting point about common objectives between the federal government and a provincial government in the perspective of economic development in that province. That was exactly the purpose, the meaning and the content of the so-called general agreements within the overall framework of the Department of Regional Economic Expansion. The Prime Minister has just announced, when speaking of the reorganization involving both the Department of Industry, Trade and Commerce and the Department of Regional Development, that those agreements will not be renewed.

● (2015)

Senator Roblin: That is right.

Senator Tremblay: He also announced the time at which they will expire.

Senator Olson: What he said was that there would be simpler agreements.

Senator Tremblay: If the general agreements are not renewed, it means that the common planning required in the legislation establishing the Department of Regional Develop-

ment is no longer there. I am asking this question, and it is a precise question: Will that joint planning still be there?

It is not only a question of consultation; it is a question of a compulsory, agreed-upon plan. Those plans were spelled out in the general agreement. I am not speaking, at the moment, about the auxiliary agreements. If you read the general agreements, you will see that they are made up of the common strategy that was agreed upon between the two levels of government. I repeat my question: Will that joint planning still be there?

Senator Olson: Honourable senators, the easiest way to answer the question is to approach it in two respects. First, my honourable friend can find the answer clearly enunciated in the statement of the Prime Minister which was made, I believe, on January 12 of this year. At that time he announced what the reorganization changes were to be and, indeed, mentioned the fact that all of the general agreements and subsidiary agreements would be continued to their expiry dates.

It seems to me, however, that my friend could also have looked at one or two sentences in that statement where it was indicated that we would be entering into somewhat simpler agreements as opposed to the more complex and involved agreements that were entered into in the past.

Perhaps the best way to answer the question is to give an example, and I can think of two that are obvious. One concerns Nova Scotia Ocean Industries, where, indeed, there were eight components involved. Instead of going through all of the details in terms of the involvement of the federal government and of the provincial government in all eight components, an arrangement was made whereby the federal government undertook six of the eight components, paid for them in full and built them; the province took the remaining two.

The second example is a simpler arrangement having to do with the development of the transportation system and other aspects of the coal development in northeastern British Columbia and northwestern Alberta. There was a very complex set of negotiations under way regarding this project, in which the federal government and the provincial government were to be involved in building such things as the new townsite at Tumbler Ridge, the power lines, the roads, the inland railway, the port and all of the infrastructure required. However, the eventual outcome was somewhat more simple—and in this context I use the word "simple" as opposed to "complex". The federal government undertook to complete the entire port, which entailed the designing, the building and the financing of everything. The same thing applied to upgrading the capacity of the main line, and so on, through such agencies of the federal government as the CNR, the National Harbours Board, and so forth. The Government of British Columbia undertook the responsibility of building the entire townsite, the highways, the power lines and the inland railway, which involved the designing, the building and the financing of such things.

[Senator Tremblay.]

This is the sort of thing I am talking about. Certainly there were common objectives involved in the efforts of both levels of government. That is the point I am making.

The honourable senator asked specifically whether we can do anything regarding economic development in any province without the need for compulsory negotiations and, therefore, agreements. The answer to that question is: Yes, we can. We are going to carry out economic development whether there is 100 per cent agreement or not. However, it would certainly be advisable for us to have common objectives for the good of the people involved.

● (2020)

Hon. Lowell Murray: Honourable senators, I would like to ask a supplementary question of the minister on this matter of federal-provincial co-operation in economic development matters.

In his memorandum to cabinet entitled: "Priorities for Federal Government Economic Development Policies and Expenditures to the Mid-1980s," the minister says:

Management of the resource development and industrial reorientation projects will be of considerable and possibly mutual interest to provincial governments. The extent to which a joint planning approach is followed is likely to affect the speed and ease with which we will be able to undertake and successfully conclude major new projects.

Then the minister puts this question to his colleagues:

Should we actively endeavour to pursue a co-operative planning effort with a maximum federal visibility on delivery or should we primarily rely on federal spending and prerogative as a means to pursue these policies?

Will the minister say whether the cabinet came to a decision on that question which he put before them, and, if so, what the decision was?

Senator Olson: Honourable senators, no matter how many times, or from what angle, Senator Murray comes at me to persuade me to comment on a document that he does not legally have in his possession, I am not going to add credibility to it by commenting in one way or the other on these Fagin-like attempts.

Senator Roblin: You just will not answer, that is all.

Senator Tremblay: May I come back to the answer you have given to me through examples of the new approach you are describing? It is not at all what the Prime Minister said in the lower St. Lawrence region a week ago. I remember exactly, because I negotiated the agreements, the fields and sectors that were covered by the agreements signed in 1967 or 1968. The Prime Minister said to the people over there that the federal plan for that region, in the years to come, will cover exactly the same sectors. The only difference is that the federal and the provincial governments will just act separately instead of acting jointly. That is what he said.

Again, my question is: Where is the government policy? Is it in what I understand is your approach, of really co-operative action between the two levels of government, or is it a kind of

parallel action as presented by the Prime Minister on a number of occasions, and especially last week in the lower St. Lawrence region?

Senator Olson: Well, my honourable friend, Senator Tremblay, is trying to draw a distinction that does not exist. That is unfortunate, because I suppose it is some kind of a shock to his logic to find that because he cannot see that what the Prime Minister said, and what I have just said to him, along with the statement of January 12, does not contain any conflict whatever. I am sorry that he cannot see that. Perhaps we will try and find some way of conveying that to him.

Hon. Martial Asselin: I have a short and very simple question, honourable senators. Do I understand, following this statement to *Le Devoir* by the minister, that the Gros Cacouna has no future, in the minister's mind, as far as his industrial strategy is concerned?

Senator Frith: No.

Senator Olson: No, I do not think so.

Senator Asselin: Who said, "No"?

On a question of privilege. I was asking a question of the Minister of State for Economic Development, and I heard Senator Frith saying to Senator Olson, "Say 'No'".

Hon. Louis-J. Robichaud: You heard that?

Senator Asselin: I heard that.

Senator Frith: I may very well have said that. So what? I am entitled to address another senator if I wish. What is the matter with that? There is nothing in the rules against that.

Senator Asselin: The question was not addressed to you.

Senator Frith: But I did not give you the answer. I suggested an answer to Senator Olson.

● (2025)

Senator Flynn: I now have a question for the Deputy Leader of the Government. Has he the responsibility to prompt replies from all the ministers? Is it within his mandate from the Prime Minister or the government? That seems to be the case, because this is not the first time it has happened—

Hon. Joseph-Philippe Guay: He is the only one—

Senator Flynn: —and now, with the noise coming from the other side—it is only noise; it is nothing sensible.

Senator Guay: He is the only one able to give an appropriate answer.

Senator Flynn: I agree with that. The honourable senator says that the deputy leader is the only one able to give an appropriate answer, and that the ministers are unable, without his help, to give appropriate answers. That is the honourable senator's view. Perhaps now I shall get a reply from Senator Frith.

Senator Frith: Honourable senators, it is not part of my mandate to make suggestions to my colleagues. It is not part of my responsibility, and it has nothing to do with the Prime Minister. But it is my right to make suggestions to my

colleagues which they sometimes accept and sometimes do not accept. I shall continue making them, if I wish to, and I am sure they will continue to accept them or not as they wish.

Hon. Raymond J. Perrault (Leader of the Government): There is good team spirit over here.

Senator Olson: Honourable senators, perhaps I may be permitted to answer Senator Asselin's question. The answer is no. All it means is that great minds think alike.

Senator Asselin: Is Senator Frith's answer also no?

Senator Perrault: You could do with a little good advice on your questions.

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. It arises from an earlier answer which the minister gave to my leader with reference to the development of the so-called gas finds off or on Sable Island. He indicated, as I followed him, that it might be a find of such value that it would be desirable to transport the gas westward from Sable Island. I merely wish to clear up any doubt as to what he might have meant. I assume that his answer did not mean, in any way, that this possibility will have any effect upon the promised construction of the TQ&M pipeline from west to east into Nova Scotia.

Senator Olson: Honourable senators, I gave some projected dates indicating when it was expected to have the various sections of the TQ&M pipeline in place. I could go back over them, but my honourable friends opposite should recognize that if there are encouraging signs of there being a sufficient volume of gas to justify an economically feasible capability of bringing that gas ashore, then to say we would not make any change in the plans would be irresponsible. If there are indications—and there are—that there is sufficient volume to bring ashore to supply a number of requirements within essentially the same time frame, then that would be the responsible action to take.

Senator Perrault: Hear, hear.

Senator Smith: Honourable senators, in reply to the honourable gentleman I would say that instead of answering my question he leapt at once to take offence, when all I was doing was asking for information. My question was designed simply to ascertain whether, if there were sufficient gas finds off Sable Island to make it commercially feasible to bring the gas ashore and, as he said, transport it westerly, that would have any adverse effect on the promised construction of the TQ&M pipeline from west to east. That is all I am asking. I am making no criticism or inference; I am asking for information.

• (2030)

Senator Olson: I do not think it would adversely affect the date on which a gas transmission system, by way of a mainline and laterals, would indeed be put in, whether they are fed from the east end or the from the west end.

Senator Smith: Thank you. Again, simply for information, may I ask, on the assumption of a commercially feasible find

at Sable Island, whether the TQ&M pipeline would then be reversible so that it could be used to transfer gas either east or west, or would there have to be a separate pipeline in order to give satisfactory opportunity to transfer gas from both directions?

Senator Olson: Honourable senators, there has been a great deal of discussion about designing a reversible pipeline. Of course, there is some additional expense in designing such a line, and originally there was little chance of its being supplied from the eastern end. However, it seems to me that the sensible thing to do in the circumstances, and in light of the very encouraging seismic data that is now being gathered from the tests being made, is to give additional consideration to flowing gas either way as opposed to building the kind of telescopic line based on the assumption that the gas will be supplied from only one end.

Senator Smith: I thank the honourable gentleman for his answer. I would point out to him that if he had bothered to understand the question, he would not have had to deliver the lecture which he started to deliver when I first asked him the question.

Senator Olson: I was just trying to demonstrate how sensible you are.

INDUSTRY

DOMESTIC PETROLEUM LTD.—SUGGESTED GOVERNMENT ASSISTANCE

Hon. David Walker: Honourable senators, would the minister be good enough to tell us, in view of the terrible disaster facing Dome Petroleum in the Beaufort Sea, whether it is true that the government of Mr. Trudeau is considering bailing out this company when Canada itself needs to be bailed out, taking account of the fact that billions of dollars each year are added to the deficit which, for this year, is in excess of \$10 billion, as it has been in many recent years. Surely, it cannot be correct that the government is seriously considering bailing out this company.

The public would like to know the government's position on this matter, because hundreds of thousands of people are unemployed at the present time and many of them are walking the streets unable to get help and looking to the government for help. Does the minister agree that it would not only be a disaster, but a shocking thing to contemplate the government spending money that it does not have and that it must borrow to bail out this huge enterprise, in spite of all the nicer things that one could say about the efforts of this company. Does my friend have an answer to that question?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, my honourable friend is commenting on what I think is press speculation. The government has made no comment with respect to the speculation on the financial status of Dome in general or the Beaufort Sea in particular.

[Senator Frith.]

Senator Walker: But does my friend have any comments now as to what he expects the attitude of the government will be? The matter is before the government at this time, and has possibly been considered in cabinet. My friend must have some idea as to whether it is being contemplated. There is no use in the minister telling us when the situation is fait accompli. We would like the privilege of joining in the debate whenever, or if ever, the debate takes place.

Senator Olson: Honourable senators, since my honourable friend has served in a cabinet, he will know that cabinet members do not comment on the discussion that takes place in cabinet, not even on the agenda that is before a cabinet meeting. Indeed, such comment would be considered a violation of the undertakings given by a member of cabinet.

Senator Walker: Honourable senators, my honourable friend has given the same reply every time I have been here in recent months. I have to ask him the question:

Upon what meat does this our Caesar feed,

That he is grown so great?

Little man that you are, over all these years—

Some Hon. Senators: Oh, oh!

Senator Walker: I am talking about his attitude, not his physique.

I have watched the minister for years, and with the swelled head he is developing it is almost impossible to get him to answer any question with any sense of reasonableness. I have asked a question that is on the minds of millions of Canadians at the present time, and he has brushed it off and given me a lecture on cabinet behaviour, when I was in a cabinet long before he was ever heard of. I do not intend to take a lecture from the honourable senator—

Senator Olson: Nor do I from you.

Senator Walker: —because he is a would-be Caesar with a hell of a swelled head.

Senator Olson: Honourable senators, neither do I intend to take that kind of a lecture from my honourable friend.

Senator Walker: You are going to take it.

Senator Olson: I am not going to take it. I am going to reject it, and that is all I can do. My honourable friend has talked about small people. If he used what little brain power he has, he would recall that he has no right to ask such questions of any minister. A minister cannot reveal what goes on in cabinet meetings. It is the smallest kind of assertion and attempt. Then he tries to belittle someone because he will not violate his oath, and that is the smallest of small comments.

Hon. Royce Frith (Deputy Leader of the Government): Hear, hear—and things are getting smaller.

Senator Walker: My friend has to wriggle out some way.

Senator Olson: That is a fact.

Senator Walker: He wriggles out of all the questions. At no time did I ask the minister to reveal any cabinet secret.

Senator Olson: That is what you asked me to do.

Senator Walker: I merely suggested that the honourable minister must have been considering this matter, and we want to know before it is too late. Does the government intend to spend money that it does not have to bail out this disaster, to help this company?

Senator Frith: You would never have answered that question yourself.

Senator Walker: Would I not?

Senator Frith: No. I have known you long enough to know that.

Senator Walker: In any event, that is my question and I would ask that the honourable minister be good enough to take it as notice because I intend to stay with it and ask it from time to time until I get an answer. I suggest that the minister stop this smart-aleck attitude of his.

Hon. Joseph-Philippe Guay: Oh, oh!

Senator Walker: I would ask that Sonny Boy in the corner not talk that way.

Senator Guay: You are making a speech.

Senator Walker: I love to hear the honourable senator, because he makes me laugh.

Senator Guay: Honourable senators, I rise on a point of privilege. I never dreamed on entering this house that Senator Walker would lower himself to talk about personalities in the way he has tonight. I never thought he would lower himself—

Senator Walker: Stick around.

Senator Guay: —to speak in the manner in which he just spoke to Honourable Senator Olson. I think it is awful for a senior member of this house to speak in that manner, and it sets a bad example for the newcomers.

Senator Olson: Honourable senators, I am not surprised at what has just taken place. Senator Walker will have to take responsibility for what he has said.

Senator Guay: That's right.

Senator Olson: But I can tell him that no matter how many times he asks me the question, and no matter how many angles from which he asks it, if he thinks that I will break my solemn oath, I can tell him that I will never do so even to satisfy his distorted thinking.

Senator Walker: That is a cheap trick. Nobody ever suggested that you should do such a thing.

Hon. G. I. Smith: That oath must have extended to a terrible lot of things because the honourable gentleman finds it possible to hide behind it on almost every question he answers.

Senator Frith: Come on, that is not fair.

PUBLIC WORKS

NEW CANADIAN EMBASSY, WASHINGTON, D.C.—AWARD OF ARCHITECTURAL CONTRACT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a response to a question raised on May 12 by Senator Haidasz relating to the construction of a new Canadian Embassy in Washington.

I am informed that there are no Treasury Board regulations that require the use of Canadian construction companies to build embassies and/or chancery buildings in foreign countries. It is not considered practical to transport labour and construction equipment out of the country for such work, as much of the required equipment and labour can often be obtained more economically from host country suppliers and local labour markets. I am referring specifically to in-situ construction activities as opposed to supply of pre-fabricated and partially assembled components. Treasury Board is presently formulating policies relating to procurement of Canadian products for use in domestic construction projects, and consideration to the applicability of the policy to projects outside of Canada is one of the aspects under consideration in the formulation of the policy.

established the state as a kindly parent which would treat a young person in trouble with the law "not as a criminal but as a misdirected child requiring help, guidance and proper supervision." In the medical analogy of that time, delinquency was viewed as a disease and, accordingly, offenders were to be treated until they were cured. Treatment, informality, indeterminate disposition and wide discretion were viewed as essential components, whereas procedural regularity and due process were seen as factors which would interfere with that new approach. The change in attitude was considered an enlightened departure from former practice, but, unfortunately, in their zeal to emphasize treatment the reformers paid little attention to accountability and the legal rights of children.

However, in more recent years, particularly during the last couple of decades, concerned people have formed the opinion that treatment and rehabilitation can no longer stand on their own to serve society or to protect the better interests of children in a system which actually deals with offenders under the authority of the criminal law. It has also been argued that, as society insists more and more on young offenders accepting responsibility for their actions, their right to fair treatment in accordance with the principles of natural justice can no longer be left to the discretion of persons whose authority has been couched in such abstract terms.

The Juvenile Delinquents Act, which allows authorities very broad flexibility and discretionary powers in an effort to provide juveniles with help, guidance and proper supervision, has been seen as being too arbitrary and as lacking in adequate safeguards against the infringement of what, today, are recognized as the basic rights of citizens, regardless of age—namely, the right to due process of law and the right to participate in decisions affecting their futures.

The need for such reform has been recognized for several years—years which have seen extensive public discussion, intergovernmental consultation as well as consultation with professionals and practitioners in the juvenile justice field, and the publication of numerous reports on the topic.

Some honourable senators will recall that the first serious attempt to revise the Juvenile Delinquents Act occurred some 12 years ago with Bill C-192 in 1970. I recall being solicitor to an organization from Toronto which was very interested in the juvenile process. We had serious objections to some of the provisions of that act, as did many other individuals and organizations. That bill was given third reading, but then died on the Order Paper. Bill C-61 is the second and only subsequent attempt to revise the law, and I hope it will finally be successful in revising the Juvenile Delinquents Act. The very lengthy period of time which has elapsed during the development of this proposed legislation is indicative of the complexity of the task and the formidable challenge which faces legislators who grapple with the task of developing a system of justice for adolescents.

As the Solicitor General of Canada, the Honourable Robert Kaplan, pointed out when moving second reading of Bill C-61 in the other place, in spite of the good intentions of the framers of the act, several provisions in the Juvenile Delinquents Act,

● (2040)

YOUNG OFFENDERS BILL

SECOND READING—DEBATE ADJOURNED

Hon. Joan Neiman moved the second reading of Bill C-61, respecting young offenders and to repeal the Juvenile Delinquents Act.

She said: Honourable senators, it is my great pleasure to speak to you this evening with respect to Bill C-61, the Young Offenders Act, which after long and careful study in the other place recently received unanimous approval on third reading. The subject has been of great interest and concern to me for more years than I care to remember, because many long days ago I worked as a volunteer in the juvenile courts of Toronto. Thus, I am well aware of some of the provisions that have caused the anguish and problems we are now trying to correct.

As you will have noticed, Bill C-61 is long and complex. If it becomes law, as I hope it eventually will, it will significantly affect the lives of the many young people who come in conflict with federal laws and regulations. I hope you will forgive me, therefore, if I take up your time to give you some history and background with respect both to our existing law, the Juvenile Delinquents Act, and this proposed legislation which will replace it.

Until 1908 a child who broke the law appeared in adult court regardless of his or her age and vulnerability. Children in the early years of this century could expect little benevolence from authority. There were no labour laws to protect child workers or education acts to ensure minimum schooling.

In 1908, when the Juvenile Delinquents Act, the present act, was passed, it was based on the *parens patriae* doctrine, and

[Senator Frith.]

as well as a number of deficiencies, have created and perpetuated injustices for young people which we can no longer condone.

Let me just list some of the more obvious inequities: discriminating against young persons by arbitrarily labelling them "juvenile delinquents" for behaviour which more properly needs to be dealt with in the domain of child welfare and youth protection legislation; criminalizing young people for various acts of behaviour which are not considered illegal in adults; subjecting young persons to indeterminate court sentences which may not reflect the seriousness, or perhaps the relative triviality, of the offence committed—sentences which are often more severe than an adult would receive in similar circumstances; subjecting young persons to an arbitrary review process by which they will be brought back before the court at any time until they reach the age of 21 years, at which time new sanctions may be applied, including even a belated transfer to adult court—which is tantamount to double jeopardy, and that has traditionally been against our principles of justice at least insofar as they apply to adults; subjecting young persons to informal court procedures and decisions without guaranteeing them the right to legal counsel and full opportunity to challenge their accusers.

I should like to stress, however, that this recital of some of the most obvious inequities and deficiencies in the Juvenile Delinquents Act is in no way intended as casting a reflection on the daily practices of the juvenile courts of this country or upon our judiciary and provincial administrators who have had to struggle with the inherent weaknesses of the existing law and in most cases have managed to use compassion and sound judgment in interpreting and extending its rigid limits so as to give the greatest possible protection and assistance to young people.

● (2050)

Honourable senators, I should like to reiterate that the substantive provisions in the proposed legislation largely reflect the views and positions of provinces, juvenile justice professionals, as well as interested groups and individuals that were submitted to the federal government during the lengthy consultation process. Needless to say, unanimity of views on all aspects was not possible, and there remain specific differences among those concerned with respect to particular aspects of the bill. Indeed, it would be Utopian to expect that all interested parties could be fully satisfied; yet, the bill does represent a substantial degree of consensus.

After the bill received second reading in the other place, it was referred to the Justice and Legal Affairs Committee which, during the course of 17 careful and exhaustive hearings, received many briefs and heard about 40 witnesses, representatives of both individuals and groups with various legal and professional interests. While the witnesses were generally supportive of the proposed legislation, they all offered suggestions to improve, clarify or tighten its provisions.

The Solicitor General and his departmental officials followed the proceedings closely and sympathetically, and, at the conclusion of the hearings, proposed a series of amendments to

meet most of the desires of the committee and the witnesses. All of the many amendments adopted by the committee in the other place were then passed unanimously on third reading, although, in fairness, I must state that even some members who voted for the bill on third reading expressed reservations with respect to certain of its provisions.

The feeling was obvious, however, that it represents such a major step forward in the administration of justice for young people that it was vital not to delay its passage any longer in the hope of achieving perfection, and that it would be preferable to monitor the future administration of the legislation in order to correct imperfections as they are perceived in practice.

The new legislation is aimed at providing a comprehensive process for dealing with juvenile crime that encourages respect for the law and promotes the wellbeing of both young offenders and society. The key principles which underlie the proposed Young Offenders Act are:

That young persons should be held more responsible for their behaviour, but not wholly accountable since they are not yet fully mature;

That society has a right to protection from illegal behaviour;

That young persons have the same rights to due process of law and fair and equal treatment as adults, and that these rights must be guaranteed by special safeguards; and

That young persons have special needs because they are dependents at varying levels of development and maturity and, therefore, also require guidance and assistance.

These principles reflect the federal government's intent to strike a reasonable and acceptable balance between the needs of young offenders and the interests of society.

Let me highlight some of the main provisions contained in the proposed legislation which seeks to implement these principles. Perhaps the most significant feature of the proposed Young Offenders Act is the abolition of the omnibus offence of delinquency itself which comprises a range of so-called status offences which we would now be inclined to characterize as misbehaviour. Under the new legislation a young person can only be charged with a specific offence against the Criminal Code or other federal statutes and regulations.

The proposal more realistically delineates the jurisdiction of responsibility of the federal and provincial governments under the Constitution and, as well, reflects the practice developed in many jurisdictions of decriminalizing behaviour which is not seen as being sufficiently serious to rationalize its continued inclusion under the criminal law.

A second important provision is that the age of criminal responsibility will be raised from seven to twelve. I doubt that anyone would disagree that seven is much too young an age at which to attribute criminal responsibility and that children so young should more realistically be the subject of non-criminal proceedings. Twelve appears to be an age when the average young person should be able to differentiate between a criminal act and some lesser offence and also be able to take some personal responsibility for his or her actions.

The most significant and generally voiced criticism of Bill C-61, as it was tabled in the House of Commons on February 16, 1981, was with respect to the maximum age provision. As you may recall, it provided variable limits in order to conform with existing provincial legislation. During the committee hearings in the other place, the federal government was urged to resolve the issue of age disparity by establishing a maximum age that would be uniformly applied throughout the country. Even the provinces, although not able to agree on a given age level, recognized that uniformity is desirable.

I should like to add that, quite apart from the general support for uniformity, it is the view of the Solicitor General of Canada and of the Minister of Justice, given the proclamation of the Charter of Rights and Freedoms as part of the Constitution Act, 1981, that any juvenile delinquency legislation, including the present Juvenile Delinquents Act, could be ruled in breach of the equality provisions of the charter.

The selection of particular age at which to establish a uniform maximum age was a difficult one. However, in recommending that Bill C-61 be amended to provide for a uniform maximum age of 18, the Honourable Robert Kaplan gave what he believed to be the most persuasive reasons for his selection. They were:

Full maturity is not, as a general rule, achieved until age 18 or even later, particularly in current times because of the prolonged period of dependency that is often required of young persons;

Young persons, because of their impressionability and tendency to copy their so-called peers, need to be protected for as long a period as possible from entry into adult correctional institutions where they will be exposed to older, more experienced offenders;

Since rights as well as responsibilities will be imposed on young persons under the proposed new system of juvenile justice, the benefits of the system should then be extended to the largest possible number of young persons who have not yet attained full maturity. The full benefit of the resources of the juvenile justice system, with its greater emphasis on individual needs than the adult system affords, should be extended to young persons up to the age of 18 because they are, until then, still in their formative years and at an age level where they can be favourably influenced by positive action and guidance.

● (2100)

Given sufficient protective safeguards for society, which it is believed the new act contains, it is preferable to set the age at a higher rather than at a lower level. One of those safeguards is the retention of the transfer provision to adult court for such difficult cases as the "mature" criminal who is under 18 or the offender who has committed an extremely serious offence.

This age level of 18 is more consistent with our civil law. The fact that no province in Canada has an age of civil majority below the age of 18 years is recognition that most young persons under the age of 18 have not yet attained full maturity.

[Senator Neiman.]

The recognition that age 18 represents the most reasonable point of division between youth and adulthood is consistent with the situation prevailing in most European and western democracies, and in most common law jurisdictions, including a high proportion of states in the United States of America.

Needless to say, the federal government is very cognizant of the service, resource and financial implications for the provinces and territories in establishing such a uniform maximum age. Nevertheless, the establishment of uniformity at under 18 years of age represents the most objectively beneficial and defensible position, and the option which provides the best long-term solution for Canadian society generally and our young people in particular.

One particular feature of the proposed legislation is the acknowledgement that alternative measures to the court process can be used in appropriate cases. It has been recognized for some time that many young persons are brought to court unnecessarily when other effective ways may exist to deal with them. Such alternatives, which have become popularized in the form of screening and diversion, are not intended as a substitute for the judicial process but rather to provide additional options for dealing with young persons who commit offenses.

Informal and discretionary pre-judicial processes have become part and parcel of juvenile justice policy and administration in Canada. Police discretion has, for instance, been a fundamental cornerstone in the administration of justice for years. Probation and social service personnel make and accept referrals, and undertake to initiate alternative agreements and programs with offenders, all in the interest of settling disputes and avoiding the utilization of formal court proceedings. Such approaches not only avoid unnecessary referrals to courts, but can offer the young person the opportunity to accept responsibility for his or her behaviour and to become voluntarily involved in the resolution of his or her wrongdoing, frequently with the victim being involved.

However, there remain many concerns about the inherent dangers of exercising unfettered discretion in the application of diversion programs. Some arguments have been put to the effect that the federal government should make diversion mandatory and more explicit. In my view, the proponents of such arguments fail to recognize the importance of the right of the juvenile to plead not guilty, and the role of the provinces in exercising their prosecutorial discretion. The decision of when and how to use alternative measures is better left to the provinces which can then develop programs to suit the particular and local circumstances.

As a result, the legislation does contain a number of conditions and safeguards which must be applied so as to protect young persons against potential abuses and arbitrary action. For example, the young person will now have the right, and must be given the opportunity, to consult legal counsel before agreeing to any diversion program. Alternative measures cannot be used in any case unless there exists sufficient evidence to proceed with the prosecution of an offence. The young person must freely consent to participate, but retains the option of having the matter dealt with by the court. The

young person is protected against double jeopardy in the event of subsequent court proceedings.

Another of the deficiencies in the existing law is in regard to its disposition or sentencing provisions. The proposed legislation would directly address the outdated and inadequate features of present sentencing policies by furnishing the youth court with a range of dispositions which delineate not only the overall shift in the philosophy of the proposed act, but, more specifically, address currently accepted sentencing principles.

Accordingly, Bill C-61 proposes a precisely defined range of sentencing options which will take into account the special circumstances and needs of young persons while allowing sufficient scope and flexibility to provide for the rights and needs of victims, as well as to address the need to protect society in appropriate cases. Increased emphasis will be placed on formalizing in law, community-based dispositions such as community service, compensation and restitution orders, as methods of instilling in the offender a greater sense of responsibility and understanding of his illegal behaviour.

With respect to victims, it should be noted that amendments to the bill have strengthened their position by allowing them to appear before the court to make representations regarding restitution or compensation, and by providing that they be notified of the terms and conditions of any restitution or compensation order. These dispositions would be in addition to those of a supervisory nature, such as probation orders where special conditions and requirements could be attached. Other dispositions would include an absolute discharge or the application of a fine which, under the proposed legislation, could reach a maximum of \$1,000, as compared to the \$25 limit under the present law.

Under the new legislation, the use of custody will be seen as a final resort which, when contemplated, is to be exercised with utmost restraint. When it is being considered, it should reflect the seriousness of the factors attendant on a specific offence or offences.

The youth court judge, who is considering custody for an offender, must request a pre-disposition report. Reasons must be given by the court for all dispositions. Custodial dispositions will be for a definite period of time and will not, for most offences, exceed two years in duration for a given offence, nor can they exceed the maximum period for which an adult could be sentenced. Serious offences for which an adult would be liable to life imprisonment will carry a maximum term of three years.

When Bill C-61 was tabled in the other place it left the determination of the level of custody, as well as the choice of facility or placement, to provincial administrators. However, strong representations were made in a number of briefs to the Justice and Legal Affairs Committee of the other place, and in direct submissions to the Solicitor General of Canada to the effect that the determination of the level of custody, involving as it does the liberty of the young person and the protection of society, should more properly be left to the judiciary in the forum of the open court.

● (2110)

While the issue is not without controversy because of the objections of a number of provinces that wish to retain greater administrative discretion, the Solicitor General recommended an appropriate amendment, amongst the many amendments he submitted to the committee of the other place at the conclusion of its hearings, in order to give the youth court the authority to designate the level of custody as between "open custody" and "secure custody." Pursuant to the amendments, the provincial administrators will have the discretion to designate the facility or placement within the level specified by the court and to move offenders between institutions and programs at a given level.

It is the intent of the new act that the progress and welfare of young persons who receive custodial or other types of dispositions should be subject to continuing attention and monitoring during the term of the disposition. There will be a mandatory review in the case of any custodial disposition exceeding one year.

Contrary to the Juvenile Delinquents Act, which is silent on the matter, the new legislation contains provisions regulating the creation, maintenance, confidentiality and use of juvenile court records. Under the present legislation, it is possible for an individual to carry the label "delinquent" well beyond his youth and, indeed, possibly for life. Although young offenders are intended to take responsibility for their illegal behaviour, the consequences for them are not intended to be as severe as those applied to adults in the ordinary courts. Therefore, when a young offender has completed his or her sentence and has committed no further offence for a qualifying period, the record will be destroyed. The young person will thus be given a fresh start. It is hoped that this provision will provide a young person with a major incentive to mend his or her ways.

In determining the responsibility of young persons under new legislation, it is recognized that they have particular rights and freedoms, including the right to be heard and to participate in the processes that lead to decisions that effect them, as well as the opportunity to be informed of their rights as guaranteed under the law.

We can no longer operate under a system of procedural irregularity when a young person's freedom and liberty are at stake, nor should a young person be exposed to the sanctions of the criminal law without, at the same time, receiving the benefits of the built-in protections it has to offer. A young person must be given the opportunity to defend himself and to be judged in accordance with the principles of natural justice. No longer can we dispense with such fundamental rights because they are seen to conflict with treatment and rehabilitation ideologies, nor can we allow the exercise of unfettered discretion in dealing with young persons.

Under the proposed legislation, the young person will have the right to retain and instruct counsel at all stages of proceedings. Special safeguards will be established in order to assure proper and equitable practices in the taking of statements. Parents will be notified of any arrest, detention and court appearance respecting their child and will be granted the

opportunity to participate in the proceedings. Rules of evidence and procedure will provide the opportunity to challenge the Crown's case and to present a defence. Furthermore, and most importantly, young persons will be granted the same rights of appeal as are available to adults.

I trust that this rather lengthy exposé will give you some insight into, and appreciation of, the efforts being made by the federal government to improve the administration of juvenile justice in a realistic and compassionate manner. The proposed legislation has already undergone many beneficial changes and improvements, in response to the views and recommendations expressed throughout a lengthy consultation process and as a result of the in-depth study it received in the Justice and Legal Affairs Committee of the other place. When it has passed second reading in this chamber, I intend to ask that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs, where I am sure it will receive the same careful consideration.

Even in the light of all of the care that has been and will be taken in the formulation and subsequent administration of this legislation, I do not suggest that it is perfect or that it will not require modification from time to time, as experience and changing conditions indicate. It will, however, bring us significantly closer to the achievement of a desired balance between the prime objective of criminal law, which is to protect the public from criminal behaviour, and the desirability of ministering to the special needs of young persons who come into conflict with the law.

I therefore urge all members of this chamber to lend their support to this long-awaited and very worthwhile legislative reform.

Hon. Martial Asselin: Honourable senators, I would like to congratulate Senator Neiman on her thorough exposé of the very difficult bill which is before the Senate. I wish to read over her presentation before answering to it tomorrow.

On motion of Senator Asselin, debate adjourned.

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—ORDER STANDS

On the order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces", tabled in the Senate on 10th February, 1982.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move the adjournment of this debate in the name of Senator Lafond.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

[Senator Neiman.]

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

MEETING OF SUBCOMMITTEE RESPECTING WHEAT—DEBATE CONCLUDED

On the order:

Resuming the debate on the inquiry of the Honourable Senator Roblin, P.C., calling the attention of the Senate to the meeting of the Sub-Committee of the Canada-United States Inter-Parliamentary Group respecting wheat, held in Washington, D.C., U.S.A., on October 23rd and 24th, 1981.—(*Honourable Senator Sparrow*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Sparrow advised me that he has spoken to the proposer of this inquiry, whose name I cannot remember at the moment.

Hon. Duff Roblin (Deputy Leader of the Opposition): Is the inquiry about wheat?

Senator Frith: It has to do with the meeting of the Sub-Committee of the Canada-United States Inter-Parliamentary Group respecting wheat, yes.

Senator Roblin: In that case, I have to accept the responsibility, honourable senators.

Senator Frith: I understood that Senator Sparrow had spoken to you, that he does not want to speak to the matter, and that it is satisfactory that it be treated as having been debated, unless you wish to close the debate on it.

Senator Roblin: No, I have said all I wish to say. I am, quite naturally, willing to have Senator Sparrow deal with it as he sees fit.

Senator Frith: The question, I suppose, is whether we are certain that no other senator wishes to speak to it. Shall we leave the matter until tomorrow, with that warning? Senator Sparrow says that, as far as he is concerned and if you agree, he would be happy to have it treated as having been debated. It is your inquiry, however, and we would not want to do that without your consent.

● (2120)

Senator Roblin: I think I have no rights in the matter. It is up to members of the Senate to speak if they want to. I do not think my agreement is necessary, and I would not really wish to have it thought that it is.

Senator Frith: Then, honourable senators, I suggest that this order be treated as having been debated.

The Hon. the Speaker: If no other senator wishes to speak, this inquiry is considered as having been debated.

JUSTICE

NEWFOUNDLAND—JURISDICTION OVER OFFSHORE RESOURCES—REFERENCE TO SUPREME COURT OF CANADA—DEBATE ADJOURNED

Hon. Daniel A. Lang, pursuant to notice of Thursday, May 20, 1982, moved:

That the Senate deplores the decision of the Government of Canada to refer to the Supreme Court of Canada the question of jurisdiction over the seabed resources off Newfoundland, called Hibernia, while at the same time the Appeal Court of Newfoundland is seized with the matter that includes this very question.

He said: Honourable senators, I feel very humble tonight, after having received such an insight into and appreciation of juvenile problems with justice in Canada. The erudition with which our honourable colleague delivered that dissertation puts me at a tremendous disadvantage when I try to move into such a mundane matter as the subject of the motion I have put before you. As the time is now 9.36, I will attempt to shorten my remarks tonight—

Hon. Duff Roblin (Deputy Leader of the Opposition): No, no!

Hon. Jacques Flynn (Leader of the Opposition): No, we have no adjournment time.

Senator Lang:—within the ambit of the importance of the subject matter.

I think I might start, honourable senators, by advising you that on May 23—that is, last Sunday—a telex was sent by Senator Forsey to Premier Peckford of Newfoundland, and if I may, I would like to read it:

The Dominion Government's action is, as far as I know, unprecedented. It is in marked contrast to the procedure that government itself followed on the patriation resolutions. It is certainly irregular. It interferes with the normal judicial procedure by virtually removing from the Newfoundland Court of Appeal an essential part of the question placed before it. It is highly improper. It is a tactic that undermines the whole judicial system.

Some Hon. Senators: Hear, hear.

Senator Lang: Honourable senators, I do not need to tell you that I did not know Senator Forsey was even thinking about these matters until I found this on my desk this morning. I will repeat what he said:

The Dominion Government's action is, as far as I know, unprecedented.

With regard to the qualification "as far as I know," I have now done all the research possible within 12 hours, and I can confirm that the government's action is in fact unprecedented.

Senator Flynn: Indeed.

Senator Lang: Honourable senators, if I could give you a small perception of the course of events that led to this matter last week, it may help you understand my concerns, and perhaps, as certain senators from Newfoundland—and it is their concern, really; not mine—were unable to do, trigger the conscience of some of my colleagues on the other side of the house.

In terms of recent history, the Government of Newfoundland referred this matter to the Court of Appeal of Newfoundland by order in council dated February 12 last. As honourable

senators know, under section 6 of the Judicature Act of Newfoundland is a legal and proper procedure. I need not remind you that under section 37 of the Supreme Court of Canada Act, there is a provision that an appeal lies from a judgment, under such circumstances, by a provincial supreme court to the Supreme Court of Canada.

The Government of Canada referred this matter to the Supreme Court of Canada by order in council dated May 19, which was last Wednesday, in accordance with section 55 of the Supreme Court Act.

That is the background against which I would like to paint this picture.

There is more to this story than I have related. It is a sad story, and a story that reveals the state into which we have fallen in Canada, both governmentally and judicially.

Early in 1981 there was an appeal to the Federal Court on a question from the Canada Labour Relations Board involving the certification of a union, namely, the Seamen's International Union, with respect to jurisdiction for the purposes of certification of seamen on boats, serving, among other things, the oil rigs off the coast of Newfoundland.

This was, honourable senators, a straightforward matter for judicial determination as to whether that matter fell under the heading of property and civil rights, which is a matter within provincial jurisdiction, or, on the other hand, under the heading of shipping, which is a matter within federal jurisdiction.

The next thing that happened, honourable senators, was this. On June 19 of last year, the federal attorney general intervened in that litigation in an attempt to introduce, into the narrow issue involved, the question of ownership of natural resources. You will see that we are now starting to play games.

Senator Flynn: So what else is new?

Hon. Royce Frith (Deputy Leader of the Government): Peckford started that.

Senator Lang: May I have quiet on the other side while I am delineating my premise?

From then until January 25, 1982, negotiations between Newfoundland and the federal government continued, and during that period the matter escalated politically.

I am not going to blame the federal government, nor am I going to blame the provincial government, but I can say to both of them that they are incompetent.

Finally, on February 12 last, the Federal Court, in its wisdom, refused to deal with the offshore issue as a matter properly before it on the narrow question of jurisdiction with regard to the certification of a union. One of the parties then appealed to the Supreme Court of Canada, and the Supreme Court of Canada refused to give leave to appeal—in my opinion, very properly. I have here the words of Mr. Justice Thurlow, who said:

● (2130)

The question of ownership should not be addressed or answered except and to the extent that it becomes necessary to do so.

In other words—this is my interpretation—Mr. Justice Thurlow was saying, “Don’t try to politicize our judicial system.”

Newfoundland, if my information is correct, was frustrated, first, by the federal government’s denial of a previous agreement to acknowledge joint ownership; and having reneged on joint management—a commitment given in May—that was followed by the federal government’s assertion of sovereignty, in December 1981. Finally, the federal-provincial agreement to support an application to adjourn the SIU appeal was renounced by the federal government on February 1, 1982. Then, after an offer by Newfoundland, on February 10, 1982, to set aside sovereignty as an issue—it sounds to me like the Falkland Islands dispute—the federal government went silent.

Under those circumstances, advisedly or not, the Newfoundland government referred the matter to the Supreme Court of Newfoundland—and that, of course, is the only judicial recourse it has. It cannot refer it to the Supreme Court of Canada. That was done on February 12 last.

On the other hand, the federal government, frustrated by an inability to effect its purpose by injecting the question into the narrow issue as to certification powers of a union, referred the same question—I underline the words “same question”—to the Supreme Court of Canada on May 19.

No doubt I and other honourable senators will be rebutted to the effect that it was not the same question. But, honourable senators, it does not take much insight to know that one question decides the other, and any attempt to obfuscate that fact is a mere scam.

Let me, as an example, quote the Prime Minister’s telex to the Premier of Newfoundland, in which he stated:

—the federal government has today asked the Supreme Court of Canada to rule on the question of whether Canada or Newfoundland has ownership of and jurisdiction over the Hibernia Field.

All of the press statements referred to Hibernia, and Hibernia alone. The area governed by the federal question, in its reference, is much larger than Hibernia. In fact, the area covered by the reference is 820 square miles, and the Hibernia field comprises some 35 square miles, or 4.25 per cent of the area. The area also contains the Nautilus structure—I am not an engineer—which is being drilled with encouraging results; the main part of the Hebron field, tested at over 9,000 barrels of oil per day; part of the Ben Nevis, West Ben Nevis and Terra Nova structures, and the Ben Nevis was tested at 1,857 barrels of oil per day. Those structures are the ones that have been identified to date. Others may be expected within the 830 square mile area.

The fact that the Hebron, Ben Nevis and West Ben Nevis and Terra Nova structures straddle the boundaries of the area proves that one cannot have ownership of one part without determining the ownership of the whole. So any suggestion that the reference to the Supreme Court of Canada by the federal government is on a different subject matter from that before the Supreme Court of Newfoundland is, to my mind, a complete scam.

[Senator Lang.]

The questions involved are absolutely the same. The determination of the question of one reference will affect the determination on the other. If, for instance, the federal government had been intellectually honest and said it was really concerned about this area called Hibernia, why did it not go to Newfoundland and say, “Look, let us limit your reference before the provincial supreme court to that area”? No, it did not do that. It immediately ran to the Supreme Court of Canada, and justified its action by saying the reference did not involve the same subject matter.

Honourable senators, I sometimes wonder what this government is up to, or is it just too incompetent to know what it is up to, or to realize what it is doing—or is it dangerously authoritarian to the extent that it can threaten our judicial and legislative processes?

The constitutional exercise, which we went through last year and this year—or, to use my own term, the constitutional scam that we went through, because we have only an amended B.N.A. Act passed by the Parliament of Westminster—the court references that were invoked, and the imposition of a bill of rights upon our system, have dangerously politicized our judicial system.

Some Hon. Senators: Hear, hear.

Senator Lang: The methodology involved—which involves federal-provincial confrontation—has been nearly disastrous. Does this government now intend to go further, until we have confrontation between provincial courts and the federal courts? Is this the game it is playing in this country? It makes me wonder whether we have a Falkland Islands incident coming up over Newfoundland, and another over St. Pierre and Miquelon. Once we start to pit our federal and provincial courts against each other, we shall start to see the breakup of the judicial system we have known in Canada.

Some Hon. Senators: Hear, hear.

Senator Lang: Honourable senators, I am from Ontario. Ownership or control of the Newfoundland offshore resources is, to my mind, basically an academic problem. I am not concerned about what happened in the House of Commons last week, or what the minister said with respect to this matter, or when he said it. What I am deeply concerned about is the effect of this on the role of our judiciary as it fits into our system of government.

● (2140)

May I try some examples on you? This is not a matter to be taken lightly by anyone. We are right at the heart of whether we exist with the form of government we have known. Assume, for instance, that a constitutional issue comes before the Supreme Court of Ontario and that, before it is adjudicated upon by that court, the federal government refers that same matter to the Supreme Court of Canada. Suppose that the Supreme Court of Ontario adjudicates with one result and, without the matter being under appeal to the Supreme Court of Canada from the Supreme Court of Ontario, the Supreme

Court of Canada adjudicates differently. We would have no rule of law any more; we would have legal chaos.

I do not need to remind honourable senators that inherent in our system is the appellate structure. There is a trial on a reference, then there is appeal and, depending on the matter under adjudication, there may be a further appeal. When the executive of this country begins to short-circuit this appellate system, though it may be legal under the Supreme Court Act and under the provincial courts acts, it blows a fuse. What is even worse is that it gives a public perception to the notion that our courts can be manipulated—provincial courts by provincial governments and federal courts by federal governments. That is a false perception, and you and I know that.

However, the fact that such a perception may be engendered by these proceedings can completely destroy the system. It is the perception of the people of their judicial system that is important. The independence of our judiciary and its supposed immunity to contempt are the cornerstones that I feel our democracy and our freedom rest upon. The process with which we are now faced when this motion to the Supreme Court of Canada returns next Friday, in my opinion, is an insult to the Supreme Court of Newfoundland and a slur of contempt on the Supreme Court of Canada. Trite as it may sound, the price of our freedom is eternal vigilance.

I hope I have made the point of my motion clear. Our judiciary and its independence is part of that freedom.

Some Hon. Senators: Hear, hear!

Hon. John M. Godfrey: Will the honourable senator accept a question?

Senator Lang: Yes.

Senator Godfrey: Ever since I have been here, both in committees and in the house—and this is the first time I have ever asked such a question in the house—when people use lingo, I have always asked myself what they mean by the lingo. Would the honourable senator define the word “scam”, so that we will know what he is talking about?

Senator Lang: It is the technique used by a magi.

Senator Godfrey: The honourable senator referred to Senator Forsey and the fact—

Senator Flynn: Will you be speaking later on?

Hon. Raymond J. Perrault (Leader of the Government): He is asking a question.

Senator Flynn: Let him defend himself. He does not need you.

Senator Godfrey: The honourable senator referred to Senator Forsey and the fact that there had not been a case before the supreme court of a province and the Supreme Court of Canada at the same time. Can the honourable senator tell us how many constitutional references the federal government has made in the past directly to the Supreme Court of Canada as compared to the number of constitutional references made by provinces to the provincial courts of appeal?

Hon. G. I. Smith: What does that have to do with the matter?

Senator Godfrey: A lot. I am merely asking the honourable senator whether he has done his research in that respect.

Senator Flynn: Why don't you do your own research?

Senator Godfrey: I think his answer will indicate that the usual practice in constitutional matters is that they go straight to the Supreme Court of Canada. I am asking the honourable senator a straight question of fact, and whether he has done his research.

Senator Flynn: I am not preventing him from answering it.

Senator Godfrey: I am not asking you. I am asking the Honourable Senator Lang, and I think he should be allowed to give his answer without interruption. If he has not done the research, then, fine, somebody else can do it.

● (2150)

[Translation]

Hon. Martial Asselin: Honourable senators, it seems that—

Hon. Maurice Lamontagne: Senator Lang did not answer.

Senator Asselin: Does Senator Lamontagne want to say something?

Senator Lamontagne: Senator Lang did not reply.

Senator Asselin: He does not have to reply.

Senator Flynn: He does not have to reply.

Hon. Louis-J. Robichaud: Does Senator Asselin wish to speak on the motion?

Senator Flynn: Yes, it is about the motion.

Senator Asselin: I was not aware that my honourable friend, Senator Robichaud, had become Speaker of this House and was trying to control the debate and determine whether we are speaking about this or that subject. In any case, he will have a chance to voice his views.

Senator Robichaud: As far as I am concerned, you are very easy to manage.

Senator Asselin: Well, this has seldom happened since your appointment to the Senate because it is the first time that I have heard you speak.

Senator Robichaud: You say that so often that it is becoming repetitive.

Senator Asselin: Honourable senators, the events of last week have caused some alarm in the legal community. I want to congratulate Senator Lang for having given such a clear explanation of the legal aspects of a political issue. I believe that he did so with much impartiality and that this will enrich this debate and enlighten us about the problem now before the Senate.

When you have practised law for some time, you are surprised to see that a democratic government like the one we have in Canada can try to negotiate a political issue through the legal system. For many years, it has been suggested that

this process has been used to settle disputes between various levels of government. For the last several years, there has been an increasing tendency to somehow abandon the process of political negotiation of political problems opposing the federal government and the provinces. This has happened in many cases since this government has been trying to settle conflicts with the provinces. While the law provides that the federal government can refer issues to the Supreme Court to get its opinion about the constitutionality of a contentious matter, we have the impression that the federal government is progressively attempting to shift its activities and its relations with the provinces towards legal solutions rather than trying to find political answers through negotiations.

However, when the population of Newfoundland expressed its views democratically about the ownership of its offshore resources during the last election, I believe that the answer was quite clear and specific. On the other hand, Mr. Lalonde had stated during the campaign that even if Newfoundland replied by an affirmative and undeniable vote, this would have no effect on the negotiations already taking place between Newfoundland and the federal government. Honourable senators, this was a very negative attitude taken beforehand by the minister responsible for negotiating this contentious issue with the Government of Newfoundland.

In any case, the people of Newfoundland gave their premier the clear, specific and undeniable mandate of seeing to it that the ownership of these offshore resources would be respected. What happened? The premier submitted the issue to the Appeals Court of Newfoundland. If my information is correct, this case could be debated before the Appeals Court next fall.

Senator Robichaud: In October.

Senator Asselin: During October the question of ownership of the offshore natural resources off Newfoundland was referred to the Newfoundland Appeal Court. This was the normal process which the Newfoundland government could use to obtain a legal decision. Even though it is contended the subject matter referred to the Supreme Court is more specific, its object is essentially the same. The same basic issue raised before the Newfoundland Appeal Court will be raised in the Supreme Court.

Why then has the federal government decided to set aside the entire appellate system which is normally used at the provincial as well as the federal level. If I am not satisfied with a judgment rendered by the Quebec Superior Court, I can always refer the matter to the Quebec Appeal Court. If I am not happy with the decision of the Appeal Court, I can ask the Supreme Court for leave to appeal the judgment of the Appeal Court.

Senator Lamontagne: You are not the federal government.

Senator Asselin: I am not the federal government, as Senator Lamontagne quite rightly stated. Had I been the federal government, I would not have acted in the same way. As I said, even though the federal government has the legal power to make a reference to the Supreme Court on a matter of policy to resolve a difference between various levels of govern-

ments or a contentious issue at the federal level—even though they have the legal right to appeal to the Supreme Court of Canada, the Canadian government still has an obligation to also respect institutions at the provincial level.

Now, as Honourable Senator Lang said, the Supreme Court of Newfoundland already had before it the contentious matter. Without waiting for that court's decision, they hurriedly invoked the provisions of the Supreme Court Act to short-circuit the decision that might be taken by the Supreme Court of Newfoundland, and they immediately applied to the Supreme Court of Canada for a ruling on a matter we feel is urgent. The federal government wanted by so doing to indirectly salvage mega-projects that had been terminated over these last two weeks, for the sake of being able to say that in 1990, Canada could be self-sufficient in the area of energy resources.

Senator Robichaud: This implies an intention that was not necessarily valid.

Senator Asselin: Therefore, they go directly to the Supreme Court. They put aside the normal process that must be respected before the superior courts, especially when the reference to those provincial courts is already a matter of fact.

My view is that by acting this way, they are trying to de-stabilize the normal judicial process. This is the danger referred to earlier by my colleague and friend Senator Lang when he referred to the competence and objectivity of the Newfoundland Supreme Court being questioned, as well as its integrity, by short-circuiting that court and applying to the Supreme Court for a ruling on a question that was already before the Newfoundland Supreme Court.

Where is the danger in such a process? Where is the danger in having contradictory judgments? When one has been or still is pleading before the courts of justice, very often, if a point of law is raised, the Superior Court will tell lawyers: Well, we are going to adjourn that matter because the same matter is now before the Court of Appeal. Since we do not want to have contradictory judgments, we are going to wait for that court's decision. And rightly so, because contradictory judgments would tend to upset the continuity of jurisprudence before our courts. Could you visualize the Superior Court and the Court of Appeal in one province dealing with the same matter but handing down contradictory decisions? Honourable senators, the whole process of court rulings and our courts of law would be turned upside down.

How could we in all honesty implement conflicting rulings, add them to our precedents and invoke them in our courts of law? I say that is the danger the government is now running into. That danger must be pointed out in a debate such as this one this evening. There is danger in conflicting rulings.

We trust the Supreme Court in all its wisdom will wait for the decision of the Newfoundland Court of Appeal before complying with the request of the federal government. I am convinced that in its wisdom the Supreme Court will wait for that decision, and that is the wish I make this evening. As Senator Lang said, the federal government should not be perceived by the Canadian people as constantly using the

Supreme Court as an instrument to settle its political differences with the provinces. Even though the Supreme Court has in the past rendered decisions more favourable to the federal government than provincial governments on constitutional issues, it does not mean that the federal government should be perceived by the Canadian people as appealing to the Supreme Court to anticipate favourable decisions on contentious constitutional issues. I think that we should dispel the impression Canadians taxpayers have that the Supreme Court is the instrument of the central government.

If contentious issues are constantly referred to the Supreme Court, we must ask ourselves what will become of federal-provincial conferences. What credibility will these conferences retain, especially in view of the federal government's tendency to seek judicial rather than political answers to differences. Could we then take the proceedings of federal-provincial conferences seriously? Why condemn some provinces for being reluctant to take part in these federal-provincial meetings when contentious issues as important as those currently being debated cannot be resolved politically?

Honourable senators, we would have been remiss as parliamentarians if we had failed during this debate to condemn the federal government for its arrogant, to say the least, attitude with respect to a decision of the Newfoundland Court of Appeal. In this connection, here is what the editor of *Le Devoir*, Jean-Louis Roy, wrote on May 21, 1982:

Ottawa's decision must be condemned. From a strictly political point of view, it will only result in a further deterioration of intergovernmental relations. It will needlessly turn against the federal government a people anxious to throw off the yoke of economic dependency and benefit from resources the proximity and abundance of which allowed them to finally hope for a level of development comparable to those of other Canadian regions.

In a more balanced federal system, a solution to this wealth-sharing problem would have been found through negotiation. But the great design of this Canadian government is to assert its hegemony, to grab further powers, to control all developments and to weaken all regions and provinces. This approach has resulted in an impoverishment of Canadian society. In this case, it is needless provocation. Nothing positive will come out of the humiliation and revolt of Newfoundlanders, except further obstacles to the development of a province that could foresee the end of its dependency.

At this point, honourable senators, I want to congratulate personally the Newfoundland senators who last week explained to the Senate the seriousness of the problem. I should like to single out Senator Doody who had the courage to rise and support the views of his province and of Newfoundlanders. I cannot help mention the courageous attitude of Senator Cook who has asked to sit as an independent in this chamber. I think that the residents of Newfoundland will be grateful to him for this gesture. I commend Senator Lang for raising this significant issue in the Senate. Those questions deserve to be debated in all seriousness and objectivity as he has done this evening. I hope that my contribution will shed some light on the problem.

● (2200)

[English]

Senator Perrault: Honourable senators, I move the adjournment of the debate.

Senator Flynn: Will you speak tomorrow?

Senator Perrault: I may, yes. The spirit may move me.

Senator Flynn: It had better be the spirit.

Senator Roblin: What kind of spirit?

On motion of Senator Perrault, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 26, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

TWELFTH REPORT OF STANDING JOINT COMMITTEE PRESENTED

Hon. John M. Godfrey, Joint Chairman of the Standing Joint Committee on Regulations and other Statutory Instruments, presented the following report:

Wednesday, May 26, 1982

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Twelfth Report as follows:

In relation to its permanent reference, section 26 of the Statutory Instruments Act, S.C. 1970-71-72, c. 38, your Committee recommends that *Criterion 13* of the Standing Joint Committee of the Senate and of the House of Commons on Regulations and other Statutory Instruments be amended as follows:

"is not in conformity with the *Canadian Charter of Rights and Freedoms* or with the *Canadian Bill of Rights*."

Respectfully submitted,

JOHN M. GODFREY,
Joint Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Godfrey moved that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

QUESTION PERIOD

[English]

ECONOMIC DEVELOPMENT

MEGA-PROJECTS—ESTABLISHMENT OF ADVISORY BOARD

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, if the Senate permits, I will pose a couple of

modest questions to the Minister of State for Economic Development.

Hon. Royce Frith (Deputy Leader of the Government): How out of character!

Senator Roblin: I am a modest man. Some say I have much to be modest about.

Senator Frith: We never said that.

Hon. Raymond J. Perrault (Leader of the Government): We would not say that.

Senator Roblin: I would not expect that you would.

Hon. Jacques Flynn (Leader of the Opposition): You are not in a position to say that.

Senator Roblin: Would my honourable friend give me some information with respect to the Canadian content in some of the mega-projects that are still in hand, or some of the projects that are going ahead at the present time?

I understand, and I should like him to confirm, that the Major Projects Assessment Agency comes under his jurisdiction. Is that so, and is Canada Benefits a shorthand way of describing the activities of that unit?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Major Projects Assessment Agency comes under the control of the Department of Industry, Trade and Commerce, the department that will be amalgamated with DREE, which will then become the Department of Regional and Industrial Expansion, DRIE.

I am not quite sure that I understood the second part of my friend's question.

Senator Roblin: In some government propaganda reference has been made to an outfit called Canada Benefits. This is the title which has been given to it in much the same way as we refer to Canada Transport.

I am curious to know whether this is the same body that is otherwise referred to as the Major Projects Assessment Agency and, if not, what is it?

• (1405)

Senator Olson: Honourable senators, I will give a precise answer to that question.

Senator Flynn: Why do you have to warn us? Is that something new?

Senator Olson: I wish to give exact, precise information. I am sure that is what Senator Roblin is asking for, so I will take the question as notice to the extent that there may be some difference in the terms of reference between the two agencies.

Quite obviously, however, there are two important functions to be performed. One is to ensure that Canadian companies have the information necessary as to the procurement policies—perhaps not so much policies as items—that will be coming up in the immediate, medium and long-term future. It is useful for Canadian companies to know about such things so that they can prepare themselves to bid and, hopefully, to provide the supplies in that respect.

I will, however, obtain a more precise answer if there is a difference in the terms of reference of the two bodies.

Senator Roblin: I would be glad to have the terms of reference. Perhaps the minister could also tell me how many people are working at this particular activity, and what their budget is. The relevance of my question can perhaps be seen more clearly when one takes note of the fact that another body has been set up which is called a mega-projects advisory board. The report is that that is being taken care of by the Minister of Regional Economic Expansion, the Honourable Herb Gray.

I would like to know the terms of reference of this body, how they relate to the government organization that has been set up, and why it has been thought necessary to establish an annual budget of \$1 million, with nine full-time employees, for this apparently extracurricular activity.

Senator Olson: Honourable senators, I will obtain a reply to that question as well, although the last body that my honourable friend mentioned is really an advisory council. Its formation was one of the major recommendations that came from the Major Capital Projects Task Force co-chaired by Blair and Carr. That council will perform a somewhat different function, in that it will be attempting to give advice—it could be referred to as a tripartite body composed of representatives of business, labour and government—not only in terms of the supplying of Canadian content, but also in terms of a good deal of the management and related matter that ought to have input from all three sectors with respect to the progress of these projects.

Senator Roblin: My honourable friend has put his finger on the point that interests me, because I am aware that this new body arose from the report of that task force.

I believe one of the other recommendations made by that body was that there should be some advantage given to procurement in Canada; in other words, if my memory serves me correctly, that other sources of supply would be subject to a 5 per cent preference in terms of Canadian sources.

Leaving aside altogether the merits of that particular program at the present time, it would be interesting to know whether it is included in the terms of reference. If it is, obviously we have more explaining to do to some of our friends on the rest of this continent and elsewhere. I would like to know the government's policy in respect of it.

Senator Olson: Honourable senators, I will seek a reply to that question as to whether it was in the terms of reference. Off the top of my head, I do not believe it was, although there were one or two other fairly important recommendations involved in the response to the report of the Major Capital

Projects Task Force. One has to do with labour union fees and that sort of thing. There were several other major recommendations included in the report, but I do not believe the terms of reference, if you like, contained all of those recommendations.

I have to say to my honourable friend as well that after the advisory committee is set up it will, no doubt, be making recommendations from time to time. Therefore, I would suggest that, while the terms of reference may not be completely fleshed out at this point in time, the committee would be considered competent to make recommendations on a fairly wide range of issues involving these mega-projects.

• (1410)

Senator Roblin: I am sure the terms of reference could include the power to make recommendations without causing any problems, but I regard that as being a standard procedure with respect to any advisory board. Indeed, if they cannot make recommendations, what are they there for? I want to know why we apparently have a two-pronged attack on this thing. One does wonder what results we are going to get.

I ask my honourable friend, in connection with the Beaufort agreement that was announced the other day, whether or not the present body, which is called the Major Projects Assessment Agency or Canada Benefits, had any input into procurement with respect to the Beaufort and, if so, what the result has been.

Senator Olson: I can try to get that information, and I suppose it is something that cannot be measured as precisely as we may want to because, no doubt, they have attempted to give some information to Canadian suppliers. I suppose it is a matter of judgment as to how effective it has been, but we have had some other experience in this. For example, with respect to the Alaska Highway gas pipeline, there were some undertakings given by the company at the outset when we went through the hearings preparatory to passing the bill in 1977. The sections that have been built to date have gone in a way that the Canadian content has been somewhat over 90 per cent. I am sure that that was done primarily because there was advance information as to what was required given to Canadian suppliers so they could arrange their bidding and fabrication or manufacturing processes.

Senator Roblin: I hope it is effective, because I think the goals are shared by many of us here. I have to report to the minister that with respect to the Beaufort, the public statements made by those involved indicated that there was really no change between what their procurement situation was before they entered the Beaufort and what it was after. If that report is correct, it would appear that the government has not been successful in persuading those people to make many changes.

Senator Olson: I suppose it could be interpreted one other way, which is that the government was highly successful in getting the message across to those companies that it was desirable from our point of view to maximize the Canadian content.

Senator Roblin: My honourable friend is entitled to take that interpretation, but I would really like him to show it.

INDUSTRY

DOME PETROLEUM LTD.—SUGGESTED GOVERNMENT ASSISTANCE

Hon. Nathan Nurgitz: Honourable senators, I have a brief question for the Minister of State for Economic Development. On May 20, in response to a question from Senator Flynn concerning the Dome Petroleum problem, the minister said:

There has been no response to any request with respect to their financing problems by the federal government.

Can the minister confirm that the government has received from Dome Petroleum Ltd. a certain request concerning their financial problem?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, no, I cannot confirm that absolutely in the terms that my honourable friend would like, because I do not believe that I can say that there has been no discussion with any government official by any official of Dome Petroleum. To my knowledge, there has not been a formal request made with respect to financial assistance. It is one of those areas where, I suppose, you could find some official, at whatever level, who talked to some other official at another level in Dome Petroleum, who then spoke to an official of the Canadian government, and you could surmise from that that there had been a request. There has been no request known to me.

Senator Nurgitz: I take it from the minister's response that there has been no informal request either.

Senator Olson: Not to my knowledge.

ECONOMIC DEVELOPMENT

COMMON STOCK OWNERSHIP—SUGGESTED FEDERAL-PROVINCIAL INCENTIVE

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development. The budget brought in recently by the Provincial Treasurer in Ontario recommended substantial income tax incentives for people to buy common stocks. The Treasurer of Ontario indicated that Ontario is prepared to work with Ottawa in designing an effective mechanism, and to bear its share of the costs. Is the federal government prepared to enter into a program with the Government of Ontario, and perhaps with other provincial governments, to promote common stock ownership?

• (1415)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not questioning the accuracy of the statements attributed to ministers or officials of the Province of Ontario, but I would like to say that if that is their view, they have no doubt already communicated it to the Minister of Finance. I will make inquiries to find out whether such an initiative has been taken.

Senator Murray: Well, my question really is whether the government is considering any such incentives to stock owner-

[Senator Roblin.]

ship. I would have thought that the Minister of State for Economic Development would have been concerned about the fact that the depressed markets and continued high interest rates make it almost impossible for businesses to raise capital at affordable prices. Therefore, I will ask the minister a general policy question.

Does this government, like its predecessor, the Conservative government, consider that promoting stock ownership is a priority, and does it acknowledge any responsibility, either in co-operation with the provinces or alone, to bring forward policies appropriate to that end?

Senator Olson: Honourable senators, a number of businessmen, and, indeed, a number of people in the government, have indicated that a higher equity-to-debt ratio would be highly desirable. There is no question about that. In trying to reply to my honourable friend's question, however, in which he is asking whether this is under consideration, I have already said that I would ask the Minister of Finance whether they have received that initiative, and what their response to it, if any, is, or if they are looking at such a proposal.

I think my honourable friend did say, in quoting the statement that he attributed to someone, that they were trying to get together to design a policy that might be effective in that respect.

With regard to his other question, I know that members of the opposition do not like it when I answer this way, but it is a fact of life, and I have to say again that I cannot and will not discuss here, or with the press or anyone else, those matters that are on the agenda at cabinet meetings.

Hon. Jacques Flynn (Leader of the Opposition): Is this matter on the agenda?

Senator Olson: I am not free to do that.

Senator Flynn: But is it on the agenda?

THE ECONOMY

CANADIAN NATIONAL RAILWAYS—MAINTENANCE SHOPS LAYOFFS

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Economic Development.

The Canadian National Railways has extended its layoffs for an additional six- to eight-week period, putting approximately 3,200 people temporarily out of work. Does the minister have any assurance for those laid off that the Canadian National shops will definitely reopen, with the complete resumption of operations, at the end of the eight-week period?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot give that definite assurance. I believe that it is not only the Canadian National Railways that is doing this; Canadian Pacific have also indicated that there has been a reduction in the total tonnage that they are hauling, and that therefore the requirement for maintenance and repair has gone down somewhat. What they have done is to extend the period in some of the shops

somewhat longer than they normally do, and it is our hope, which I am sure my honourable friend shares, that there will be an upturn in the economy, and in the activity contributed to the economy by the railways, that will require the services of all of those people again very shortly.

Senator Phillips: I have a supplementary question, honourable senators. I certainly share the minister's hope that there will be an upturn in the economy, because Canadian National has found it necessary, because of the bleak economic outlook, to announce that an additional 2,500 employees will be laid off this year. At the same time, a subsidiary of Canadian National, the Grand Trunk Corporation of Detroit, a wholly owned holding company, has provided a letter of intent to acquire the Chicago, Milwaukee, St. Paul and Pacific Railroad Company. Will any of the 2,500 employees who are to be laid off by Canadian National this year receive employment on the railway that Canadian National is purchasing in the United States, and that has been closed because of bankruptcy?

Senator Olson: Honourable senators, I could ask that question and try to get my honourable friend a reply, but I think he answered his own question when he said something to the effect that the railway that was under consideration for acquisition was not operating at full capacity either. Therefore, I expect it would not be a high hope that a number of those people could be transferred to work on that railway. It may not suit their situation, in any event, because in a number of places, such as Moncton, Calgary and Winnipeg, where there are extended down periods for the maintenance shops, the people living there may wish—and I believe they would—to stay in those communities to resume their activities rather than move elsewhere.

● (1420)

Senator Phillips: Honourable senators, I have a further supplementary for the minister. Will the \$250 million bankrupt acquisition be known as the Horner's spur?

Senator Olson: No, I do not think it will.

CALCULATION OF ANNUAL INFLATION RATE

Hon. Peter Bosa: Honourable senators, I have a question for the Minister of State for Economic Development. Frequently, comparisons are made of the inflation rate which exists in Canada and the United States. Some people contend that the United States has been more effective in controlling inflation than has Canada. It is my understanding that the Americans have a different way of computing their inflation rate. I understand that they annualize the monthly rate. For instance, if the rate of inflation for a particular month is one per cent, they multiply that rate by 12, which would equal an annual inflation rate of 12 per cent, whereas in Canada we take the total of the inflation rate for the last 12 months and average out the total. I understand that the inflation rate is now approximately 11.3 or 11.5 per cent.

Has the minister or the government given any thought to adopting the American way of calculating the inflation rate? In April the inflation rate was half of one per cent. That

means that the projection, if we follow the American system, would be 6 per cent per year. Such news would restore confidence in our economy, and it would have a beneficial impact on those who are negotiating wage contracts and projecting prices.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not wish to give a full explanation of the method by which the inflation rate is calculated in Canada vis-à-vis the United States. I am not sure that I know all of the details. However, I do believe that in Canada there are two inflation rates given: one is the annual rate—that is, measuring March against March; and the other reflects any change from one month to the next. Prominence is given, in most cases, to the year-by-year rate. I am not sure that they do that in the United States, although I do know that recently there have been some indications that the inflation rate has gone down, in the last four months or so, to below 3 per cent and, indeed, down to zero. Yet the annual calculation in the United States, from one year to the next, is somewhere between 6 and 7 per cent. So there may be a difference. It may be a matter of semantics—

Hon. Jacques Flynn (Leader of the Opposition): And you would settle for that?

Senator Olson:—as to which rate is given the most prominence. Certainly, in Canada inflation has receded somewhat over the past four or five months, but it has not receded as much as in the United States, whether one measures it year by year or from one month to the succeeding month. I will try to obtain a more detailed explanation as to whether there are significant differences in the way the two countries calculate the inflation rate.

Senator Flynn: Has the minister any objection to Senator Bosa's using his own method for political benefit?

Senator Olson: I do not have any objection to that, any more than I have to the opposition using different figures at different times for its own political benefit.

● (1425)

Senator Flynn: We used your figures.

Hon. Martial Asselin: You don't give up, do you, Bud?

ECONOMIC DEVELOPMENT

MEGA-PROJECTS—ESTABLISHMENT OF ADVISORY BOARD

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development. Can the minister confirm whether the government is setting up a mega-projects advisory board to secure industrial benefits for Canadians from projects valued at more than \$100 million?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, I can. I answered a similar question for Senator Roblin a few moments ago. The honourable senator will find a more detailed answer to his question in the response to Senator Roblin's questions which I will bring to the house as soon as I can.

Senator Donahoe: I thought that I had understood from Senator Roblin's questions that the answer to my question was "yes," but I wanted to be sure that it was in fact "yes".

If the minister is aware that such a board is being set up, is he also aware of the existence of the Office of Regional and Industrial Benefits in the Department of Industry, Trade and Commerce, and, if so, would he be good enough to elaborate on its mandate?

Senator Olson: Honourable senators, I shall bring to the Senate a more detailed reply, including a description of the functions and terms of reference of that department, along with my response to Senator Roblin's questions.

Senator Donahoe: I have a further supplementary question. In October 1981, the Office of Regional and Industrial Benefits presented an inventory of major capital projects. Those, I think, are the projects to which my honourable friend was referring. Each of the projects had a value of more than \$100 million. Inasmuch as the Office of Regional and Industrial Benefits ostensibly seeks to maximize the benefits which Canadians derive from economic development projects, and considering that that body has already given much attention to the so-called mega-projects, would the minister be good enough to tell the Senate why the government needs that new bureaucratic agency?

Senator Olson: I tried to explain that a few minutes ago by saying that the function of a number of these offices, committees or advisory councils is to attempt to maximize the Canadian economic benefits from major projects. In any event, I am repeating what I said before, and I also repeat that when I get a more detailed answer to a number of questions asked by Senator Roblin, there will be—and I am certain Senator Donahoe will agree—a complete answer contained in that reply to the questions he has just raised.

Senator Donahoe: I thank the honourable minister for his answers, and I suggest to him that a complete answer is really very desirable, because to explain to the members of this chamber why two organizations are required to do the same job really requires some explaining.

Senator Olson: I am sure that a very satisfactory explanation will be forthcoming.

Senator Donahoe: I hope so.

GRAIN

CONFERENCE OF WHEAT EXPORTING COUNTRIES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I want to ask a question of my honourable friend, the Minister of State for the Canadian Wheat Board, but, first, I want to tell him that I am glad to see him here; I have missed him. I was hoping to deal with some of these topics sooner, but the minister has been elusive, no doubt for good reason.

The minister will recall that late last month there was a gathering in Ottawa of officials from the five wheat-exporting

[Senator Olson.]

countries and groups—Australia, the United States, the European Economic Community, Argentina and Canada—to discuss, according to a quotation ascribed to him, "ways and means of continuing an international consultation process with respect to wheat." When the conference reported to the general public, the information that percolated out was really not very encouraging regarding such international co-operation. In fact, each country or group seemed to have a special problem it was grumbling about. Can my honourable friend give me any information as to what the reactions of the Government of Canada are to this particular meeting?

• (1430)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, it was a meeting of officials and, of course, in that context ministers were not in attendance.

The report I was given by officials in the Grains Group indicated that they felt it was a very useful meeting. They canvassed the general world situation and world stocks. They discussed some of the problems affecting world trade at the present time, including the EEC policy with regard to exports.

The press reports of that meeting were, generally, quite negative and, as a result of reading those reports, the general interpretation could be that the meeting was not productive and may even be considered a failure.

The Canadian officials who attended felt that it was a very useful meeting and, as a matter of fact, they recommend that a second meeting be held at a later date, again at the officials level.

I think the meeting was useful and certainly provided an exchange of information. Those who are involved in the grain business in Canada, especially the Canadian Wheat Board and the people I deal with, feel that these kinds of meetings, providing an exchange of views, are very useful and that it is necessary to continue the dialogue among the various exporting countries; and this process is going on.

Senator Roblin: I am sure my honourable friend uses the term "useful" in its full diplomatic sense, rather than in any real sense that the rest of us poor mortals could understand.

Is it not correct that as a result of this meeting we learn that the European Economic Community's representations were to the effect that they had no intention of changing their common market agriculture prices which are so objectionable to us; that the Australians complained that the Americans were using political influence in the sale of wheat in the eastern hemisphere; and that the United States itself was threatening to institute export subsidies if others did not come into line? I am glad to be able to report to the minister that it appears the Canadian grumbling was limited to less important spheres.

What was accomplished? Was this just an opportunity for everyone to re-state their particular interests in the world wheat situation? What is proposed to be accomplished by the next meeting of the officials?

Senator Argue: This was a meeting of officials; it was not a meeting of ministers. No doubt, some of the grievances to

which Senator Roblin has referred were, in fact, discussed, but the information I have is that it was an amicable, positive meeting and, therefore, that kind of interpretation of the conduct of the meeting is not warranted.

I do not have the joint press release that was issued by all of those who attended the meeting, but I can certainly provide that to Senator Roblin should he be interested.

Senator Roblin: I am not blaming the minister for this, but it is cold comfort for some of our producers in the west.

I understand, however, if my information is correct, that there has been, or is going to be, a ministerial meeting between my honourable friend and the United States Secretary of Agriculture. Has that taken place?

Senator Argue: Yes.

Senator Roblin: Was the question of American export subsidy policy raised by anybody at that meeting, and is any change in American sales policy, in fact, being considered by the Americans?

Senator Argue: I had the privilege today of meeting with Secretary of Agriculture Block in Ottawa. The general grain situation was discussed. The whole question of exporter co-operation was discussed in general terms.

The American policy, as I am sure Senator Roblin is aware, is to provide for loan rates at a certain figure, which, I believe, is \$3.55 a bushel for the current year. For target prices it is something in excess of \$4 a bushel in American funds for those who voluntarily come in and reduce acreage by 15 per cent. This is a factor that, generally, is underpinning the world market to some extent. I think everyone in the grain business agrees that those kinds of policies, in a sense, provide a floor.

It is fair to say that the Americans, including Secretary of Agriculture Block, have a good understanding of Canadian policies in the grain business, and of the Canadian Wheat Board policies, particularly as they relate to the export field. They feel that they have made a contribution to world stability or to an underwriting or underpinning of world prices by the measures to which I have already referred, and by their endeavour to achieve a cutback in American acreages.

We have pointed out to them, as I have pointed out to Secretary of Agriculture Block, that our systems are different, and that over the years we have been steadily losing our percentage of the world export market. As a matter of fact, our share of the world market has come down in a period of 10 years from 35 per cent to some 17 or 18 per cent.

Our objective is to achieve the maximum production of which our farmers are capable; to have in place a transportation system that is efficient and that will take this grain to market; and to endeavour to hold—it may not sound like a very ambitious objective—our present share of the international market.

Our analyses and projections indicate that over the years the export trade in grain will likely grow, and that if we can hold our current percentage we will be able to share in that general expansion of world grain exports.

Secretary of Agriculture Block is holding a news conference at the present time, and he will certainly be outlining the American point of view. However, I heard nothing during the course of our meeting that would suggest their entering into any element of subsidization in the export of American grains. That particular reference was not made at this meeting.

Senator Roblin: I thank my honourable friend for his very reassuring statement, because I know that he would be as alarmed as I if the American government were to announce a program of subsidies for exports over and above the measures that they have in place now and which, I agree with the minister, do affect the market to some extent.

I also take it from what he said that no suggestion was made by Secretary of Agriculture Block with respect to Canadian acreage controls. Certain set-asides and policies have been introduced in the United States, and I would like to be assured that we were not asked to consider any of them in Canada.

My final question on the same topic is whether the question of grain embargoes in the future came up for discussion with respect to policy stances that might be taken by either the United States or Canada.

Senator Argue: There was certainly no request made by the American authorities—that is, by Secretary of Agriculture Block or anyone else with him—that would suggest Canada should embark upon some kind of acreage reduction program or acreage controls.

I pointed out, and certainly the Chief Commissioner of the Canadian Wheat Board pointed out, that our system is very much different from the American system. Our system has evolved over a period of almost 50 years, with various federal governments in power, into the system we now have.

We are forecasting, and it is common knowledge, some very modest increase in carryover in Canada. Regarding the carryover in Canada, however, from the standpoint of a grain producer, acreage controls are something that, in my judgment, should not arise. Certainly there is no need to have them arise, and they did not arise, because there is full control of our system, as every grain producer is aware. We have quotas, we have a transportation system that is operating to capacity, we have certain contracts and we have certain sales opportunities. The constraint upon the individual farmer is that, after he or she has been able to sell all that is available from a particular farm unit, any carryover is a burden and becomes the responsibility of the individual farmer.

• (1440)

I simply want to make it completely clear that there was no discussion of any acreage controls or cutbacks, or any perception that there should be cutbacks in Canadian acreage.

Senator Roblin: What about embargoes?

Senator Argue: That subject did not arise, in the sense that we were not rehashing the embargoes of the past, or action that has been taken regarding embargoes for the future.

In the general context of what was said, I think it would be correct to assume that those attending the meeting were not

considering the question of past embargoes or of any possible current embargoes. I believe that the philosophy at that discussion was that food is for people, and sales are necessary to move that food to the people who need it. With the exception of particular American policies—and the Honourable Senator Roblin is as aware of those policies as I am, and perhaps even more so—there was no disposition in the discussion to suggest that this was the way to go. The discussion concerned sales opportunities and market availability, not closing off particular markets.

Senator Roblin: Now that he has disclosed most of the important negative possibilities that were on the table, what can the minister say were the productive measures that we can expect, as a result of this meeting, that will increase the market and perhaps even the price for Canadian wheat producers?

Senator Argue: I think it is important to the grain business in Canada, and, I would think, in the United States, to hold this kind of discussion, both at the policy level and at the ministerial level. As the Secretary of Agriculture, Mr. Block, said, we need to keep our avenues of communication open. He said that we need to exchange views from time to time, and he was quite happy at the prospect of a further meeting of officials. As a matter of fact, there was an exchange about the possibility—perhaps even the probability—of a meeting at the ministerial level to discuss further aspects of the grain situation in terms of whatever might be the facts at that time.

I am not able to say to Senator Roblin, simply because the Secretary of Agriculture, Mr. Block, and I had a meeting with others on the question of grain policy, that a result is likely to flow quickly which will buoy the international market. It seems to me, however, that this meeting was constructive. It is important to have an exchange of views, to be prepared to keep in touch, one with the other, and to explore, from time to time, the possibility of development of co-operation between our two countries and among all the exporting countries in order to bring about what I think is necessary—some increase in international prices for grain.

ENERGY

EAST COAST—OFFSHORE OIL EXPLORATION

Hon. Richard A. Donahoe: Honourable senators, I have a question which I would like to address to the Minister of State for Economic Development. On April 27 I asked a question in this house concerning the allocation of drilling permits on the east coast. On Thursday last, the minister was kind enough to give me a delayed answer to that question, to which I listened with great interest.

Among other things, however, he said that the process of completing these agreements is proceeding expeditiously and is not holding up exploration programs. Honourable senators, I was intrigued by that comment and found it a little difficult to understand.

I should like to know whether the minister is aware that both BP and Shell, in March and April respectively, indicated

[Senator Argue.]

that their drilling programs were being delayed by at least four months as a result of the delays in the awarding of drilling permits. If the minister is aware of those statements, how does he reconcile them with his delayed answer?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take the question as notice. I am not sure whether the Department of Energy, Mines and Resources is aware of the assertions made by the two companies mentioned, but I will make sure that they are made aware of them now. Perhaps the honourable senator could even more specifically identify the dates on which the statements were made so that we can find them in the press or communicate with the companies. I will bring the honourable senator a supplementary answer to the delayed answer that was given.

TRANSPORT

MANITOBA—CHURCHILL—GRAIN SHIPMENTS

Hon. Joseph-Philippe Guay: Honourable senators, I have a question for the minister responsible for the Canadian Wheat Board. I believe my question is an important one and I do not want a delay because, in four to six weeks' time, the Port of Churchill will be opening.

According to a newspaper article that I read the minister responsible for the Canadian Wheat Board made the statement that the Port of Churchill was not economical in the complete sense of the word—and I must say that I did not appreciate those comments—and went on, in the same article, to say that he tried to encourage the provincial governments in the west to use the Port of Churchill as much as they could. I noted that, in the same article, mention was made of the problem with regard to using hopper cars to bring the wheat to Churchill because of their excessive weight. At the same time, I understand that the regular freight cars are quite capable of transporting wheat to that port.

I should like to ask the minister whether any consideration can be given now to the possibility of increasing wheat shipments through the Port of Churchill so that the farmers in western Canada would benefit and not have to depend upon the provincial governments in this respect. Is there any reason why regular freight cars cannot be used for such shipments? They are more numerous and it seems to me that the most sensible solution is to use them, rather than attempt to effect some alteration to the tracks in order to use the bigger hopper cars. I believe regular freight cars have been used in the past. I wonder whether I might ask the minister for some type of response so that, in turn, I can pass it on to the people concerned, particularly those residents of my province who are concerned about the statement that was made.

I understand that an alderman from Moose Jaw made some comments in this particular instance which, in effect, are in agreement with the point that I am making at the moment.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, the Canadian Wheat Board is programming grain to go through the Port of Churchill this year. I think I can say that it is hoped that this year will

be an average one for Churchill. I suppose it is too early to say whether it will be one of its best years, but I do not think it will be one of its worst.

It is not feasible to use hopper cars—certainly not if they are loaded to capacity—on the Churchill line. Not only is it difficult to transport them because they carry 3,000 bushels of wheat as opposed to the 2,000 bushels that are carried in an ordinary box car, but apparently, when bringing back the empty cars, at a speed of 15 or 20 miles an hour, a rhythm seems to develop with the hopper cars to the point where they jump the tracks. The problem, therefore, arises in bringing them back empty rather than in transporting them full. I realize that that does not make too much sense, but the authorities tell me that is the way it is.

Perhaps Senator Roblin could take a trip there some time to see whether this musical vibration effect does indeed get going in the 3,000-bushel hopper cars, with the result that they all jump the track. In any event, as Senator Guay is aware, standard box cars are used. The constriction has nothing to do with the quantity of box cars that are around, nor do I think there is particular difficulty regarding supplies within the Churchill area for this year. It is a question of customers wishing to use the Port of Churchill. From a Canadian Wheat Board standpoint, or from a producers' standpoint, the Port of Churchill is uneconomic if the quantities handled through it are much less than half a million tonnes. If they are half a million tonnes or more, then at some point, at least on the basis of past history, Churchill makes a net return and has a better costing than Thunder Bay. If the quantities that can be put through Churchill are very small, then, of course, the honourable senator appreciates that the cost per bushel goes up accordingly and it is not, in a sense, a money-making proposition from the standpoint of western wheat producers.

• (1450)

Churchill is used mainly by two importing countries—Poland and the Soviet Union. Poland is in the process of buying substantial quantities of grain; the Soviet Union is our largest customer.

When I have further details, I shall report them to the Senate, but in general terms all I can say is that the Canadian Wheat Board is concerned about the use of Churchill, and to the extent that our customers are willing to come in and use the Port of Churchill, it will add to its viability.

To date, provincial governments have failed to make use of Churchill for potash, coal and other commodities. All one can do is encourage provincial governments to use the Port of Churchill. Perhaps with some change in governments, there may be better days ahead for Churchill.

Senator Guay: Honourable senators, the minister made reference to potash and coal. Is the weight, with regard to the track and permafrost, once again not his concern? I ask the minister to make every possible effort to give us substantially more delivery through Churchill than we had last year. With such a low percentage as 2 per cent, it is understandable why it is not economic.

Senator Argue: I do not think I can add anything to the figures I have given. Half a million tonnes, in a sense, is the economic level for the use of Churchill. If it is used in the normal way and can get up to something like 500,000 tonnes, then it is a very good operation. If it has to be substantially lower, then it is not an economic operation. There are those who have said that we should use Churchill, despite foul weather conditions and the lack of customers, to ship 3 per cent of our grain through Churchill. That may be all right for somebody to set as a target, but it is not very practical unless you can match it with the customers who actually want to use Churchill. The Canadian Wheat Board is supportive of Churchill, and I am certainly supportive of Churchill. I hope it will be a good season.

[Translation]

YOUNG OFFENDERS BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Neiman for second reading of Bill C-61, respecting young offenders and to repeal the Juvenile Delinquents Act.

Hon. Martial Asselin: Honourable senators, yesterday evening when Senator Neiman ended her comments on the bill now before the house, I had an opportunity to congratulate her on her very thorough and accurate exposé on this extremely important and lengthy piece of legislation. I said then that I would read over her presentation, and now that I have done so, I can only reiterate my congratulations to Senator Neiman.

The bill now before the Senate is not one that is highly controversial. If we look at the proceedings in the other place and the committee proceedings, we find that all political parties and, in fact, all members were agreed on the general objectives contained in this bill. They were all in agreement with the objectives stated by the Solicitor General when he introduced the bill, namely, that the bill was intended to strike a reasonable and acceptable balance between the needs of young offenders and the interests of society. I believe that is, in fact, the very basis of the legislation we are discussing here today.

As was said in the other place, the bill responds to a need. The present law, which, it seems, has been on the books for nearly seventy-three years, has become obsolete and is almost impossible to implement, in view of the tremendous changes that have taken place in the last ten years with respect to methodology, education and supervision of young offenders. Fifty years ago, there were no courses in criminology. There were no courses in special education and child guidance. People could not understand why one would hire psychiatrists and psychologists. However, I think the latter have made a distinct contribution and have made it possible for the legislators to examine a piece of legislation such as the bill we have before us today.

In fact, the state is the guardian of defenseless citizens and especially of children who are not considered responsible for their actions. My colleagues of the Quebec Bar are well aware that our Civil Code states that minors are considered "incapable", in the same way as the persons interdicted under the provisions of the law.

I therefore believe that it is first up to the parents, but also up to the state, in a supplementary role, to intervene when these young people need the state to solve certain problems that they can not solve themselves. However, and I wish to emphasize this, this legislation could not exist without the participation of the provinces which are responsible for its administration, while the federal government sees to its enforcement as it relates to the Criminal Code.

In reading the proceedings of the committee of the other place, I was very much surprised to see some of the statistics given during the hearings which showed that the judiciary had dealt with nearly 91,000 cases of juvenile delinquency in 1978. In 1980, 73,000 infractions were committed, which involved 28,000 children who came under the Juvenile Delinquents Act.

Those who have practised criminal law, as I have myself for many years, and who know that 80 per cent of adult criminals have been in conflict with the law since their childhood, are better able to realize the urgent need for the state to make available to our young people a court system which can better understand their emotional needs. What could better help them in making sometimes difficult decisions when they have to determine the responsibility for their actions before a youth court than this act on young offenders?

Last evening, Senator Neiman noted that the major points included in this legislation had already been the subject of an agreement by the provincial attorneys general. The Solicitor General said the same thing in the other place. He listed a series of points of agreement between the provinces and the federal government. The consensus for abolishing delinquency, as such, as a general offence, was mentioned. There had also been agreement about the maximum age, which now varies according to the province. The suggested age was under 18 years. I shall come back to this aspect later on because the fact that the age varies too much from one province to another is one of our basic objections to this bill. This party raised that objection in committee and raised it again in the other place where an amendment was put forward to that effect. I shall return to this later on, to put in context our major concerns, for the purpose not of criticizing the bill but of improving the legislation now before us.

We also agreed to alternative measures at the discretion of the provinces. We reached an agreement on the dangers inherent in the "dejudicialization" program in this bill. Looking at the bill, we find it was drawn up with compassion in mind; it will encourage the young to confide to a larger extent in the authorities responsible for implementing the act. Indeed, it is no longer called the Juvenile Delinquents Act, because for the legal mind the term "delinquents" has a criminal connotation. The name has been changed, and the act will be called

the "Young Offenders Act". With this new wording, Parliament shows its compassion for the young.

● (1500)

There have been other agreements on specific items, namely on the authority of the provincial director, the detailed examination procedure, provisions to regulate the establishment, maintenance and confidentiality, the consulting of youth courts' records and the destruction of personal records. Those are innovations which are not in the present act. Often times, when we talk of destroying personal records, the young delinquent under the existing act carries that millstone around his neck for four or five years before he can be rehabilitated through a pardon by the Minister of Justice or the Solicitor General.

There has also been agreement on the basic rights of our youth: the right to be heard, the right to take part in proceedings, to be informed of charges, to be represented by counsel. There has also been agreement on the total discretion of the authorities in dealing with young people. Previously, sentences were arbitrary and regressive. Today, we have embarked upon a new approach to youth sentences. For example, when referring to decriminalizing the act now before us, the offender may be sentenced to make restitution to the victim of his theft. He may be ordered to repay the money by instalments over a certain period. In this way, we are forcing the young offender to assume responsibility for his act. He may also be fined. The young offender will be made aware of the responsibility he should have toward society. He may be sentenced to undertake community service.

Those are positive aspects of the act. Previously, we used to get rid of the young offender by sending them to prison for so many days or weeks. Also, when giving prison terms, care was not taken to separate the young from the adults. They therefore came into contact with hardened criminals and in this way he learned to relapse into crime. These are points which were raised by the Solicitor General and agreed upon by the provincial attorneys general during the discussions concerning the Young Offenders Bill.

To our mind, Criminal Code enforcement should be consistent all across Canada. People must be equal before the law. That is why I should like to deal now with the standardizing of the maximum age for people to be considered as young offenders. The federal government had suggested age 16. The law says that it is 18 in Quebec, 18 in Manitoba, 17 in British Columbia, 16½ in Newfoundland, and 16 in the remaining provinces and the Northwest Territories. I am under the impression that there was a lack of consultation with the provinces concerning the possible standardizing of the maximum age throughout Canada. This way, a young person in British Columbia would not be more penalized because of his or her age than a young person in Quebec if he or she were taken to court. Some may reply that there may be standardization come third reading, once the minister has decided that the maximum age will be 18 everywhere.

There are provinces which do not accept this. I will mention Nova Scotia whose Minister of Social Services wrote a letter

to my colleague Senator Macdonald to make representations on a number of major objections he has to the bill which is now before us. I will take the opportunity to read to you excerpts from this letter as evidence that all the provinces do not agree on certain provisions of this bill. Honourable senators might be well advised to invite these witnesses to come and present their views.

[English]

I have just said that our party has certain objections to the bill.

First, while there should be a uniform maximum age for young offenders across Canada, our party feels that the maximum should be 16 years.

Secondly, there has been inadequate work done by the government concerning the cost of implementing the provisions of this bill and the implications these new costs will have for the provinces, which will be responsible for administering the provisions contained in the bill. There has to date been only the weakest commitment from the federal government concerning funding for the provinces respecting young offenders.

In committee, the Solicitor General made known the government's intention of having a uniform maximum age of under 18 years. This was a retreat from its position on second reading, as I said earlier. At that point in time the government proposed to allow for a variable maximum age determined by the province or territory in question. Our party very strongly opposed this government stance and moved to deny second reading on the basis of it.

• (1510)

[Translation]

I would remind you that on second reading my colleague in the other place, the Honourable Allan Lawrence, moved the following amendment:

This House declines to give second reading to Bill C-61, an Act respecting young offenders, because the bill rejects the fundamental principle of equal treatment of all persons before the law by specifying that the Act will apply to different age groups in different provinces.

[English]

At the committee stage, we commended the government for seeing the light on the question of age, but we stated that it had chosen the wrong maximum. As honourable senators know, Quebec and Manitoba currently have a maximum age of 18 years; Newfoundland and British Columbia have a maximum of 17 years; and the other provinces and territories have a maximum of 16 years. We argued for 16 years on philosophical and cost grounds.

On the question of funding, we questioned the government very closely on the costing they had done, and their commitment to help share costs with the provinces in this area of the law. Presently funding is carried on by the federal government through the Canada Assistance Plan. The government had almost no idea what the costs of the new act would be and had not costed out various alternative provisions in the act. Further, the Solicitor General would only state that the govern-

ment would continue its present funding level for delinquents, or young offenders as they will now be called, and may increase it. Many provinces, in putting their case to the committee, made it clear that their new costs, by reason of the new provisions of the bill and the maximum age of 18 years, would be very high. As an example, British Columbia will have an estimated increase in costs of \$43 million. The bill's only provision dealing with funding is clause 69 which allows the minister to enter into agreements with the provinces respecting funding.

Our party moved several amendments at the committee stage. In preparing my speech I learned that 70 amendments had been adopted. Those amendments had been put forward in the committee by all parties. Several amendments were accepted and served to improve the bill. While many of those amendments were minor in nature, our amendment to clause 24, dealing with custody, was very substantial. Specifically, as honourable senators will see in the present clause 24(3), we moved to include conditions for the use of secure custody, in order to give some degree of certainty as to when secure and open custody will be used.

Those are our main objections to the bill. It is our hope that we will find a way of overcoming our objections by having witnesses appear before the committee to explain their case.

As I said a few moments ago, my colleague, Senator Smith, may also have received representations from the Nova Scotia minister, and, no doubt, he will wish to deal with them. If he wishes, I will let him proceed. I believe it will be proper for the committee to call upon the Minister of Social Services of Nova Scotia to hear his views on the clauses of the bill. Senator Smith may wish to say a few words on this matter, and I would like him to have the floor now.

[Translation]

We could, of course, discuss at length the various provisions of this bill. It has been thoroughly considered at various stages in the other place as well as in committee.

We in the opposition will not object if the bill is referred to the appropriate Senate committee for further study; however, we reserve the right to raise our objections in committee as well as on third reading.

[English]

Hon. G. I. Smith: Honourable senators, as my colleague, Senator Asselin, has said, I have received a number of representations on behalf of the Province of Nova Scotia, and I thank him for allowing me to deal with that particular subject.

First, I should like to join him in congratulating the senator who sponsored the bill. Certainly it was done with care, in detail and with clarity. I should also like to congratulate Senator Asselin for his presentation on behalf of the party to which I belong.

I do not rise in any way to oppose the general principle of the bill, but only to present some aspects of the views of the Province of Nova Scotia which both the province and I believe will improve the bill from the point of view of its effectiveness with respect to young people and the administration of the act itself.

One effect of the bill, when compared to the present Juvenile Delinquents Act, will be to remove the responsibility of parents in the sense of being liable to certain sanctions if they are found to be in any way guilty of contributing to the delinquency of the child. It would appear to the Province of Nova Scotia, and to me, that that is not necessarily a good thing. In that respect, I might point out that the victim of an act constituting an offence committed by a young offender will not, so far as we can tell from the present state of the law, be able to recover damages under any law having to do with compensation for victims of crime—because, after all, the young offender is most unlikely to be able to respond to any order made in that respect, and if the parent is also absolved from any liability, then it would seem clear that the victim, if he suffered any damage for which compensation could be helpful, would be unlikely to be able to obtain it except in cases where the young offender was able to respond to some order of that kind. It does not seem to me, or to the Government of the Province of Nova Scotia, that that is necessarily a good thing, from the point of view of society as a whole. It is also not a good thing from the point of view of bringing home to the young offender and his family the fact that there is a certain amount of accountability and responsibility, and that other people do suffer from an improper act committed by the young offender.

• (1520)

This bill also raises the age of responsibility from the age of seven to the age of twelve. Though this may well be seen, and may well be advanced in certain respects of social justice, as an improvement in social rights, it does have the effect of making it possible for young persons between the ages of seven and twelve to become the victims of improper urging or enticement on behalf of older people, who will be able to point out to them that they are not responsible for the acts they commit. This proposition does not necessarily seem to be a very valuable contribution to the good of society as a whole or, indeed, to the children.

On the matter of age, my colleague has referred to that at some length. The Government of Nova Scotia feels that the age of 16 is the best of a number of alternative ages as the maximum age of young people to whom this kind of statute should apply. They point out, among other things, that there is a very pragmatic effect of raising the age to 18, and that is in the field of costs. The more people who are made subject to the provisions of this kind of legislation, then the more likely it is that the costs thereof will be increased, although, of course, when one compares the costs under this legislation to dealing with a person 17 or 18 years of age under the Criminal Code, it is not always possible to say just where the advantage in cost lies. Certainly, that is a practical consideration.

On the matter of age also, the Government of Nova Scotia feels—and, again, I agree with their view—that the way the legislation appears to read, it would be possible to place young offenders from the ages of 12 to 17 with older offenders who, as I think my colleague, Senator Asselin, said, are often people who have a substantial history of crime and are not necessarily

likely to be very helpful companions for the younger people with whom they have to serve their sentence. So the Government of Nova Scotia states that while it is very difficult to be exact in estimating on a forward basis the increase in costs this legislation will likely bring with it to that province, if the maximum age remains at age 16, the estimated extra cost will be about \$4 million, and if the maximum age stays at 18, as it is now in the bill, it will likely be in the vicinity of \$9.75 million or \$10 million. While costs are not necessarily the most decisive factor in dealing with social problems, they are not items that can be readily ignored. They have to be taken into account as one of the factors in determining whether or not a certain proposed provision is likely to be practical and within the means of those who have to enforce it and pay for it.

My colleague, Senator Asselin, has pointed out clause 70, on page 74 of the bill, which recognizes the importance of costs. Perhaps, I could just read it.

70. Any Minister of the Crown may, with the approval of the Governor in Council, enter into an agreement with the government of any province providing for payments by Canada to the province in respect of costs incurred by the province for care of and services provided to young persons dealt with under this Act.

As I understand the present situation, the provinces, or at least the province on behalf of which I speak, has no real knowledge of what the terms of any such agreement will be, whether they will be somewhat in the nature of the provisions of the Canada Assistance Act or whether they will be on some other basis entirely. As a result, the provinces are actually reluctant to become bound by legislation which will certainly involve substantial costs, without having a pretty good idea as to how those costs will be shared between the two levels of government.

There are some other matters which concern my province, but I think those are the main ones. I join with Senator Asselin in expressing the hope that the committee to which this bill is referred will invite representatives of the Province of Nova Scotia to appear before it and to produce in somewhat more detail, and with somewhat more factual support than I have been able to do, the problems they envisage.

Hon. John M. Godfrey: Would the honourable senator permit a question for clarification?

Senator Smith: Surely.

Senator Godfrey: Is the proposal by Nova Scotia that the maximum age be 16, or under 16?

Senator Smith: That it be 16.

Senator Godfrey: Honourable senators, I would like to say a few words on the bill.

First, I entirely support Senator Smith's request that the committee invite representatives from the Province of Nova Scotia, but I would go considerably further in my invitations. I have maintained for some years now, and it was the opinion of the special Senate committee that dealt with the Constitution, that any time the provinces may be interested in any bill, all

[Senator Smith.]

the provinces should automatically be asked whether they would like to make representations to the Senate committee dealing with the bill. Therefore, I think that this a perfect example of where the committee chairman ought to send out telegrams to all the provinces to determine whether or not they wish to make representations.

The second point I would like to discuss concerns the impression that I got from reading about the bill in the press, and from listening to the debate in this house, and that is that the maximum age proposed is 18 years, and that struck me as a bit old. However, the bill refers to the maximum age as being under 18 years and, therefore, the maximum age proposed is really 17 years. If the maximum age is, in fact, 17 years, then the proposal from Nova Scotia that the maximum age be 16 years means only one extra year, and not two as stated by that province. Throughout Senator Asselin's comments, I think he mentioned the phrase "under 18" only once and the rest of the time referred to the maximum age as 18. I think the same thing can be said of Senator Neiman.

So, honourable senators, I wanted to point out this misconception on the part of the public and, certainly, on my part, in the hope that it will be cleared up, and that it will be widely understood that the actual maximum age is 17 years.

Senator Smith: I know that the honourable senator is not necessarily posing a question to me, but perhaps I could say a word about what he has just said. I am not sure that I can answer the concerns expressed by Senator Godfrey, in the sense that my remarks will be considered a full answer.

• (1530)

The remarks I made were based on information I had received from the Province of Nova Scotia and related to the definition of "young person."

Two-thirds of the way down page 2 of Bill C-61 it says:

"young person" means a person who is or, in the absence of evidence to the contrary, appears to be

(a) twelve years of age or more, but

(b) under eighteen years of age or, in a province in respect of which a proclamation has been issued under subsection (2) prior to April 1, 1985, under sixteen or seventeen years, whichever age is specified by the proclamation,

I cannot agree with Senator Godfrey that the difference between "sixteen" and "under eighteen" is only one year. In my interpretation it means two years less a day. This may affect a good many more persons than it would if it were just one year.

Senator Godfrey: I am not a mathematician, but if it is 16 years of age under the Province of Nova Scotia proposal, and they mean 16 years, and not under 16, then he is liable up until the day before his seventeenth birthday. Under the federal proposal, it is not 18 years of age; it is 17 years of age because he is only a young offender up until the day before his eighteenth birthday. In my calculation, that is one year.

Senator Smith: The committee may call some expert mathematicians to determine that matter.

Senator Godfrey: That is one matter that should be cleared up, because I certainly had the impression that it was 18 years of age, and that seemed to me to be high. Now, when I look at the bill, it is obvious that it is 17 years of age. I think the public would better understand if we said "17 years of age."

Hon. Jean-Paul Deschatelets: Could Senator Neiman tell me if it is only the Province of Nova Scotia that has expressed some disagreement with the terms or philosophy of the bill?

Hon. Joan Neiman: Honourable senators, although I have not read every word of the proceedings of the 17 committee meetings which were held, I have read many of them. My general impression is that no one disagreed with the general philosophy of the bill. The one major disagreement or difference of opinion was with respect to the maximum age.

As I pointed out in my speech yesterday evening, as far as I could ascertain there was very little disagreement on the principle of a uniform age; everyone agreed that this was, in fact, necessary.

The problem, as has been stated here again, is that some of the provinces had serious reservations about what that maximum uniform age should be. Since there is a variation in the age across the country, it became a question of which age should apply. Once it was decided that uniformity was most desirable, then it had to be decided what age should be chosen. On the basis of the factors I enumerated last evening, the Solicitor General felt that the maximum age should be "up to 18 years."

The honourable senator is quite right that, when I use the term "maximum age," it may be open to the interpretation it includes the full age of 18 years. Of course, it only applies up to the age of 18 years.

Senator Smith read the definition of a "young person." There is a period up to April 1, 1985, to allow provinces, whose legislation provides a maximum age below the figure now proposed—that is, either "under 16" or "under 17"—to prepare to move to the other age. In other words, there will be a transition period. In fact, this bill will not be proclaimed for at least a year because it is necessary, for that and other reasons, to give the provinces and the federal government some time to get all the necessary organizations, government departments and everything else in place.

Senator Deschatelets: The honourable senator has said that it is most important that, when this bill becomes effective, all the provinces have a uniform age.

Unless I am mistaken, it is the Attorney General of a province who has the responsibility of prosecution under the act. The Attorney General of a province, even although he has before him the case of a crime by a young offender, may decide to proceed or not to proceed. I believe that Senator Goldenberg will agree with me that the Attorney General has this responsibility, although in the past it was exercised differently in many provinces.

As Senator Neiman has said, it is most important that, at some stage before this act becomes effective, all the provinces have a uniform age.

Senator Smith: Honourable senators, I would add something further to my response to Senator Godfrey's remarks because, since I sat down, I have looked at the definition under the existing act. Under the existing act, Chapter J-3 of the Revised Statutes of Canada, 1970, you have to look at two definitions to see what the present age is. You must look at the definition of "child," which states:

"child" means any boy or girl apparently or actually under the age of sixteen years, or such other age as may be directed—

And then you turn to the definition of "juvenile delinquent," which states:

"juvenile delinquent" means any child who violates any provision of the *Criminal Code* or of any federal or provincial statute—

Therefore, a child is a person who is "apparently or actually under the age of sixteen years". The two definitions seem to jibe. That is, the present provision is "under 16," and the proposed provision is "under 18." Mathematically, there seems to be a difference of two years.

Senator Godfrey: Were it 15 and 17, it would be more easily understood.

Senator Asselin: Honourable senators, I hoped that, following upon my speech and Senator Smith's speech, Senator Neiman would respond to the objections we raised during the debate.

Senator Neiman: Honourable senators, I did intend to say a few words in reply on second reading.

I want to thank Senator Asselin, Senator Smith and Senator Godfrey for the interventions they made. I believe Senator Asselin has many years of experience in criminal law and is well aware—and far more than most of us here—of the direct correlation between adult criminals and the likelihood that they started their careers as adolescents. I believe that the entire force and intent of this bill is preventive and rehabilitative. We want to stop what seems to be an inevitable progression from the juvenile courts into the adult prisons. I think that is where this bill is so beneficial. Hopefully it will create an entirely different climate in dealing with young offenders.

● (1540)

I think that we have touched, in several areas, on the question of the maximum age. I am sure that it will be raised again in committee. As I pointed out in my speech yesterday evening, the Solicitor General felt that there were several cogent reasons why he should suggest that the maximum age be 18 years. I must say that I am inclined to agree with him, for a variety of reasons. As far as I am concerned, one of the most important of those reasons is that I would like to treat young people as young people for the longest possible time in order to keep them out of the adult criminal system. The

longer we have to deal with them within the juvenile courts, the more chance we have of helping them in later years.

I am aware that there has been much mention made in the press about the cost to the provinces that will arise as a result of the passage of this bill. I must say that a little of the publicity is overblown. In fact, some of the statements I have read in the paper—I can recall some made by Mr. Drea of Ontario—almost verge on hysteria when speaking of the possible costs to us.

When considering that we are adding another year or two to the maximum age of those being dealt with by the juvenile court system, it has to be borne in mind that we will, of course, have to provide facilities for young offenders. The whole intent of this act, however, is primarily to keep young offenders out of any kind of facilities, if that can possibly be done. Secondly, if we do have to build facilities, as undoubtedly we will, they will be of a much less secure type, and it follows that they will be much less expensive than maximum security prisons. With that in mind, therefore, in terms of dollars and cents, and with the hope, that I am sure we all want to be realized, that we will prevent many children from ending up in adult prisons, I believe that the cost to society in the long run will be much less than it otherwise would be.

A number of other comments were made by Senator Smith with respect to the administration of the act. As honourable senators are aware, the administration of the act will devolve on the provinces, as it has heretofore. I cannot put my finger on them at the moment, but I know that there are specific clauses that deal with the obligations of parents—not only natural parents but people who stand *in loco parentis*. I have spoken to officials in the department about this aspect of the bill. As honourable senators are aware, many young people who come into conflict with the law do so because they have no homes, as we know them; they have no proper parental guidance and care, and they often have no natural parents. They may live with grandparents, friends or strangers from time to time. I am sure that the courts will, as they have up to this point in time, interpret the *in loco parentis* definition in a very broad way. People in this position will be kept fully informed in order to be able to help the young offenders. On the other hand, there is a clause, which I cannot put my finger on at the moment, which provides that parents or people who have responsibility for children will also be held responsible in court if they fail to do what the court deems is their proper parental duty and, in particular, if they fail to carry out orders of the juvenile courts, or youth courts, as they are known. When we are studying this bill in committee, Senator Smith, the clause will be located and dealt with.

There are other clauses of the bill having to do with both restitution and compensation. These are principles that I believe in very strongly. We ought not to worry about whether a youth has the money to provide compensation. If he can avoid any kind of custody order whatsoever, he will find a way to work out the compensation. In fact, there are provisions made for work orders, service orders and a variety of such things. The beauty of this bill is that there is such a wide

variety of choices which will be left to the authorities so that they can use their ingenuity and their compassion in dealing with young offenders.

I think those are the principal questions that were raised. I believe that if there are any provincial ministers who still wish to appear before our committee, they should be invited to attend. This bill has been long in the gestation period and it will take a little while longer before it is proclaimed, and for very good reason. I am sure, however, that we would be able to hear witnesses in order to deal with any possible objections they may have. I would certainly be prepared to recommend that the witnesses suggested by Senator Smith be invited to appear before the committee. Senator Asselin has very kindly sent me copies of the letters he has in his possession and to which he referred. We will be happy to go through the letters and invite those people to attend the committee hearings, if they so wish.

Senator Smith: Honourable senators, I am certainly glad to have that assurance. I wonder if I might ask one further question. I thought I understood the honourable senator to say that there would likely have to be a delay of something like a year after the passage of this bill before it would be proclaimed. I wonder if I misunderstood that statement or whether it is correct.

Senator Neiman: That is quite true, Senator Smith. As a matter of fact, the provinces have requested a delay in order to allow them to put all of the judicial apparatus in order, to make the necessary administrative arrangements, and to do whatever else is necessary before the act actually comes into effect.

There is a possibility, as I understand it, that the act does not necessarily have to be proclaimed or become effective across Canada at the same time, and that if one province were prepared to go ahead and implement it, possibly that could be arranged.

Senator Smith: Honourable senators, I keep thinking of something further. I wonder if I would be thought to be trespassing too much if I made reference to one of Senator Neiman's last remarks. It was to the effect that the proclamation could be such that the act could come into effect in different provinces at different times. I turned quickly to look at the commencement clause, which is, as one would expect, the last clause in the bill. Clause 81 says:

This Act shall come into force on a day to be fixed by proclamation.

I simply draw to the attention of honourable senators, if I may, that some additional words should be included in this particular clause if it is to be possible to proclaim the act in different provinces at different times.

Senator Neiman: Honourable senators, I agree with the observations made by the Honourable Senator Smith.

Motion agreed to and bill read second time.

• (1550)

REFERRED TO COMMITTEE

Senator Neiman moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, May 13, the debate on the motion of Senator Perrault for the second reading of Bill C-58, to amend the Canada Elections Act.

Hon. Lowell Murray: Honourable senators, I regret that I was unavoidably absent from the chamber on May 13 when the Leader of the Government moved second reading of this bill, but I have read in *Hansard* his thorough explanation, for which I thank him.

The major change proposed in this bill is to shorten the official election campaign from approximately 60 days' duration to a minimum of 50 days. As the minister has pointed out, this is the result of a compromise between those primarily from rural and large northern constituencies, who would have been quite content to retain the present 60-day writ, and those primarily from urban ridings, who would have been happy with a writ period of even less than 50 days' duration.

Another change that is proposed—which the minister grouped under the heading of “small changes” in his speech, but which is fraught with significance for those in our respective political parties who toil at the constituency level—concerns nomination day. Henceforth, there would be a uniform nomination day across the country, and it would be the twenty-eighth day prior to polling day. For the benefit of those members of Progressive Conservative constituency associations or, indeed, Liberal constituency associations, henceforth in a 50-day election, they will have 22 days to find and nominate a candidate. I think this reinforces the argument—which some of us make to our friends in our parties—in favour of early nominations, that is, the nomination of candidates even before the writ is issued, especially in those constituencies which we do not hold. In fact, I know that there are Progressive Conservative constituency associations, and I am fairly certain that there are also Liberal constituency associations, where 30 days' notice of the holding of a nominating convention is now required. Obviously, with a 50-day writ it would not be possible under those constitutions to hold nominating conventions, and, there again, they will either have to change their constitutions or change their ways—nominate their candidates in advance of the writ's being issued.

Under this bill enumeration is to begin on the thirtieth day before polling day. This complies with a recommendation of the Chief Electoral Officer who wanted ten clear days between the issuance of the writ and the beginning of enumeration. As

I read it, the bill gives him 12 days to begin enumeration and 6 days to complete it.

Honourable senators, I must say that the enumeration process in this country is a wonder to behold. As I understand it, the parties that finish first and second in the immediately preceding election are responsible for providing lists of enumerators to the returning officer. In the hectic days that follow the issuance of a writ, these enumerators must be recruited, trained, supplied with enumeration materials and put on the roll. The process becomes more difficult with each succeeding federal election. Jobs as enumerators are not much sought after, at least in some parts of the country. The political parties that are busy setting up their headquarters, organizing their canvasses, raising money, holding conventions and getting their campaigns under way are not always terribly anxious to deploy their most active and effective workers to the task of enumeration. Therefore, the process and the result is quite imperfect.

The point I make by those remarks is that the idea of a permanent voters' list in this country is surely an idea whose time has come. I am told that it would cost \$30 million a year to have such a list, but I am sure that we can find places, such as the government advertising budget, where we can save \$30 million which would be better applied to the setting up and the maintenance of a permanent voters' list in the country.

Hon. Raymond J. Perrault (Leader of the Government): We would have to advertise the list then.

Hon. Jacques Flynn (Leader of the Opposition): It would cost much less.

Hon. Jean-Paul Deschatelets: Such a list exists in Quebec.

Senator Murray: Senator Deschatelets reminds the Senate that such a list does exist in Quebec.

Hon. Royce Frith (Deputy Leader of the Government): And they still find the money to advertise.

Senator Murray: They still find the money to do some advertising, but proportionately—

Senator Flynn: Look at the provincial budget we had last evening.

Senator Murray: In any case, the permanent voters' list in Quebec did not come under Mr. Pariseau's axe last night and was, and is, a very useful initiative in that province.

I would be the first to agree that Parliament should not rush into making changes in the elections law. There must be very careful consideration and the widest possible consensus among the political parties before amendments to the elections law are put before Parliament. It is obvious that Bill C-58 does enjoy such a consensus.

Having said that, I would make a plea to the government, and to others responsible, to get on with the consideration of a number of other important amendments, some of which were recommended by the Chief Electoral Officer following the general elections of 1974, 1979 and 1980, but which still have not been dealt with. For example, a decision will have to be

made soon whether the spending limits on parties and candidates ought to be raised to take account of inflation. At the same time, Parliament will, I believe, want to reconsider the formula for the reimbursement of candidates. As I understand it, that formula is based on the cost of a mailing to constituents using first class postage which was at eight cents. With a 30-cent first class rate the reimbursement to candidates could, in some cases, equal 100 per cent of the candidate's allowable expenses. I think that is a matter that Parliament will want to consider, and consider relatively soon.

● (1600)

Another matter—and this is a horse that I have flogged once or twice in committees of the Senate and elsewhere—concerns the reimbursement to national parties which is made on the basis of their expenditures on advertising in the electronic media of radio and television. That, of course, creates a strong incentive—the incentive of a 50-cent dollar—to parties to put their advertising dollars into radio and television. However, I, for one, would like to see a formula introduced which would make newspaper advertising eligible for the same subsidy, whatever it may be, that is granted to the parties in respect of radio and television advertising.

I remind the Senate, and the government in particular, that several months ago the Trudeau administration entered the third year of its present mandate. In the normal course of events we should have a general election within two years. I believe it is important that the matters I have mentioned, and a number of other matters contained in the Chief Electoral Officer's reports, be attended to before the next election. As I understand it, the Chief Electoral Officer has convened an *ad hoc* committee of representatives of the various parties, which has been working on some of these amendments, and it is up to the Standing Committee on Privileges and Elections in the other place to begin taking these recommendations into consideration, and recommending them to the government and to Parliament by way of amendments to the act.

Finally, there is the matter of redistribution, on which the Honourable the Leader of the Government and I have had several exchanges in recent weeks. Under the present schedule, as it is envisaged by the government, the new electoral boundaries, as set up pursuant to the 1981 census, would probably not be in effect before October 1984, which might well be too late for the next general election. It may very well be 1988 before an election is fought on the basis of the 1981 census. I say that that is too slow. I say it is unfair to members of Parliament and to their constituents, especially in ridings that have had very significant increases in population over the past 10 years or more. The process can be speeded up, and, in fact, I am delighted to say that part of it has already been speeded up somewhat.

A few days ago, on May 20, to be exact, the government passed an order in council setting up the redistribution commissions in the various provinces and territories. I obtained a copy of the order in council today.

Senator Frith: Legally?

Senator Murray: It is not a leak. I called the Privy Council Office.

Senator Frith: No. I asked, "Legally?"

Senator Perrault: It must have been slipped under the door.

Senator Murray: It wasn't slipped under the door. It was passed on May 20, and I called someone in the Privy Council Office, who sent it to me just before the Senate sat today.

There are some very familiar names on these redistribution commissions. The former Premier of Prince Edward Island, now the Honourable Mr. Justice Campbell, is the chairman of the commission of that province. The former Attorney General of Nova Scotia, now the Honourable Mr. Justice Pace, is now the commissioner of that province. The former head of the Combines Investigation Branch, now the Honourable Mr. Justice Henry, is the chairman of the commission of this province. These are just a few of the names that leap off the page. I am sure that in such competent hands—

Senator Flynn: They were very well picked.

Senator Murray:—it will be possible for these commissions to complete their work. I was delighted with these appointments, because the government had 60 days, from March 30, in which to appoint these commissions, and they accomplished the task in approximately 40 days.

The point I make, therefore, is that the process can be speeded up and that we need not expand the process to fill the maximum allowable time. It just might be that if the rest of the process proceeds as expeditiously, or more expeditiously, we could have the redistribution in shape for the next federal election, certainly if it takes place in 1984. Otherwise, honourable senators, I have no comments to make on the bill. I am primarily concerned, as I have indicated, with what is not in the bill, and with those matters that I insist should be reformed and attended to by the government and Parliament before the next federal election.

Hon. John M. Godfrey: Honourable senators, Senator Murray has made some very useful suggestions about indexing certain things, in effect, and there is one that I would like to add, which is the \$100 limit on disclosure as far as contributions to campaign funds are concerned. If you are going to index other things, I suggest that that should be raised to at least \$200.

Senator Murray: I thank the honourable senator for that suggestion. I hasten to say that I carefully avoided suggesting that the expense limits should be indexed to inflation, but I did say that the government and Parliament should consider whether the expense limits should be raised to take some account of recent inflation. There may be a case—indeed, the case has been made—for the proposition that in a number of larger rural and northern constituencies, which may, however, have smaller populations, there should be special and higher limitations. I simply make the point that these matters can be, and ought to be, disposed of well before the writ is issued for the next general election.

Senator Godfrey: I only used the word "index" for brevity.

Senator Flynn: Your suggestion is based on your experience as a collector?

Hon. Louis-J. Robichaud: I would like to have some information on what was referred to as a permanent voters' list. Apparently, it exists in Quebec, and I would like to know something about its functioning.

A permanent voters' list, to me, seems impossible. I checked this afternoon the list of senators here, and I find that 26 are missing since 1976. If we want to project that, how can a list be permanent with some going and some coming? I would like to ask for some clarification. I really do not know how it could work.

Senator Flynn: It is revised continuously by the returning officer.

Senator Frith: In general, honourable senators, what happens—they do this in Australia—and the reason it will cost extra money, as I understand it, is that it just becomes one of the things you have to do when you move. You have to give notification, and there is a commission that keeps track of where everybody moves to, and then those moves are incorporated into the permanent list.

Senator Flynn: And there is a revision before an election.

Senator Frith: There is a revision before an election. That is the Australian system, I think. It does require, as Senator Robichaud implies, a great deal of additional attention in following the moves that the population makes in order to keep the list, as effectively as possible, always up to date. That is why it costs extra money beyond what is already spent. His point is, as I understand Senator Murray, that it is worth it.

Hon. John M. Macdonald: Honourable senators, I just want to say a few words to show that I am in agreement with the bill and its principle. The idea of shortening election campaigns to 50 days is, I think, a very good one. Like Senator Murray, I would have liked to see a few other things considered at this time, but that has not been done.

So far as the 50-day idea is concerned, I think I am right in saying that the government can give a longer period than 50 days if they wish, but 50 is the minimum. I have no doubt that in many cases that would be so. Nomination 28 days before polling day does present some difficulty. I can anticipate that at the time of the first election under the new system it might be difficult to arrange to hold conventions, particularly in the smaller areas where the three parties might want to hold their conventions at approximately the same time. We do not always have large halls. There might be one hall, and all the parties cannot use the hall at the same time. However, I dare say that difficulty can be overcome.

● (1610)

I am not impressed with the argument that we should have permanent lists. Enumeration is a good idea. It gives us a completely new list. It is not all that difficult to make. There is the idea that the returning officer must gather all the enumerators and instruct them, and so on. But it takes very little time. The parties usually can get their enumerators without very

much difficulty, and then the returning officer usually takes two days, at the most, to hold a meeting or seminar where the enumerators are instructed in their duties. This system works very well, and we do have confidence in the list if it is a brand new one.

If we have the nomination 28 days prior to the election, it enables the law to be changed so that early voting can take place three weeks before the election, where formerly it was only two weeks. That is a good idea. The early voting aspect could have been improved by allowing the deputy returning officers to take care of early votes. As it is now, a person who wishes to vote early must go to the office of the returning officer. That is awkward for many people who live some distance from where the returning officer is located. Indeed, in my own area, I can see where a person may have to travel 30 or 40 miles. The situation could be simplified by saying that the deputy returning officer, looking after the poll in that area, could also look after the early voting. I do believe that the present system is a little too cumbersome.

The same situation applies to advance polls. Under the provisions of the act an advance poll has to be set up for each polling division. Within seven days after the writs are issued the parties can ask for others and that can be done. It means that the number of advance polls is set before the candidate is nominated. There should be a discretion that the returning officer could provide more advance polls and locate them wherever the candidates ask for them. In other words, there should be no difficulty for people going to the advance poll. With regard to my own area, I know that there was one advance poll where we should have had three. We did not get into it soon enough, and had we asked for three I feel sure we would have had them. The returning officer should have more discretion in that regard.

The committee in the other place studied the bill thoroughly. If I recall correctly, the committee held five sittings, but stuck with the bill. I was rather surprised that some additions to the bill were not advocated. The addition that I would like to see concerns simplification of proxy voting. The present method is too complicated. A person can act as proxy only once and it has to be in the same polling division. I see no reason why a person could not act for a number of voters. Perhaps an agent of the candidate could act as proxy for voting. It appears that the draftsman has a suspicion that people will try to take advantage and do things that are not normally done. After all, these days elections are pretty well open and shut. We have always followed the principle: "Get out as many voters as you can, and then we will trust they will do the right thing." There does appear to be a suspicion that we must guard against anything that might happen. I believe that to be totally wrong. Let us suppose that a person is ill. In order to get a proxy voter, he would have to get a letter from the doctor, and it has to be on the doctor's own letterhead. At the last election some of us got doctors to write proxies on their prescription pads, and the returning officer accepted them, but technically it was not correct.

Senator Perrault: So that is how you did it!

[Senator Macdonald.]

Senator Macdonald: But we didn't win. University students have to get something from their registrar, or their parents have to go to the returning officer. I cannot understand why students who attend universities outside of Canada cannot vote by proxy. If they were attending university in Canada they would be able to. I fail to understand that situation. I also advocate travelling or mobile polling stations, which could go from hospital to hospital or from senior citizens' home to senior citizens' home, where people could vote without too much difficulty.

Having said that, I support the bill. I cannot see any need to send it to committee for further examination. After all, it has been examined by those who are most interested in elections.

Senator Perrault: Honourable senators—

The Hon. the Speaker: Honourable senators, if the Honourable Senator Perrault speaks now, his speech will have the effect of closing the debate.

Senator Perrault: Honourable senators, I rise to thank those honourable senators who have participated in this debate: Senator Murray, with his experienced insight into the election process; Senator Godfrey, with his superb qualifications, as someone who knows a great deal about the election—

Senator Flynn: Financing.

Senator Perrault:—process and how successful elections are organized; and certainly Senator Macdonald, who draws upon his vast experience in the maritimes to inspire his constructive ideas for further reforms.

The ideas advanced by these honourable senators are interesting and worthy of further study. While there is some disagreement in this chamber as to the value of a permanent voters' list, in some jurisdictions it is thought to be a great advance. Senator Murray said that he marvelled at how the present system works. We on this side marvel at times—

An Hon. Senator: We like the results.

Senator Perrault: Most of the time we like the results, but not always.

Senator Frith: More in the east than in the west.

Senator Perrault: Yes, I had that in mind.

With regard to the process of educating scrutineers, one often observes the apparent chaos involved in that process, and one wonders how it is possible to produce any list at all; but, by and large, the electoral list is well prepared and well done—in fact, assembled most competently and efficiently—by the Chief Electoral Officer and his people.

Hon. Duff Roblin (Deputy Leader of the Opposition): I believe you meant to say "enumerators".

Senator Perrault: Yes, enumerators. Did I say "scrutineers"? However, all parties need excellent scrutineers as well in the constituencies. It is obvious that beyond the amendments before us, further changes will be required in the Canada Elections Act. The bill before us represents only some

steps along the path of reform. Further changes, we can all feel sure, will take place over a period of time.

● (1620)

Perhaps most of us in the Senate can agree, and all of the political parties can agree generally, that this bill represents an improvement. I thank honourable senators for the constructive comments they have made, and I pledge that a transcript of today's Senate proceedings will be brought to the attention of the appropriate offices. The views of honourable senators on this important matter of electoral reform deserve to be better known. Some of the ideas are obviously excellent.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Perrault: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

JUSTICE

NEWFOUNDLAND—JURISDICTION OVER OFFSHORE
RESOURCES—REFERENCE TO SUPREME COURT OF CANADA—
ORDER STANDS

On the order:

Resuming the debate on the motion of the Honourable Senator Lang, seconded by the Honourable Senator Asselin, P.C.:

That the Senate deplores the decision of the Government of Canada to refer to the Supreme Court of Canada the question of jurisdiction over the seabed resources off Newfoundland, called Hibernia, while at the same time the Appeal Court of Newfoundland is seized with the matter that includes this very question.—(*Honourable Senator Perrault, P.C.*).

Hon. Raymond J. Perrault (Leader of the Government): I ask that this order stand until the next sitting.

Hon. Jacques Flynn (Leader of the Opposition): Will Senator Perrault tell us whether he intends to speak tomorrow?

Senator Perrault: Honourable senators, I plan to speak tomorrow. I had hoped to speak today, but it is somewhat late now.

Senator Flynn: That is fine, as long as we know that you are speaking tomorrow.

Order stands.

PRIVATE BILL

THE ARMY, NAVY AND AIR FORCE VETERANS IN CANADA—
MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-25, respecting The Army, Navy and Air Force Veterans in Canada, and acquainting the Senate that they had passed the bill without amendment.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 27, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PRIVATE BILL

E.G. KLEIN LIMITED—REPORT OF COMMITTEE

Hon. H. Carl Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, May 27, 1982

The Standing Senate Committee on Legal and Constitutional Affairs to which was referred Bill S-26, intituled: "An Act to revive E.G. Klein Limited and to provide for its continuance under the Canada Business Corporations Act", has in obedience to its Order of Reference of Tuesday, May 18, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

H. CARL GOLDENBERG,
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Goldenberg, for Senator Leblanc, moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Tuesday next, June 1, 1982, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

The Hon. the Speaker: Apparently there are no questions. Delayed answers?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Charbonneau asked a question the other day, to which I now have an answer. Since he is not in the chamber this afternoon, I suggest that we await his presence before the reply is given.

Hon. Jacques Flynn (Leader of the Opposition): We want to give Senator Olson a rest.

Hon. Duff Roblin (Deputy Leader of the Opposition): He made a good speech last evening.

CANADA ELECTIONS ACT

BILL TO AMEND—THIRD READING

Hon. Raymond J. Perrault (Leader of the Government) moved the third reading of Bill C-58, to amend the Canada Elections Act.

Motion agreed to and bill read third time and passed.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

TWELFTH REPORT OF STANDING JOINT COMMITTEE—MOTION FOR ADOPTION—DEBATE ADJOURNED

The Senate proceeded to consideration of the Twelfth Report of the Standing Joint Committee on Regulations and other Statutory Instruments which was presented yesterday.

Hon. John M. Godfrey moved that the report be adopted.

He said: Honourable senators, in speaking on this report, I hope there will be no misunderstanding or mix-up with the motion which stands in my name in which the Canadian Charter of Rights and Freedoms is also mentioned.

I refer honourable senators to section 26 of the Statutory Instruments Act which provides that:

Every statutory instrument . . . —

Which includes regulations.

—shall [with some exceptions] stand permanently referred to any Committee . . . that may be established for the purpose of reviewing and scrutinizing statutory instruments.

Honourable senators will notice that nothing is said in that section as to the purpose of the review. Why should this committee be scrutinizing?

Some hint of what was in the mind of the draftsman may be found in section 3 of the Statutory Instruments Act, which states:

(1) Where a regulation-making authority proposes to make a regulation it shall cause to be forwarded to the Clerk of the Privy Council three copies of the proposed regulation in both official languages.

(2) Upon receipt by the Clerk of the Privy Council of copies of a proposed regulation pursuant to subsection (1), the Clerk of the Privy Council, in consultation with the Deputy Minister of Justice, shall examine the proposed regulation to ensure that

(a) it is authorized by the statute pursuant to which it is to be made;

In other words, to ensure that it is *intra vires*, and not *ultra vires*.

(b) it does not constitute an unusual or unexpected use of the authority pursuant to which it is to be made;

(c) it does not trespass unduly on existing rights and freedoms and is not, in any case, inconsistent with the purposes and provisions of the *Canadian Bill of Rights*; and

(d) the form and draftsmanship of the proposed regulation are in accordance with established standards.

• (1410)

Then subsection (3) reads as follows:

When a proposed regulation has been examined as required by subsection (2), the Clerk of the Privy Council shall advise the regulation-making authority that the proposed regulation has been so examined and shall indicate any matter referred to in paragraph (a), (b), (c) or (d) of that subsection to which, in the opinion of the Deputy Minister of Justice, based on such examination, the attention of the regulation-making authority should be drawn.

Therefore, there is no provision, after the draft regulation has been read and considered by the Deputy Minister of Justice, for anything further to be done except that the attention of the regulation-making authority must be drawn, if necessary, to any matter referred to in paragraph (a), (b), (c) or (d) of subsection (2). Section 3 makes it quite obvious that any committee established under the Statutory Instruments Act should consider those four matters in connection with regulations that have already been passed. In addition, the committee, when it was first established about eight or nine years ago, decided there should be eleven additional criteria. For example, Criteria No. 8 is:

appears for any reason to infringe the rule of law or the rules of natural justice;

I should also point out that under section 29 of the Statutory Instruments Act section 3 of the Canadian Bill of Rights was repealed, and the following substituted therefor:

The Minister of Justice shall, in accordance with such regulations as may be prescribed by the Governor in Council, examine every regulation transmitted to the Clerk of the Privy Council for registration pursuant to the *Statutory Instruments Act* and every Bill introduced in or presented to the House of Commons, in order to ascertain whether any of the provisions thereof are inconsistent with the purposes and provisions of this part—

That is, the Bill of Rights.

—and he shall report any such inconsistency to the House of Commons at the first convenient opportunity.

As far as I know, the Minister of Justice has never reported to the House of Commons any regulation as offending the Bill of Rights, and has only once reported a bill, and that was in connection with an amendment that the Senate made to the Feeds Act in 1975. The Minister of Justice reported it as being inconsistent with the Bill of Rights and it was, therefore, turned down.

It can be seen that under the present system there are regulations that are looked at after they are drafted by the Deputy Minister of Justice and the Clerk of the Privy Council—that is the executive branch of the government—and then, after they are enacted, looked at by the Minister of Justice himself who, if he finds there is any infringement of the Bill of Rights, is supposed to report that infringement to the House of Commons. In addition to those two safeguards, there is the third safeguard from the legislative branch of government in that the Standing Joint Committee on Regulations and other Statutory Instruments also looks at the regulations after they have been passed, and reports on any that are inconsistent with the Bill of Rights.

The Canadian Charter of Rights and Freedoms is not mentioned, of course, in the Statutory Instruments Act, and there is no statutory provision for the Clerk of the Privy Council and the Deputy Minister of Justice to look at draft regulations to see whether or not they are inconsistent with the new Charter. I am sure that eventually the Statutory Instruments Act will be amended to provide for this machinery, and also machinery for the Minister of Justice to report. In the meantime, our committee wishes to carry on with the Canadian Charter of Rights and Freedoms, as far as regulations are concerned, in exactly the same way as we have with the Bill of Rights.

To distinguish the motion that stands in my name on the Order Paper, I will say that it concerns any bill that is presented to Parliament. There is nothing corresponding to section 3 of the Canadian Bill of Rights, and no statutory provision whereby the Minister of Justice draws the attention of the House of Commons to any infringement.

Therefore, I, as an individual and not as joint chairman of the committee, will move that bills be referred to the committee. I do this to draw to the attention of other committees, and so on, the fact that there may be an infringement of the Canadian Charter of Rights and Freedoms.

● (1415)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would ask my honourable friend a question for purposes of clarification. In his statement he noted that the Deputy Minister of Justice looked at these regulations after they were "enacted." That was the word he used, but I do not suppose he meant it.

Senator Godfrey: The Deputy Minister of Justice and the Clerk of the Privy Council look at them before they are enacted. Then the Minister of Justice looks at them after they are enacted and draws them to the attention of the House of Commons. This applies to any case where there may be an infringement of the Canadian Bill of Rights.

On motion of Senator Perrault, for Senator Frith, debate adjourned.

JUSTICE

NEWFOUNDLAND—JURISDICTION OVER OFFSHORE
RESOURCES—REFERENCE TO SUPREME COURT OF CANADA—
DEBATE CONTINUED

The Senate resumed from Tuesday, May 25, the debate on the motion of Senator Lang:

That the Senate deplores the decision of the Government of Canada to refer to the Supreme Court of Canada the question of jurisdiction over the seabed resources off Newfoundland, called Hibernia, while at the same time the Appeal Court of Newfoundland is seized with the matter that includes this very question.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on May 19, the Government of Canada filed with the Supreme Court of Canada a reference concerning jurisdiction over seabed resources in the Hibernia area off the shore of Newfoundland.

The action has been criticized by the Premier of Newfoundland and by the Government of the Province of Newfoundland. A highly publicized "day of mourning" was declared in that province. The premier of that great province thought it appropriate to urge support for his position by other premiers and by Canadians from coast to coast.

The position of the Premier of Newfoundland has won some degree of support in this chamber. Two, or perhaps three, of our colleagues have spoken in support of the motion before us. They, too, have condemned the referral to the Supreme Court by the Government of Canada. In the process of debate yesterday the Government of Canada was accused of "politicizing the judicial system," "reneging on agreements," "taking action without precedent," "renouncing previous position" and—I am quoting the words—"intellectual dishonesty," "dangerous authoritarianism threatening the judicial and legislative process," "employing a scam," "taking unprecedented action," "destroying Confederation," "pitting our federal and provincial courts against each other," "starting the break-up of the judicial system," "insulting the Appeal Court of Newfoundland," and "casting a slur of contempt on the Supreme Court."

[Senator Godfrey.]

This is only a partial list from the "indictment" read by the senators who spoke against this federal government action.

Hon. Jacques Flynn (Leader of the Opposition): That should be enough.

Senator Perrault: Yes, and a number of other allegations were made. It was rather incredible.

Those who have looked at the facts and researched them, however, can only be appalled by the excessive language employed by these critics and the inaccuracy of the charges.

It is unfortunate and alarming that any honourable senator or any level of government would accuse any other level of government of such a distorted list of sins of alleged omission and commission. I do not propose to use the kind of language used in this chamber yesterday by opposition speakers, but I do hope to set forth an accurate account, a factual account, to demonstrate that the government's referral to the Supreme Court is not only justified, but is legally and morally defensible. Can one excuse certain charges made yesterday?

One of the speakers in this chamber said that he had not had time to do "adequate research." It is unfortunate solid research was not done before he spoke, because it may have helped to ensure a more constructive debate. First of all, I will begin by quoting part of the statement made by the Minister of Justice in Newfoundland on May 19, when he spoke there at 2.30 in the afternoon. He said:

● (1420)

The Government of Canada has today filed with the Supreme Court of Canada a Reference concerning jurisdiction over sea bed resources in the Hibernia area offshore Newfoundland.

Because the matter is before the court I am not in a position to comment on any details on the legal issues, but I do want to tell you something about the reasons why the Government of Canada has found it necessary to take this step.

Our two governments have, for months and years—

Honourable senators, the negotiations began in 1968—or perhaps a year or two earlier—and have carried on for over 14 years. Continued attempts have been made to determine who has legal ownership of these offshore resources, and, apart from ownership, how those resources should be shared.

The minister said:

Our two governments have for months and years been discussing both the question of offshore jurisdiction and an agreement on revenue sharing and resource management. But these negotiations have always floundered because of the underlying dispute over the legal issues.

When the United States encountered a similar situation with respect to the Gulf states during the term of the late President Eisenhower, the United States government said to the states, "First of all, let us determine the ownership of these resources. Let us know, first of all, who owns them legally." As some honourable senators recall, President Eisenhower then referred the matter to the U.S. Supreme Court. That court

decided that the resources were clearly under federal jurisdiction in the United States. Then, on the basis of that judicial finding, the president met with the Gulf coast states and negotiated a 50-50 sharing of revenues. First of all, however, it was felt to be essential for the courts to determine legal ownership of the offshore resources—a view held not only by the Gulf states but by the national government of the United States.

This is what the federal government here has been seeking. This is what the province of Newfoundland has been resisting.

The Minister of Justice went on to say:

The provincial government has recently filed a reference to the Provincial Court of Appeal. The questions raised by a number of complex issues in addition to the question of jurisdiction in respect of Hibernia, including the status of inland waters, the territorial sea and perhaps the interests of other provinces as well.

Honourable senators, the reference to the Newfoundland court encompasses many other issues, some touching upon the Gulf of St. Lawrence, St. Pierre and Miquelon, and other major and complex issues. A Newfoundland minister said recently, "Yes, this court case could drag on over four or five years before any decision is made." The fact is that the Newfoundland court will not even get to the case before October.

Honourable senators, I would not want to accuse the Government of Newfoundland of delaying for political reasons, but other more suspicious and political people have suggested that. And yes, the federal government will participate in that reference. Again, I repeat these words from Mr. Chrétien's statement.

We are participating in that reference and will continue to do so, but in the meantime it appears to us necessary to move to have the urgent and pressing question of jurisdiction in Hibernia resolved at the earliest possible date by the highest court, the Supreme Court of Canada.

The prospects for Hibernia production are very promising indeed.

These are particularly promising for the province of Newfoundland, honourable senators.

Hon. Martial Asselin: Particularly for your government!

Senator Perrault: The Right Honourable the Prime Minister has offered 100 per cent of all of the revenues of that field until Newfoundland achieves a so-called "have" status, with, assuredly, a continuing very generous division at some point in the far distant future.

Hon. C. William Doody: A lovely man!

Senator Perrault: Yes, indeed he is, and he does not deserve the kind of attack levelled against him in recent days in this chamber.

Senator Flynn: Poor man! Don't make us cry.

Senator Perrault: Again, honourable senators, I quote Mr. Chrétien:

We are participating in that reference and will continue to do so, but in the meantime it appears to us necessary to move to have the urgent and pressing question of jurisdiction in Hibernia resolved at the earliest possible date by the highest court, the Supreme Court of Canada.

The prospects for Hibernia production are very promising indeed. We consider that these resources are presently very close to commercial production. Development will require heavy investment that can only come within an established regime. The major oil companies which are conducting the exploration need to have answers very soon as to what level of government has jurisdiction.

● (1425)

Honourable senators, unbelievably the opposition members critical of this action by the government are the same opposition spokesmen who remind us constantly of the need for certainty in the tax regime. They preach in this chamber that "business must know where it stands," that certainty in the area of taxation and other economic policies is the only way that business can help to build a strong economy. Yet, paradoxically, in the matter of the Hibernia reference and what could be, potentially, the early development of a very large oilfield on the east coast, they continue to advocate that the resource ownership issue be allowed to wallow in uncertainty, without any early legal decision. They foster the concept of uncertainty and delay. I ask, why? Perhaps they can tell us.

The major oil companies have asked for this degree of certainty, and we must act to give them a firm legal basis on which to proceed.

Not a Newfoundland court decision, which may come down in four or five years, and then a possible further appeal to the Supreme Court, some time after that, with further delays.

Senator Flynn: Why do you say that?

Senator Perrault: Mr. Chrétien continued:

The development of these resources is to the benefit of all, the people in Newfoundland, as well as other Canadians. Delaying development perhaps for years is unacceptable to all concerned. We need the oil that the offshore promises to yield. Perhaps, most of all, I believe that the provincial economy is going to enjoy the important contribution offshore development can make to its prosperity; and the new job opportunities and economic stimulus await the political settlement between the federal and provincial governments.

The pernicious myth, which is being circulated, that somehow there is a covetous national government out to crush poor little Newfoundland and annex all of its resources is totally false.

Hon. G. I. Smith: Stick to the facts!

Senator Flynn: Don't get excited!

Senator Perrault: I note that the former Premier of Nova Scotia, Senator Smith, is in his usual truculent mood, something like that of a baseball fan up in the bleachers hurling abuse on the umpire; but let me tell him that his own province

of Nova Scotia has negotiated an excellent arrangement whereby they keep something like 75 per cent of all the offshore resource revenues. They demonstrated some common sense by achieving a fair and sensible agreement.

Senator Smith: Honourable senators, I rise on a point of privilege. The honourable gentleman said he was going to put the facts on the record.

Senator Perrault: That is not a point of privilege.

Senator Smith: Just a minute. I have the floor. All I ask is that the minister stick to his promise and stick to the facts.

Senator Perrault: I am sticking to the facts.

The truth is, the facts concerning this issue have not been brought to the Senate up to this point. It is time they were.

While the legal issues must be resolved, we are still willing to meet with negotiators for the Newfoundland government to explore ways of managing resource development and providing for a generous revenue-sharing arrangement with the government of Newfoundland.

So much for the wild and nonsensical scenario of a greedy federal government rolling into Newfoundland like the SS moving into Czechoslovakia, attempting to crush and to deprive economically Canada's great Atlantic province.

Mr. Chrétien continued:

We are anxious to find a mechanism for co-operative management, one that can be implemented no matter what ruling the Supreme Court gives.

There is a chance, of course, and Newfoundlanders say that there is an excellent chance, that the Supreme Court is going to find in favour of the province. So be it—but let us have certainty. The minister further said:

So it is a statement I wanted to read to you and to make clear what we are doing. The application has been filed today in the Supreme Court of Canada, not on all the issues of offshore, but only on the site of Hibernia, because we feel that it is, as I said in my statement—I feel that it is close to being ready for development, and it's quite important that this be clarified so that the oil that might come from there might benefit as quickly as possible the economy of Newfoundland, and the resources needs of Canada.

That is the statement. It is a rational statement, a statement made with a considerable degree of logic, and, I know, sincerity.

We were told the other day, among the lurid items on that "indictment," that there are no precedents for this action by the government. Senator Lang said, "Of course, I have not completed my research." I wish he had. It might have helped. Are there any precedents?

Senator Flynn: Invent some.

Hon. Royce Frith (Deputy Leader of the Government): He does not need to.

Senator Perrault: Invention of facts is a sport at which the Leader of the Opposition is a past master. I would not attempt to invent facts as he does, on a daily basis, in this place.

Senator Flynn: You cannot prove that.

Senator Perrault: He does it with alacrity and ability, and all of us marvel.

Senator Flynn: Bring on your facts.

Senator Perrault: All right. Supreme Court references have often been taken while issues are before provincial Supreme Courts. I now produce a partial list:

1976, the Anti-Inflation Act; 1970, the Breathalyzer Act; 1955, Eastern Stevedoring; 1948, Saskatchewan Minimum Wage Act; 1946, Japanese deportation orders; 1943, chemicals; 1943, U.S. forces; 1938, the Adoption Act; 1935, the Temperance Act; 1934, the Tariff Board; 1934, case S-110 of the Dominion Companies Act; 1928, fish canneries. In the most recent 50-year period this process of simultaneous reference began with a classic reference by a Conservative government in 1932 with respect to the Broadcasting Act while the case was before the Quebec Court of Appeal. Those are critics—

• (1430)

Senator Flynn: Not on a reference.

Senator Perrault: Yes, on a reference, and obviously the Leader of the Opposition has not done his research. When statements are made in the Senate that the federal referral is "unprecedented," that such actions are "going to destroy the system of courts" in this country, then I suggest that honourable senators have failed in their responsibility to check the facts.

Senator Frith: Hear, hear.

Senator Flynn: You are reciting something you know nothing about.

Senator Perrault: I am reciting a list of precedents that troubles the opposition deeply because of their oratorical excess of yesterday. They realize that only the big "scam" is on that side.

An Hon. Senator: You are not supposed to use language of that kind.

Senator Perrault: Yet, the opposition applauded the use of that same word yesterday when it was employed to attack the government. In the case of the Radio Act of 1932, which in a sense began this interesting process, the federal government directly referred a question to the Supreme Court after a similar question had been referred to the Quebec Court of Appeal by the Government of Quebec—and this is part of the judicial record. Then we are told solemnly by opposition spokesmen "that there are no precedents" for the federal action, an action which is abhorrent to the Conservative Party and which "politicizes the judicial system." Apparently, the concept is not abhorrent to the leader of the Conservative Party; not abhorrent to Mr. Clark, because this is what he said when the constitutional question was before the Quebec courts. He said the following, in his eloquent way, as it appears at page 8850 of *House of Commons Debates* for April 1, 1981:

[Senator Perrault.]

What we have done today is propose that the government adjourn debate on the resolution now before this House and thereby allow Parliament to get on to other urgent business of the nation. It would also allow the government to send to the Supreme Court of Canada, either by following the appeal procedure or by reference, a question which would determine the legality of the proposal we are being asked to judge.

It did not trouble the opposition that the same reference was before the Quebec Court of Appeal.

Senator Flynn: There was a decision of Manitoba and Newfoundland.

Senator Perrault: Yes, it came before other courts as well.

Senator Flynn: You are misleading the Senate.

Senator Perrault: Perhaps enough time has been spent on this point. There are ample precedents to justify the federal action.

Senator Frith: And to justify Mr. Clark.

Senator Perrault: I am sure that Mr. Clark must feel relieved that there are ample precedents to support his suggestion of April 1, 1981.

Senator Flynn: He will be surprised to learn the interpretation that you put on it.

Senator Perrault: Then we are told that the federal government was "playing games" in the SIU intervention. Well, has the Government of Canada been playing games? The Prime Minister sent a telex to Premier Peckford of Newfoundland on February 12, 1982, and it might be useful to read it into the record. He said:

I have reviewed your telex of February 10, 1982, regarding the negotiations we are currently conducting on the subject of offshore resource management and revenue sharing.

I would like first to deal with what appears to be a misunderstanding on your part of the basis on which we have been negotiating.

The federal government's offer to negotiate the offshore issues of resource management and revenue sharing was contained in my telex to you of July 27, 1981. In that telex, I clearly and explicitly set out the federal position on ownership as follows:

The legal position of the federal government is predicated upon the 1967 judgment of the Supreme Court to the effect that rights to offshore resources on the West Coast belonged to the federal government. It has always been our position that this judgment applies as well to the East Coast offshore. Our divergence of views on ownership has introduced an element of uncertainty which would eventually impinge adversely on an orderly development of these resources. We are both aware that the ownership issue cannot remain unresolved much longer.

● (1435)

That is an accurate statement.

This leaves the federal government with no alternative but to see that this matter is resolved by one means or another through the legal process.

The Prime Minister went on to say—and we are getting down to the Seafarers' International Union reference which comes later in the text:

You will also recall my position that if we failed to reach an agreement on resource management and revenue sharing by this month of February, 'we should await the outcome of the legal process, which would of course mean that any future negotiations would start from a different base.' The federal government has in the past proposed to the Newfoundland government that a direct joint reference to the Supreme Court, with wording agreeable to both of us, is one method of obtaining a clear legal judgment. This proposal was never accepted.

It was never accepted by the Province of Newfoundland.

Senator Asselin: Of course.

Senator Perrault: The national government, which stands accused of having no respect for the courts, proposed to Mr. Peckford a joint reference to the Supreme Court of Canada with wording agreed upon between the two levels of government. This sensible and fair proposal was rejected by Mr. Peckford. Why? Who is frightened of the judicial process? Who is concerned about what the courts may rule?

Senator Asselin: The Prime Minister.

Senator Perrault: Not the Prime Minister, but the Premier of Newfoundland and some of his supporters. Then the Prime Minister went on to say:

I also referred in the telex to the appeal by the Seafarers' International Union to the Federal Court of Appeal in the following terms:

If I understand you correctly, you suggest that the federal government not present its arguments on the jurisdiction issues raised by that case. I would like to point out that it is not the federal government that has raised the ownership and jurisdiction question in the context of the SIU case.

And Senator Lang made a charge, and I think it is a despicable charge. Senator Lang said, as is reported in the *Debates of the Senate* of May 25, 1982, at page 4186:

Finally, the federal-provincial agreement to support an application to adjourn the SIU appeal was renounced by the federal government on February 1, 1982.

This is a malicious untruth. It is not factual and there is no evidence whatsoever to support it. Indeed, the proposal to incorporate reference to offshore jurisdiction in the SIU case was made by the Crosbie Offshore Company and by the Seafarers' International Union. It was not a federal initiative. Perhaps our Conservative friends from Newfoundland can ask the Crosbie family why this action was taken.

The Prime Minister went on to say:

The federal government, like the Newfoundland government, is only an intervenor in the case and does not control the issue on which the court is asked to decide.

When the Crosbie family and the SIU decided they wanted that issue included, then, of course, the federal government had to intervene and state its position. I am sure honourable senators know that, especially those with any legal training.

Senator Flynn: Obviously, that was not your case.

Senator Perrault: The telex continued:

It is the principal parties in the case which placed this issue before the Federal Court for decision, partly in response to an earlier decision by the Newfoundland Labour Relations Board which dealt with the matter of ownership and jurisdiction.

Yet, the other day this government was accused of dealing in bad faith, reneging on an agreement and attempting surreptitiously to slide in the offshore jurisdiction issue in the matter of the SIU case which went before the Federal Court. Honourable senators who make charges of this kind should know better. Indeed, documents filed in the Senate itself help to give the lie to that charge.

I come back to the telex:

In any event, the issue will be heard by the Court regardless of the position taken by the federal government or, for that matter, the Newfoundland government.

The Prime Minister went on to say:

I took particular care to re-affirm the federal government's position on ownership and to respond to your concerns over the SIU case in order that there would be absolutely no misunderstanding of the nature of our offer to negotiate the issues of resource management and revenue sharing.

Does that sound like a government—

Hon. Lowell Murray: No!

Senator Perrault: —that is determined to subvert the best interests of Newfoundland?

Senator Doody: Certainly, it is not a reasonable government.

Senator Perrault: The Premier of Newfoundland is saying that the federal government is being "unreasonable." Perhaps the world needs a new dictionary of definitions, with a special edition for the Conservative Party.

The Prime Minister continued:

From the fact that you accepted the invitation to negotiate contained in my telex of July 27, 1981, I could only conclude that you understood my position and were willing to negotiate in that context the issues of offshore resource management and revenue sharing.

Nevertheless, as Mr. Lalonde has pointed out in his recent discussions and correspondence with Mr. Marshall on February 9, the federal government was prepared to remain neutral on the Newfoundland government's

motion to delay proceeding with the SIU case. As you know, the Court denied that motion this week.

● (1440)

Does that sound like a government interested in subverting the judicial system?

Senator Frith: No.

Senator Perrault: A government without respect for the law? Of course not! Charges of the kind we heard yesterday are ludicrous and are not worthy of the Senate.

The history of negotiations and agreements on the offshore has been quite different in Canada than is suggested by the Australian experience you use in your telex. In the Canadian case, there was no legal resolution of the ownership issue, (which we believe would provide the most secure and enduring basis for any agreement on resource management and revenue sharing)—

And we have achieved an excellent agreement with Nova Scotia. The Premier of Nova Scotia, who is a Conservative, says it is a great deal for the people of Nova Scotia, and it is a great deal because he had the good sense to sit down and negotiate.

Senator Flynn: You are speaking out of both sides of your mouth. A moment ago you were criticizing the Conservatives and now you are praising them.

Senator Perrault: The honourable senator will have the right to speak in defence of this shabby kind of motion in due time.

Senator Flynn: You are quite noisy in your denial of free speech.

Senator Perrault: Well, of course, Senator Flynn claims that he believes in free speech. But he continues to interrupt. All talk!

Senator Flynn: It is not.

Senator Perrault:

The Prime Minister continued:

—and successive governments at both the federal and provincial levels, have changed their positions; in one case—concerning the 1977 Memorandum of Understanding with the Maritime Provinces—one provincial government walked away from an arrangement which had been signed in good faith by a previous government.

He then went on to say:

I should note that from the moment the current negotiations began, federal officials have made it abundantly clear that this government viewed the resolution of our offshore dispute as one that would proceed on three tracks. On one track, the ownership question would be resolved by the courts.

Would any honourable senator criticize that position? What's wrong with that? Most other governments in similar situations have done the same—have had their courts decide legal ownership. I repeat:

On one track, the ownership question would be resolved by the courts. But more importantly, on the second track we would aim in our talks to reach—by February 28, 1982—a pragmatic agreement on a long-term, stable, resource management and revenue sharing arrangement to which both parties would commit themselves regardless of any court decision on ownership.

What is wrong with that? Is that unreasonable?

A third track was discussed as well, that of ensuring that Newfoundland captures as many of the economic benefits as possible from the development of the offshore.

Yes, 100 per cent for a period of years. Has any other province been offered a deal like that? Certainly, Alberta has not had a deal like that.

Senator Flynn: That is not the point.

Senator Perrault: British Columbia has not had an offer like that. Is an initial 100 per cent not enough?

Hon. Eric Cook: It is not 100 per cent.

Senator Perrault: Or does Mr. Peckford want 110 per cent?

Senator Cook: All we want is the revenues that would be coming to us if the resources were on the land; that's all. We are not going to get 100 per cent.

Senator Frith: You are getting 100 per cent of all the revenues.

Senator Flynn: You are not discussing the issue.

Senator Perrault:

The telex continued:

Mr. Lalonde articulated this view again with Mr. Marshall during their meeting on January 8.

In other words, in view of the possibility of third-party actions (like the SIU case), the challenge was to arrive at a fair settlement regardless of ownership—

What's wrong with that?

—but to ensure that that settlement would stick, if and when ownership was eventually decided by whatever means in favour of one side or the other.

Surely, that is a path of action designed to develop these resources as quickly as possible, fairly, and with a good and generous deal for Newfoundland and a fair arrangement for all of Canada.

The Prime Minister continued:

Consequently, we must ensure that any settlement we reach contains enough safeguards to prevent its abrogation by either party. I hope that our teams of negotiators can devise such safeguards to ensure that each party remains committed to implementation of the agreement. It has always been my position that we could reach a long term agreement without determining ownership. I continue to believe that in the next two weeks we can achieve such an agreement which would survive any decision on ownership by the courts.

As you are aware, the details of our proposals require further elaboration.

Senator Asselin: You are just reading the statement.

Senator Perrault: The statement worries you because it destroys your argument so completely, senator.

Senator Asselin: You could save a lot of time if you just tabled the statement.

Senator Perrault: It continued:

The appropriate way to pursue these matters is to resume discussions at the level of Ministers and senior officials. Mr. Lalonde is prepared to continue to meet with Mr. Marshall on an urgent basis over the next two weeks.

Finally, I would simply like to reiterate a point made in my July 27th telex to you. I wrote then that "the jurisdiction issue should not be allowed to obscure the requirement to find a solution that best meets the needs of the people of Newfoundland and all Canada". That solution, of course, encompasses a cooperative approach to both managing the resource and sharing the revenues it generates. In many areas, such as forestry, our two governments have in recent years cooperated to encourage resource development regardless of who owns the resource.

I am sure that you share my hope that we shall arrive this month—

And remember that he wrote this in February 1982.

I am sure that you share my hope that we shall arrive this month at a settlement which will reflect the interests and responsibilities of both governments. More than that, it must respond to the pressing energy security and economic development needs of Newfoundlanders and all Canadians.

I am confident that, even with the short time remaining, we can build the framework for cooperation which will ensure the best possible development of our rich offshore oil and gas resources.

Does this sound like an arrogant letter, an unfair letter? Of course not! It is a fair, reasoned, rational, moderate letter by the Prime Minister of Canada to the Premier of Newfoundland.

But you know what we were told by one of the participants in the debate yesterday? As an example of alleged federal arrogance and inferred duplicity, he implied that the federal government forced the Newfoundland offshore issue in the SIU case. Remember those ringing words in the Senate? He told us that the federal government had forced the SIU reference and had attempted to slip it in the court case, when he should have known that it was Crosbie Resources and the SIU who sought a decision regarding jurisdiction. And yes, in his verbal assault he said that the federal government had gone "silent" on February 10 of this year. Yes, it went silent for a brief 48 hours because the constructive and conciliatory letter of the Prime Minister in response to the telex is dated February 12. In other words, the Prime Minister sent this reasoned

response 48 hours after that so-called "silence". It was inferred that there was this ominous "silence" by the federal government. Well, there have been many other occasions when governments have taken longer than that to give a response.

What is the chronology of this negotiation? I regret the time this is taking, but these serious charges were made yesterday and last week.

Senator Flynn: The motion does not deal at all with what you are discussing. You are going outside the question.

Senator Perrault: Going back to 1958 and I am sure the Leader of the Opposition has total recall of those traumatic days—a United Nations conference at Geneva adopted the Convention on the Continental Shelf, which provides that the coastal state exercises over the Continental Shelf exclusive sovereign rights for the purpose of exploring it and exploiting its natural resources. The Convention defines the shelf as the seabed and subsoil of the submarine areas adjacent to the coast but outside the territorial sea to either a depth of 200 meters or beyond that to where the water depth allows exploration of the natural resources of the shelf.

I will not take this forward year by year from 1958. Suffice it to say that, after considerable consultation with the provincial governments, the federal government referred the question of the jurisdiction and ownership of the submerged resources off the west coast of Canada to the Supreme Court of Canada by means of an Order in Council dated April 26, 1965, which was tabled in the House of Commons on April 29, 1965.

The problem of offshore mineral resources was discussed at the federal-provincial conference on July 21, 1965. As in previous federal-provincial discussions, there were substantial differences of view as to the respective rights of the federal government and the coastal provinces and the means by which a resolution of those differences should be achieved.

Senator Flynn: May I rise on a point of order? The Honourable Leader of the Government has been quoting from the statement made by the Minister of Justice. The Minister of Justice said that he could not deal with the substance of the dispute between the two levels of government because it was *sub judice*. I suggest that the Leader of the Government is doing exactly that, and that it is contrary to our rules. He should stick to the motion. The motion is only critical of the decision to send the matter to the Supreme Court of Canada while the matter is before the Appeal Court of Newfoundland.

I think the Leader of the Government should ask the Minister of Justice whether what the leader is doing now is proper. To me, it is absolutely improper, as well as being irrelevant.

Senator Perrault: I suggest that the process may be uncomfortable for the senator.

Senator Flynn: Not at all.

Senator Perrault: It may be uncomfortable, but it is not improper.

Senator Flynn: It is not at all uncomfortable. If you want, you can do it, but, of course, you don't understand what you are doing.

[Senator Perrault.]

Senator Perrault: I am giving a historical account of the events which led up to a government action, which is the subject of the motion, and I hope honourable senators will read and study the record once it appears in print.

Senator Flynn: It's not relevant, not at all.

● (1450)

Senator Frith: The reference is the subject of the motion.

Senator Perrault: In 1965 representatives of several of the provinces expressed the view that the matter was one for immediate—the Leader of the Opposition would absorb much more information if he would not talk so much when others are speaking.

The representatives of several of the provinces expressed the view that the matter was one for immediate negotiation. The federal position was reiterated, that the extent of federal and provincial legal rights should be determined before negotiation. Prime Minister Pearson stated that if the rights to the offshore were found to lie with the federal government, "equitable arrangements may then be negotiated"—which was always the position of Liberal governments.

The Advisory Opinion of the Supreme Court was handed down on November 7, 1967. The court was unanimous in finding entirely in favour of the Crown in the Right of Canada with respect to the resources of all the submerged lands lying seaward of the "ordinary low water mark," and so on.

Senator Flynn: Honourable senators, I formally rise on a point of order and ask His Honour to rule on the question of whether the Leader of the Government is right in dealing with the substance and pleading the case.

Senator Frith: No, he is not doing that.

Senator Flynn: Yes, he is pleading the case. He is quoting the decisions and discussing the differences of views between the two levels of government. It is entirely out of order, and I ask Your Honour to rule on this point. The Leader of the Government does not understand what he is doing anyway, so try to tell him.

Senator Frith: Honourable senators, speaking to the point of order raised by the Leader of the Opposition, it seems to me that if there is a point of order on the *sub-judice* rule—and I understand his point on that—he has raised it a fraction too soon. With respect, the *sub-judice* provision would apply if the speaker proceeded, after recounting the events of the 1967 reference, to say: "And, therefore, I believe that the Supreme Court of Canada should follow that ruling." That is when he gets into law. All he is talking about now is history. It is a fact, not a matter of law, that that court so decided.

Senator Flynn: If you are satisfied that he can go outside of the rules, I do not care.

Senator Frith: I do not believe he is going outside of the rules. A formal point of order was raised—

Senator Flynn: If no other senator wants to object except me, I do not care.

Senator Frith:—and I am addressing that point of order. I submit, Your Honour, with reference to the invitation to make a ruling, that the only point at which the *sub-judice* rule would be infringed would be if the speaker argues what decision the Supreme Court of Canada on this reference should make. All he has said so far about that is that it is open to the court to decide either for the federal government or for the provincial government. Therefore, he is not arguing the case and he is not trying to persuade us that the court should decide it in a certain way. He is simply recounting events that led up to the reference that is the subject matter of the motion.

Senator Flynn: I deny that, because the manner in which the Leader of the Government was reciting the decision of the Supreme Court in the matter of the west coast was really to put the case of the federal government before the Senate, and that is *sub-judice*.

Senator Perrault: It is historical.

An Hon. Senator: Hysterical!

Senator Flynn: Historical, my foot! I do not mind if His Honour rules that that is allowed, but my objection will be on the record, and the support of the deputy leader for something irregular will also be on the record.

Senator Frith: It is support for something quite regular.

The Hon. the Speaker: I do not know if the Leader of the Opposition insists on a ruling—

Senator Flynn: I certainly do insist.

The Hon. the Speaker: Is he asking me to decide if the rules of the Senate have been violated, or that when a case is *sub-judice* it should not be dealt with? In the first case, this is something that I can decide on. It is in the Rules of the Senate, but I am not sure which rule you are referring to.

Senator Flynn: They are both applicable because you cannot discuss either in the press, or in the Senate, or in the House of Commons a matter which is before a court. The Rules of the Senate are applicable in the present case as well as being applicable to a newspaper or anywhere else. It is quite obvious.

Hon. Léopold Langlois: Quote the rules.

Senator Flynn: Oh, for goodness' sake!

Senator Frith: If you are going to insist, then, in order to help His Honour, I could refer to *Beauchesne*. My honourable friend refers to *Beauchesne* when it is helpful to him and otherwise says it can decide anything, but let us see what it says. The *sub-judice* rule, found at pages 118 and 119—and I have not looked this up in advance so I am bound by whatever it says—states:

335. Members are expected to refrain from discussing matters that are before the courts or tribunals which are courts of record. The purpose of this *sub-judice* convention is to protect the parties in a case awaiting or undergoing trial and persons who stand to be affected by the outcome of a judicial inquiry. It is a voluntary restraint

imposed by the House upon itself in the interest of justice and fair play.

336. (1) The *sub-judice* convention has been applied consistently in criminal cases.

(2) The precedents in criminal cases are consistent in preventing—

And so on. Citation 337 reads as follows:

(1) No settled practice has been developed in relation to civil cases, as the convention has been applied in some cases but not in others.

(2) In civil cases the convention does not apply until the matter has reached the trial stage.

338. (1) Matters before a royal commission are not subject to the convention.

(2) When an appeal is taken to the Governor-in-Council—

That does not apply.

Citation 338(4) reads as follows:

The reference of a bill to the Supreme Court of Canada withdraws that bill—

This is not a bill.

—temporarily from the jurisdiction of Parliament. If the constitutional situation of human rights is submitted to the Supreme Court, it thereby becomes *sub-judice* and cannot be considered by a committee of the House until the Court has given its decision. The question cannot be before two public bodies at the same time.

Senator Flynn: Two courts.

Senator Frith: Precisely. I agree with that, and I agree with the Leader of the Opposition's statement of the *sub-judice* rule. I have not quarrelled with him on that, but it is not properly invoked yet in the speech that has been given by the Leader of the Government. I submit, Your Honour, that no rule of the Senate has been infringed by discussing the events that led up to the reference. If the speaker, or any other speaker, argues that the Supreme Court of Canada ought to decide the matter in a certain way, which the speaker has specifically not done—he said it was open to decide it either way—then that might be an occasion for invoking the rule. In my respectful submission to His Honour, no rule of the Senate, either specifically or in parliamentary procedure by reference to Rule 1, has been breached so far.

Senator Perrault: May I speak to this point? My endeavour has been to set forth a 14-year chronology in short form; the history of attempts to achieve an agreement with the Atlantic and other coastal provinces—including the Province of Newfoundland—with respect to offshore resources. I am not making any qualitative judgment on rulings by the courts, but am merely setting forth the facts.

It seems to me that it is essential in a debate to provide some rationale or justification for the government's action. I am rather surprised that the Leader of the Opposition would take

exception to this, because surely he wants the facts put on the record.

Senator Flynn: The question that was put to me by His Honour was to prove the existence of the rule, and the deputy leader very kindly did that by referring to *Beauchesne*. The rule was also mentioned by the Minister of Justice in his statement in St. John's that was quoted by the Leader of the Government himself, where he said: "I cannot discuss the substance of the problem because it is before the courts."

Senator Frith: We do not want to do that. We are dealing with the motion.

Senator Flynn: In any event, the motion is whether it is proper to have a reference to the Supreme Court of Canada while the same problem is before the Appeal Court of Newfoundland. That is the only thing.

Senator Perrault: That is what I am speaking to.

Senator Flynn: No, you have been reciting the problem between the two levels of government, whereas the motion is on the question of procedure. If you want to do it, go ahead.

Senator Perrault: The statement was made the other day that the government had acted in what it was suggested was a unilateral, arbitrary manner. I have made the point that for 14 years—indeed, for more than 14 years—patiently and constructively the government has attempted to achieve an arrangement. I seek only the opportunity to put those facts on the record.

Hon. John M. Godfrey: Honourable senators, on this point, I gave a speech in this chamber on the Constitution when there was an appeal reference from the provincial courts. I researched this matter with considerable care prior to the argument, and I came to the conclusion that it was perfectly in order for me to discuss the Reasons for Judgment of the provincial court until the case was actually being considered by the Supreme Court of Canada.

● (1500)

Senator Flynn: I suppose that settles the question.

Senator Perrault: I thank the learned senator for his opinion.

Honourable senators, I will not go into all the details of the chronology, but I would just mention that on December 2, 1968, Prime Minister Trudeau made an announcement setting out an offer whereby the provinces would receive half the revenues accruing from offshore mineral resources located seaward of mineral resource administration lines established off provincial coasts. The areas seaward of these lines would be administered by the federal government, and the areas landward of the lines, from which the adjacent province would receive all the mineral resource revenues, could be administered by the adjacent province.

Discussions with coastal provinces on offshore mineral rights have continued intermittently since the Prime Minister's announcement. In discussions with east coast provinces, the first ministers involved agreed, in August 1972, to set aside the

questions of jurisdiction and ownership and to try to reach agreement on the practical matters of administration and revenue sharing.

I note the rapt interest of the Leader of the Opposition; he is joking with his colleagues in the back row of the chamber. I hope the Conservative Party is more concerned about this issue than that.

Senator Flynn: I am not joking.

Senator Perrault: Several meetings of federal and provincial officials were held in the period from October 1972 to May 1973, which were supplemented by another meeting of first ministers on April 9, 1973.

I now reach the stage of the chronology where the Province of Newfoundland is mentioned.

A September 27, 1973 submission by Newfoundland to the federal government signalled that province's effective withdrawal from these particular discussions. Honourable Senator Doody, I am sure, is aware of this chronology. The Newfoundland submission envisaged the federal government's transferring to the province administration and control over mineral resources offshore from Newfoundland and Labrador. Continued correspondence with the Newfoundland government and a ministerial meeting in November 1974 failed to settle the impasse.

If any of this record is incorrect, I am sure it will be corrected in the course of this debate, but these are the facts as I understand them.

In April 1976, agreement was reached between the federal and Newfoundland governments so that they could work together to prepare a joint reference to the Supreme Court of Canada to settle the questions of jurisdiction and proprietary rights as regards offshore mineral resources. Many people said, "Amen; we have finally achieved an agreement!"

After entering into substantial and significant negotiations on this point, for reasons best known to themselves, the Newfoundland government decided to abandon that course of action. Following Newfoundland's withdrawal from the discussions, the maritime provinces and Quebec attempted to work out a common position. The four provinces could not reach agreement, however, and Quebec took no further part.

Meaningful discussions resumed between the maritime provinces and the federal government in early 1976, and the end result is the Memorandum of Understanding signed on February 1, 1977. Great progress was made with the three maritime provinces. Newfoundland refused to enter into the agreement believing, presumably, it had a special position, and, perhaps, the courts will determine that.

To update the chronology, and without going into it in excessive length, honourable senators, a Memorandum of Understanding was signed on February 1, 1977, by the Prime Minister, which I have described, outlining the principles of a new regime for joint federal-provincial administration and management of the mineral resources of areas lying offshore from those provinces. The memorandum provides for an agreement between the federal government and the three provinces

[Senator Perrault.]

under which the mineral resources would be managed by a board composed of three federal members and one member from each of the three provinces.

Revenue sharing under the agreement would be on the basis of 25 per cent for the federal government and 75 per cent for the provinces. I understand that this may be a larger provincial share than the Province of Alberta enjoys, although there are many aspects to the Alberta agreement which make it a very good deal for all.

As far as revenue is concerned, under our energy agreement, the federal government receives 35 per cent, and the Province of Alberta receives something like 65 per cent. Therefore, the Nova Scotia agreement is very generous.

That is why it is difficult to understand some of the charges from Newfoundland, such as, "We don't want to be robbed of our heritage. We want the same kind of deal they got in Alberta!"

Senator Doody: Hear, hear!

Senator Perrault: If they get the same kind of deal as did Alberta, the percentage could well be lower in terms of revenue return to Newfoundland than the agreement achieved with that western province.

The Nova Scotia formula for revenue sharing—beyond the initial period of 100 per cent for Newfoundland—would be on the basis of 25 per cent to 75 per cent. In the case of Nova Scotia it is 75-25. And within lines situated at least five kilometres off the coast and seaward of any coal resources accessible by mining from land, 100 per cent for the provinces—in the case of the Sable Island area, 100 per cent for Nova Scotia.

Federal and provincial officials were progressing towards a detailed agreement, and the federal-provincial legislation required to implement it, when the change of government in Nova Scotia in September 1978 stalled the discussions which had led to an agreement with that province and its Conservative premier.

Senator Murray: I would ask the Leader of the Government to reflect for a moment on whether the facts that he has been setting out for the last few minutes, in particular, are not going to form part of the case that will be argued before the Supreme Court of Canada, and whether, in so doing, he is not in fact seriously breaching the *sub-judice* rule.

Senator Perrault: Honourable senators, these are the facts.

Senator Murray: Honourable senators, I make my comments for the benefit of the Leader of the Government. I would ask him to reflect for a moment on whether the facts he has just been setting out, especially in the last couple of minutes, do not constitute part of the argument that will be made before the Supreme Court of Canada.

Although I am not a lawyer, I would be extremely surprised if the whole business of the agreements and negotiations with Nova Scotia and other maritime provinces, the delineation of the boundaries that are involved and so on, did not constitute part of the case that will be argued before the Supreme Court

of Canada. In that case, the minister is, in fact, breaching the *sub-judice* rule.

Senator Frith: Honourable senators, the distinction that ought to be underlined is that the *sub-judice* rule does not prevent reference to any facts that might possibly form part of the record before a court. The minute a court decides that it is seized of an issue, it does not mean that any fact that can be brought before that court cannot be referred to.

Senator Murray: The minister is stating these facts right, left and centre.

Senator Frith: If that were so, they may be objectionable on some grounds, but not on the *sub-judice* ground.

I think the best and clearest example of what might constitute a breach of the *sub-judice* rule would have occurred if the speeches made last year by Senator Smith and myself on the offshore rights of Nova Scotia—and, impliedly, the rights of Newfoundland—had been made while the matter was before the Supreme Court. I am referring to the speech made by Senator Smith when he took the position that the B.C. case of 1967 did not decide Nova Scotia's rights, and when I took the position that it did apply to Nova Scotia and, colaterally, we both spoke of Newfoundland. If that matter had then been before the Supreme Court, I think every lawyer would agree that it would be in breach of the *sub-judice* rule because we were discussing the legal merits of the case. With respect, that is not what the Leader of the Government is now doing.

Senator Perrault: At the First Ministers' Conference on the Constitution from October 30 to November 1, 1978, at the behest of the Premier of Newfoundland, the Prime Minister of Canada accepted offshore resources as an item on the agenda for constitutional review.

During the First Ministers' Conference on the Constitution on February 5 and 6, 1979, the Prime Minister tabled a draft federal proposal that accepts the principle of concurrent legislative authority over the management of offshore resources, with federal paramountcy for some elements of the management régime and provincial paramountcy for others, but leaves aside the question of ownership. To give effect to the constitutional change contemplated, the proposal anticipates the design of complementary administrative arrangements as a means of assuring continued federal-provincial co-operation and consultation. Honourable senators, that is hardly an arrogant act; hardly an act which would warrant some of the statements made about the Prime Minister and this government in recent days in the Senate.

• (1510)

In 1979, during the federal election campaign, the leader of the Conservative Party—let us put that on the record, too—Mr. Clark, promised to give coastal provinces, and Newfoundland in particular, ownership of offshore mineral resources. This was followed up by Prime Minister Clark, from the time he was elected, in meetings with the premiers of Newfoundland, Nova Scotia and British Columbia, and by way of letters from the Prime Minister to the premiers of all of the provinces.

In 1980, during the federal election campaign, Mr. Trudeau stated that his government would assert federal ownership of offshore resources, but would negotiate co-operative resource management and revenue-sharing with the coastal provinces: 100 per cent of the revenues to flow to coastal provinces until they achieve a "have" status, after which broader sharing with Canadians would begin.

Yet, honourable senators, we were told, the other day in the speech made by Senator Lang, something quite different. He was talking about federal assertion of sovereignty and said, as reported at page 4186 of Senate *Hansard*:

Then after an offer by Newfoundland, on February 10, 1982, to set aside sovereignty as an issue . . . the federal government went silent.

In the same paragraph, Senator Lang spoke in terms of the federal government's having reneged on an agreement for joint management. Honourable senators, that is a gross inaccuracy on the part of Senator Lang. He said, as well, that the federal government had given a commitment in May. No such agreement ever existed; it exists purely in the mind of the honourable senator.

Senator Lang then stated that this commitment was followed by the federal government's assertion of sovereignty in December 1981. Honourable senators, we have always asserted federal sovereignty. That is part of the continuing record of this matter; it is nothing new. The federal government has always maintained ownership but has always held itself willing to negotiate resource-sharing and management arrangements. There was no change in the federal position at that time.

To complete the chronological record, honourable senators, during the First Ministers' Conference on the Constitution in September 1980 "offshore resources" was included as an issue on the agenda. At this time, the federal government offered the proposal which Mr. Trudeau had outlined during the election campaign. Agreement was not reached. The 100 per cent offer to Newfoundland was rejected.

In July 1981 the Prime Minister wrote to Newfoundland and Nova Scotia, and Mr. Chrétien, Minister of Justice, wrote to British Columbia, offering to resume offshore negotiations.

On March 2, 1982, the Government of Canada and the Government of Nova Scotia concluded an agreement on offshore resource management and revenue sharing which is currently being implemented. Negotiations are anticipated with British Columbia over the next several months. Negotiations with Newfoundland have, of course, reached this impasse, and I do not want to talk about the merits of these references—

Senator Murray: I hope not!

Senator Perrault: Those events have led to this particular debate.

Honourable senators, what kind of chronology is this? Is it the type of chronology which deserves to be described as a subversion of our parliamentary process, as an attempt to destroy the courts, as an attempt to crush one of our provinces?

[Senator Perrault.]

Honourable senators, it is a record of painstaking attempts by the federal government, over 14, 15 or 16 years, to try to reach some agreement—as any other self-respecting country would do under similar circumstances—to have the courts finally assess who owns the resource and then to make sure that the coastal provinces receive a fair share of that resource.

Honourable senators, in July 1981 the Prime Minister, who has been described in such uncharitable terms, to say the least, wrote a letter to Mr. Peckford, and I quote it, in part:

● (1520)

Thank you for your recent telexes to me seeking clarification of the Federal Government's overall position on offshore resources.

The legal position of the Federal Government is predicated upon the 1967 judgment of the Supreme Court—

and so on.

Senator Murray: Now, now; there you go!

Senator Perrault: Honourable senators, I will not continue—

Senator Murray: Well, then, don't!

Senator Frith: What happened when my back was turned?

Senator Perrault: In referring to a speech he had made earlier, the Prime Minister went on to say:

As I made clear in my speech and in subsequent interviews with the media, the Federal Government is most anxious to renew discussions with provincial authorities with a view to solving the present impasse on the issues of resource management and revenue-sharing through negotiations. To that effect, I would like to propose that we undertake a round of negotiations beginning in the fall with a view to resolving all outstanding matters.

Honourable senators, I would be pleased to provide all of his correspondence to the outspoken critics in the Senate chamber and let them delineate the areas they think are open to fair criticism. The Prime Minister has made a substantial effort indeed to achieve agreement.

I realize that other honourable senators will rise in this debate to speak to other points—

Senator Flynn: Speak to the point!

Senator Perrault: We read, in the recent speech of Senator Lang, that this government is "dangerously authoritarian to the extent that it can threaten our judicial and legislative processes." We have heard the view that, if there is disagreement between the two courts, somehow this poses a danger to our judicial system. That situation has existed for years, and I hope that honourable senators, during the debate, will provide some arguments as to why there is something wrong with one court's decision being reversed by another court, or with differences of opinion as between the two courts. We also have a record of simultaneous references to the courts, which I think is of some significance in the course of this debate.

I want to conclude my remarks, honourable senators, by reading to you a rather good letter from an elected member of the other place in reply to Premier Peckford, who sent a telex to all Newfoundland members of Parliament—presumably to honourable senators as well.

Senator Cook: Not to this honourable senator!

Senator Perrault: This letter was written by Roger Simmons, M.P., Burin-St. George's:

Thank you for your telegram of May 20 concerning the offshore issue.

You ask do I condemn the action of the federal government in referring the matter to the Supreme Court. I certainly do not. And for two reasons. First, I cannot condemn an initiative which will serve to resolve the question of offshore jurisdiction as soon as possible. And secondly, how can you ask me to condemn the self-same action which your administration took last February? Are there two sets of rules? Are you suggesting it is all right for one party in a dispute to take an action but all wrong if the other party takes the same action?

I regard it as unfortunate and as indicative of the lack of goodwill which has recently characterized the Newfoundland offshore talks that there had to be two separate references. That wasn't always the case. You will recall that you agreed in 1977, in your then capacity as Newfoundland Energy Minister, to place a joint Canada-Newfoundland reference before the courts. Unfortunately, you subsequently changed your mind. Had you not done so, the court would have undoubtedly resolved the issue by now, and the important Hibernia development would be proceeding, to the substantial benefit of the people of Newfoundland and Labrador.

Where do I stand you ask? I am pleased to have the opportunity to tell you and the people of Newfoundland.

I stand for an agreement which provides for an adequate voice by both governments in managing the offshore development and which provides for a sharing arrangement which is fair and generous to Newfoundland.

I stand for a resolution of the offshore jurisdiction question.

Senator Flynn: We all do!

Senator Perrault:

Only the courts can resolve that question. Your proposal that the ownership issue be set aside permanently—And this is what Newfoundland has proposed, that for evermore the ownership issue be set aside and never decided upon, which is contrary to the views of the private sector who want to develop the resources.

—is not in the best long-term interests of anybody, either the people of Newfoundland or the people of Canada as a whole.

You talk often about the Churchill Falls deal as a give-away which, in today's circumstances, it is, but which at the time could not have been viewed in today's circum-

stances, a fact which probably explains why the Churchill Falls deal had the unanimous support of the House of Assembly, including all members representing your party, something which you have conveniently not bothered to mention in your selective recall of the events of that period.

If Churchill Falls has taught us anything, it is that we shouldn't be too anxious to enter into long-term undertakings. And yet you insist on an agreement which would permanently set aside the offshore ownership question. In so doing, you would be robbing Newfoundlanders forever of the chance to put to the test this important issue.

● (1530)

I have long felt that Newfoundland has a very strong case to support its claim to offshore jurisdiction. You have often stated publicly your belief in the strength of Newfoundland's case for ownership. Why then are you afraid of a decision by the courts?

That is a question that is being asked by many Canadians these days. Why is Mr. Peckford seemingly afraid of the courts?

Senator Cook: How can you blame him for going to the courts, on the one hand, and, on the other, say that he is afraid of the court's decision? Let us have it one way or the other.

Senator Perrault: Let us listen to the balance of the letter. Senator Cook may even applaud it. Mr. Simmons continues as follows:

Is it not in everyone's best interests to have the question settled once and for all? I firmly believe so.

I welcome the call in the House of Assembly resolution for a return to the negotiating table. I assume from your support of the resolution that the provincial government is willing to return to the table. If so, I commend you and your administration for an encouraging change of position since Mr. Marshall stated in Montreal that your administration would not participate in further negotiations until certain pre-conditions were agreed to by the Government of Canada. Your change of position recognizes an elementary but nevertheless important principle of negotiating, namely, that the place to negotiate is at the table, not in the media.

Mr. Simmons says, finally:

Now that both sides in the dispute have taken similar initiatives in referring the question of jurisdiction to the courts, now that both sides have stated a desire to return to the negotiating table without pre-conditions, I call upon you to set the wheels in motion to recommence negotiations without further delay.

Kindest personal regards.

I think that is an excellent letter from a son of Newfoundland who has done an immense amount for his province, indicating that there are people in Newfoundland very much in

disagreement with those who read into federal government actions the worst possible motives.

On motion of Senator Doody, debate adjourned.

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces", tabled in the Senate on 10th February, 1982—(*Honourable Senator Lafond*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would like to speak to this order. It stands in Senator Lafond's name, but perhaps honourable senators will permit me to speak to it.

I am not quite clear what Senator Lafond wants to do about it, and have therefore re-read his intervention of some two or three days ago. I understood that he was prepared to let the matter be considered debated, unless some other senator wanted to speak to it. He also said something about the possibility of the government's wanting to let it be dropped from the Order Paper. But this is his report, and so it seems to me to be up to him, and that is why I wanted to keep it open for him to close the debate.

I am putting this all on the record in the hope that he will let us know on Tuesday whether he intends to close the debate on it, and that might provide another, and final, opportunity for other honourable senators who want to speak to it to do so. I am sure Senator Lafond would yield to them if they wished to speak.

In the meantime, it seems that, although I do not have his authority to say so, he wants this order to stand.

Order stands.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-THIRD MEETING—REPORT OF CANADIAN DELEGATION—DEBATE ADJOURNED

Hon. Henry D. Hicks rose pursuant to notice of May 13, 1982:

That he will call the attention of the Senate to the Twenty-third Meeting of the Canada-United States Inter-Parliamentary Group, held at Key Largo, Florida, from 4th to 8th March, 1982, and to the Report of such meeting.

He said: Honourable senators, on May 13 I tabled, and caused to be appended to Senate *Hansard* of that day, the report of the twenty-third meeting of the Canada-United States Inter-Parliamentary Group, which had been held on

March 4 to 8 in Key Largo, Florida. I would like to say just a little about the meetings and the subjects discussed at them.

First of all, these meetings have been going on between Canadian and American parliamentarians for over 20 years, and have, I believe, provided some very important opportunities for the exchange of information and the debating of issues among parliamentarians of both countries. I think that the meeting in Florida was no exception to those that have preceded it. It dealt with a great many matters on which Canadians and Americans have to focus attention and which hopefully will enable them to resolve the positions that are often divergent, as adopted by the two countries.

The format of the meetings is generally, I believe, and certainly was this year, arranged around three committees, with the plenary sessions occupying far less time than the subject matter that is dealt with by the various committees.

The committees were, first, Committee I, dealing with trade and economic questions, and those who are not going to read the whole report, and I do not suggest that that is necessary for all honourable senators, might at least look at pages 4106 to 4107 of *Debates of the Senate* of May 13, with particular reference to the agenda of Committee I, on trade and economic questions, bilateral trade and investment issues, and the GATT ministerial meeting.

The Canadian co-chairman of that committee was the Honourable Senator Roblin, and he may wish to enlarge upon what I am going to say about it a little later. In addition to Senator Roblin, Committee No. I had as members Senators Doody, McElman and van Roggen from this house.

The agenda for Committee II is set out at page 4115, and the only Canadian senator sitting on that committee was my colleague and seat-mate, the Honourable Senator Lapointe. This committee dealt with energy questions, divided into seven different aspects.

Finally, on page 4117 of *Hansard*, Committee III agenda is set out. This dealt generally with a number of bilateral environmental issues, some of which I will refer to briefly in a moment, and then with some multilateral questions ranging from the Law of the Sea Conference to the North-South issues.

I would like to say a little about each one of these committees, though I shall not take too much of the time of the house. I should say that, in addition to myself on Committee III, Senators Asselin and Lafond participated from this house.

In discussing trade and economic issues in Committee I, the U.S. delegation hit hard, and repeatedly, at FIRA. This subject, in fact, provided a recurring theme for discussions on trucking, on the U.S. "reciprocity in trade" topic, and on the GATT ministerial multilateral meeting. A new congressional emphasis was evident this year on the need for multilateral regulation of trade in services, and Canadian investment restrictions became a prime target in this context.

United States complaints in regard to FIRA included FIRA's requirements for a minimum percentage of local content, its pressure for domestic procurement, for export commit-

ments and for reduction of outlets used solely for distribution. Canada was not giving foreign firms equal treatment, they alleged, and was providing a very bad example to the developing world. But the most frequently aired U.S. criticism of FIRA concerned its discretionary powers, the "Star Chamber" quality of its decision-making with no appeal and its lack of transparency. While the Canadian delegation spoke out in defence of most aspects of FIRA, on this latter point U.S. critics were joined by some Canadian delegates in stressing the need for opening up FIRA's procedures.

With respect to the National Energy Program, U.S. delegates raised the question of the over-all thrust of the legislation which, in their view, gave an unfair advantage to the Canadian energy sector and provided a precedent which might be followed in other Canadian industries. They referred to the unfair trade impact of the mega-projects sourcing board and described the national energy policy "back-in" provision as "expropriation without compensation." Canada was urged to raise the level of compensation even if it did not change the policy.

A discussion on automotive trade centred on the advanced state of the Japanese industry, the uncompetitiveness of the North American industry due mainly to high wage rates and insufficient use of robots. A controversy cutting across both delegations arose between those who believed in the necessity for content rules and restraints and those who favoured a more open trading system with no "crippling" of the industry by content rules and a conviction that "this old industry" should eventually be supplanted by high technology industries, as Japan was doing.

• (1540)

Other complaints raised by the U.S. side in regard to Canada included its "trade-inhibiting actions" in respect to trans-border data flows; its duty remission scheme with Volkswagen which reduced the market for North American vehicles and, it was alleged, could violate the auto pact; its cheap west coast lumber exports made possible by what our American friends described as "artificially low stumpage rates"; its compulsory licensing of drug patents at a 4 per cent royalty rate; its "aggressive promotional attempts to market the Candu reactor"; its barriers to the granting of operational authority for U.S. trucking concerns; and its vastly increased flow of potatoes into U.S. east coast, and particularly Maine, markets. In each case, the Canadian delegation responded with clarifications, corrections or counters to the points raised by the other side.

Canadian delegates, for their part, raised the following Canadian concerns with their U.S. counterparts: U.S. overfishing on Georges Bank; the concept of sector-by-sector provisions in U.S. reciprocity legislation; the negative impact for Canada's satellite telecommunications carrier if unimpeded access were granted to U.S. carriers and U.S. procurement rules, in particular the Berry amendment which would affect Canada's defence industry. So much for Committee I.

Committee II dealt with the National Energy Program. Committee II's mild discussion on the first item on the agenda

belied the strong U.S. concerns on this subject expressed in Committee I and in the plenary session. The passage through Congress of the waiver bill for the Alaskan gas pipeline was described and problems associated with the pricing of the Alaskan gas were aired. Despite increases in U.S. gas reserves, there was optimism on the U.S. side that the Alaskan pipeline would be built without government guarantees or funds. U.S. participants, concerned by western Europe's possible dependence on Soviet gas, were interested in the prospect of exporting northern Canadian gas to Europe.

Advances and difficulties in developing synthetic and alternative fuels were described by both delegations. Tar sands and oil shale conversions were immensely costly; coal gasification was also expensive and required water. With nuclear electrical generation being resisted by environmental lobby groups, the U.S. side said its preferred route was to turn to coal combustion. This seems to me to have a great many inherent dangers in itself, because in Committee III we were very much concerned about the damage caused by acid rain, largely originating from coal combustion plants and other industrial enterprises in the Ohio River valley of the United States.

The U.S. side was supplied with information regarding the size and extent of the Hibernia field. In respect to electricity, there was recognition that electricity exchanges between the two countries were mutually beneficial, but that jurisdictional problems existed on both sides. So much for Committee II.

The three problems that engaged most of our attention on Committee III were acid rain, Law of the Sea, and Central America.

On acid rain, the Canadian delegates emphasized the magnitude and the irreversibility of the destruction of lakes by acid rain, acknowledging that both U.S. and Canadian pollutant sources were the cause of a problem which required urgent action. While displaying a sensitivity to Canadian concerns, U.S. delegates provided depressing evidence that the current mood in Congress and in the United States was unlikely to lead to the necessary controls. They reported that members of both the Senate and the House faced political pressures arising from widespread concern over the economy; the private sector was trying to discredit the findings of the scientific community; environmentalists were being blamed for the recession; an alliance between labour and business was arguing that controls would cost jobs; U.S. environmentalists were not making themselves heard in Congress; and the Environmental Protection Act budget had been substantially decreased.

On Eastport, the U.S. side registered a protest against Canada's unilateral imposition of a 5,000 ton limit on vessels passing through Head Harbour Passage. Later, this Canadian unilateral action was referred to as a possible precedent in respect to Seattle's plan to construct a power dam on the Skagit, but the U.S. side said that at least they had legal grounds, based on earlier agreements, to go ahead on the Skagit.

In regard to salmon interceptions on the west coast involving Alaskan waters, U.S. delegates warned of a forthcoming court

decision which would immeasurably worsen the already bad situation. Fisheries management questions affecting the Stikine River and Dixon Entrance were also discussed, the latter complicated by the unsettled coastal waters boundaries question.

In the Law of the Sea discussion, the Canadian side expressed the hope that the United States would be flexible, would agree to sign the important international treaty and would refrain from entering into mini-seabed mining agreements. It raised the possibility of accommodating some U.S. concerns, including a more effective role in the decision-making International Seabed Authority and some restriction on the proposed automatic transfer of technology. On these two points, U.S. delegates reiterated the strong U.S. reservations, based on considerations of national security and the impossibility of having 150 equal partners. Some cautious optimism was expressed that the United States "would take what it could get" and sign the treaty, but the U.S. side was by no means unanimous in this regard.

A U.S. spokesman said construction of those portions of the Garrison Dam project which did not affect the Hudson Bay watershed were going ahead, and he insisted that no transfer of biota would take place under the present plan, a fact disputed by the Canadian side which referred to the International Joint-Commission report. Reservations as to the cost and effectiveness of the project were expressed by certain U.S. delegates.

Wide-ranging exchanges on Central America gave special attention to the El Salvador situation as well as to the appropriate U.S. and Canadian roles in the area. The impression was left during this exchange and during discussions on Poland that the United States was experiencing a sense of isolation in its widespread foreign policy burdens. There was no clear consensus as to how the United States should deal with expanding Central American problems. Recognizing past U.S. policy shortcomings in the area, U.S. delegates asked if there should not be a U.S. military umbrella over the area in order to contain what they called "the far left" while making it clear that no one wanted a military intervention. Reflecting differ-

ing points of view, they discussed U.S. backing of the El Salvador elections, the likelihood that Guatemala would soon become a new crisis point, and the possibility of endorsing the recent Mexican initiative. Canada was repeatedly urged to play a more important role in the area.

On the Middle East, U.S. delegates said the Camp David accords currently provided the only framework for continuing talks. Satisfaction was expressed that the eastern Sinai withdrawal was taking place, but there was anxiety over the precarious South Lebanon situation. The Canadian side, while supporting Camp David, wondered if a more comprehensive approach was not now needed to bring about a Palestinian settlement.

Finally, discussions on Poland, in which the U.S. delegates displayed a generally tougher line than Canadians on the question of U.S.S.R. involvement, led to their reiteration of the increasing U.S. frustration at lack of allied co-operation in containing the U.S.S.R., and a reference to a growing sentiment for withdrawal of U.S. troops from Europe.

Honourable senators, that is a quick overview of the topics that were discussed, some of them in great detail and with large measures of disagreement, but with some measure of agreement.

I might conclude my remarks by observing that Canadians are often wont to say that Americans know nothing about Canada and do not understand Canadian problems. There may be a certain amount of truth in that, as it may apply to a great many Americans, but it was certainly not the case with the American senators and congressmen who attended those meetings. They were well informed, were well briefed, had a wealth of data on Canadian affairs as well as their own, and they will continue to be, as we always know them to be, tough negotiators. I hope, however, that these parliamentary exchanges may establish the kind of personal contacts that, either directly or indirectly, make it easier for us to resolve our problems in a manner satisfactory to both countries.

On motion of Senator Macdonald, for Senator Roblin, debate adjourned.

The Senate adjourned until Tuesday, June 1, 1982 at 8 p.m.

THE SENATE

Tuesday, June 1, 1982

The Senate met at 8 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem*, in the Chair.
Prayers.

THE SENATE

LEADER OF THE GOVERNMENT—ABSENCE FROM CHAMBER

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before we proceed with messages from the House of Commons, I should like to advise the house that Senator Perrault, the Leader of the Government in the Senate is engaged on government business on the west coast and will not be here this evening.

THE HONOURABLE SIDNEY L. BUCKWOLD THE HONOURABLE FREDERICK WILLIAM ROWE

FELICITATIONS ON AWARD OF HONORARY DOCTORATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I should like to advise the Senate that two of our colleagues recently received academic honours.

A few weeks ago the University of Saskatchewan conferred on Senator Buckwold the honorary degree of Doctor of Laws.

Hon. Senators: Hear, hear.

Senator Frith: On May 28, 1982, the degree of honorary Doctor of Letters was conferred on Senator F. W. Rowe by Memorial University. Following the conferring of that degree, Senator Rowe gave the convocation address.

Hon. Senators: Hear, hear.

EXCISE TAX ACT PETROLEUM AND GAS REVENUE TAX ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-112, to amend the statute law relating to certain taxes.

Bill read first time.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

The Hon. the Speaker *pro tem*: Is leave granted, honourable senators?

Hon. Senators: Agreed.
Motion agreed to.

UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND (NO. 2)—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-114, an act to amend the Unemployment Insurance Act, 1971 (No. 2).

Bill read first time.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker *pro tem*: Is leave granted, honourable senators?

Hon. Senators: Agreed.
Motion agreed to.

[Translation]

CLERK'S ACCOUNTS

STATEMENT TABLED PURSUANT TO RULE 112

The Hon. the Speaker *pro tem*: Honourable senators, I have the honour to inform the Senate that in conformity with rule 112, the Clerk of the Senate has laid on the Table a detailed statement of his receipts and disbursements for the fiscal year 1981-82.

REFERRED TO COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government) moved:

That the Clerk's Accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

[English]

PRIVATE BILL

THE GRAND LODGE OF THE BENEVOLENT AND PROTECTIVE ORDER OF ELKS OF THE DOMINION OF CANADA—FIRST READING

Hon. Sidney L. Buckwold presented Bill S-27, to amend the Act of incorporation of The Grand Lodge of the Benevolent and Protective Order of Elks of the Dominion of Canada.

Bill read the first time.

Senator Buckwold moved, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

[Translation]

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (A) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) laid before Parliament for the fiscal year ending 31st March, 1983.

Motion agreed to.

QUESTION PERIOD

[English]

THE ECONOMY

NATIONAL ENERGY PROGRAM: UPDATE 1982

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Economic Development. Last evening the Minister of Energy, Mines and Resources explained to the House of Commons a few of the reasons why the National Energy Program of the government has failed. Is it the intention of the honourable minister to give us some further elaboration of the failure of this important policy and to explain some of his recent answers in which he was most insistent that the policy was a success?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I can give an explanation of—

Hon. Jacques Flynn (Leader of the Opposition): You certainly can, as usual.

Senator Olson:—the improvements that were announced by the Minister of Energy, Mines and Resources last evening. I would be very glad to do that, honourable senators, and in as much detail as those opposite would like.

For example, I have with me a fairly extensive document of about seven or eight pages which gives the national perspective of the improvements announced last night.

Hon. R. James Balfour: Why don't you just resign and be done with it?

Hon. Martial Asselin: Do we get a copy?

Senator Olson: In addition, I have with me a separate, but somewhat more focussed, explanation dealing with each of the 10 provinces.

[Senator Buckwold.]

However, I believe that a list of these very important clarifying statements was sent to each senator's office. If that is not the case, I would be glad to assist in the expedited transmission of this to senators' offices.

Senator Asselin: When will that be?

Senator Olson: In any event, we believe the improvements that were announced will be significantly beneficial to a large number of the oil and gas companies and particularly the smaller companies.

Senator Asselin: It could be worse.

Senator Olson: I will go into as much detail as my honourable friends would like.

Senator Phillips: Honourable senators, I have a supplementary question for the Minister of State for Economic Development. About a year or a year and a half ago, an agreement was signed between Alberta and the federal government, which is generally referred to as the oil-pricing agreement. In light of all the improvements, what is the status of that agreement?

Senator Olson: Honourable senators, some amendments were made with respect to the taxation measures that were, indeed, included in the agreement.

As my honourable friend knows, and as the Minister of Energy, Mines and Resources has acknowledged, there have been some changes in the economic circumstances, both with respect to supply and price in the international market, which, obviously, changed the cash flow both to the industry and to the governments involved. Of course, the modifications announced by the minister last night are to assist the industry.

Hon. Lowell Murray: May I ask the Minister of State for Economic Development, by way of a supplementary, whether, in the judgment of the government, there is any relationship between the statement of Mr. Lalonde last night and the fact that the Canadian dollar closed today at 80.06 cents U.S.—a historic low?

Senator Olson: Honourable senators, the Canadian dollar has been fluctuating somewhat.

Senator Murray: Not fluctuating—going down, down, down.

Hon. Royce Frith (Deputy Leader of the Government): That is not true.

Senator Olson: My honourable friend should be careful about what he says because I can bring him some information to indicate that "fluctuating" is a far more accurate description than the one he is trying to give. There has been some decline. It may be that there have been some weeks where the declines have exceeded the increases.

Some Hon. Senators: Oh, oh.

Senator Olson: Honourable senators, there has been a very worrisome problem that the Minister of Finance and I have tried to explain from time to time, and that is that our costs and, indeed, our rate of inflation, which also has a direct effect

on all of this, has not been backing off as rapidly as it has in the United States.

Senator Flynn: Hallelujah!

Senator Olson: At the same time, the Canadian dollar, relative to almost all the other currencies in the western world, has, indeed, strengthened in the past few months. In other words, it has not declined in relation to the American dollar as much as have many of the currencies of our competitors, particularly in Europe, and other places as well. These factors have to be taken into account.

Senator Asselin: Answer the question.

● (2010)

Senator Olson: I am answering the question.

Senator Asselin: No, you are not.

Senator Olson: My honourable friend says that I am not answering the question. I think he probably has already forgotten what the question was.

Senator Flynn: He certainly has.

Senator Murray: Does the minister not agree that if the statement made by the Minister of Energy, Mines and Resources last evening had had the desired effect in terms of bolstering confidence in the policy of the Government of Canada, the Canadian dollar today would have firmed up, or its value would have increased vis-à-vis the American dollar, and, in any case, if the minister sees no relation between the statement by the Minister of Energy, Mines and Resources and the historic weakness of the Canadian dollar, what, in the judgment of the government, is the reason for the current low state of the dollar?

Senator Olson: I thought I explained that just a moment ago. I am sorry my honourable friend was unable to pick that up, because to me it was well enunciated and crystal clear. There has been a significant difference in the rate of inflation and all of the factors that are dependent on that situation in terms of relations of one country to another. No one is trying to hide that, or anything like that. I have had to say that several times a week.

Senator Flynn: What do you say?

Senator Olson: It is a fact that that has happened, but if my honourable friend is asking what the minister's opinion is as to why the market responds to certain things, that is another question. If he wishes to draw a direct relationship between the announcement made last evening and the dollar going down less than a quarter of a percentage point today—

Senator Flynn: Oh, that's nothing, is it?

Senator Olson: —then I suppose we should have some explanation as to why it went up and down in a week when there were no announcements made. There are many factors that go into changing the value of the Canadian dollar relative to the United States dollar.

It could be that there was something less than anticipated. I believe that the announcement of an additional amount of

some \$2 billion to the cash flow of the industry over the time span which the Minister of Energy, Mines and Resources mentioned, is significant. I believe that that amount is significant. All the details can be spelled out. There is the annual credit of \$250,000 to all oil companies, particularly small oil companies, with respect to the PGRT. Changes to other taxes were also mentioned in that statement.

To respond to the question as to whether they expected more, perhaps it could have had an influence, but there may have been other factors, in all of the complex dealings that lead up to the level at which the dollar is set from time to time, that might have had an even more important influence on the decline today.

Senator Balfour: I have a supplementary question to ask the minister. Would my honourable friend explain why the rate of inflation in Canada remains significantly higher than the rate of inflation in the United States?

Senator Olson: Honourable senators, we would all like to know the answer to that question.

Some Hon. Senators: Hear, hear.

Senator Asselin: Resign!

Senator Olson: I am sure that many of us would like to know why it is that the rate of inflation in Canada is higher. If it were, indeed, to decrease, not completely in parallel with that in the United States, but at least to a level somewhat lower than it is at now, it would ease many problems, including a wide range of things such as interest rates, and so forth, that are giving our economy so much difficulty.

● (2015)

Senator Balfour: I wonder if it ever occurred to my honourable friend that blowing several billion dollars and buying a chain of several thousand service stations might have some bearing on the situation?

Senator Olson: My honourable friend is at liberty to think that if he wishes. I know, however, that the people of this country rendered a pretty firm point of view to my friends opposite when they were going to phase out Petro-Canada.

Senator Flynn: "Phase out"? There was never any question of phasing it out! We were going to do something like you are doing with CDC; that is different.

Honourable senators, I wonder if I might ask the minister if the announcement made by the Minister of Energy, Mines and Resources last night was part of the revision of the overall economic policies of the government, which the minister told a journalist from *Le Devoir* last week would take place eventually.

Senator Olson: Honourable senators, regarding the announcement that was made last night, I think that the Minister of Energy, Mines and Resources was speaking for the energy sector of our industry. I do not believe he made any attempt to indicate that his statement encompassed anything larger than his anxiety that the industry should have a higher

cash flow and could therefore raise its budgets for exploration, development and all of the things that they do.

Senator Flynn: It was only part of the revision, then. Can we expect other ministers to make similar announcements in their respective areas of responsibility in the coming weeks or months?

Senator Olson: Honourable senators, announcements are made almost every week about certain changes.

Senator Flynn: You can say that again!

Senator Olson: There is nothing new about that. That is what an active and responsive government does all the time.

Senator Flynn: Responsive but not responsible!

Senator Olson: They respond to the real needs of the economic situation. The Minister of Employment and Immigration, for example, has made a number of announcements—

Senator Flynn: They react like a football; that is all!

Senator Balfour: It is no joking matter.

Senator Olson: That is right. That is why I would appreciate the Leader of the Opposition asking these questions seriously.

Senator Flynn: I certainly do—very seriously.

Senator Olson: I am saying that my honourable friend should not be surprised if he hears ministers make announcements from time to time with respect to the activities of their respective departments. There is nothing new about that.

Senator Asselin: Honourable senators, I have a supplementary question. Is it the intention of the government to let the value of the dollar decrease to below 80 cents during the coming weeks?

Senator Olson: Honourable senators, the Minister of Finance, who is the minister most directly responsible for responding to questions like that, indicated earlier today in the other place that he has a great deal of confidence in the Canadian dollar and in the economy that supports it.

Senator Asselin: What will the government now do to try to bring the dollar up to 80 cents?

Senator Olson: I am sorry, but I did not hear the question.

[Translation]

Senator Asselin: A supplementary question. What does the government intend to do to shore up the Canadian dollar and keep it above 80 cents?

[English]

Senator Olson: Honourable senators, the dollar is above 80 cents right now.

Hon. Peter Bosa: Honourable senators, I have a supplementary question.

Senator Flynn: Bravo! Here is a voice in support.

Senator Bosa: Is the Minister of State for Economic Development aware that on its 6 o'clock memo the CBC reported that the French franc had declined 2 per cent against the

United States dollar and that the German mark had declined 1 per cent against the same currency—

Senator Flynn: What about the Italian lira?

Senator Bosa: I do not know; they did not talk about it. I have a feeling that it held firm.

The Canadian dollar, however, was only devalued about a quarter of 1 per cent. Is the honourable minister aware of that?

Senator Olson: Honourable senators, I am not aware of that, but I am not surprised that, if the opposition was aware of that, they would leave it out of their questions.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I do not really think there is any reason why we should be reluctant to inform my honourable friend about foreign currencies. I am sure, however, that he would be a bit reluctant to tell Governor Bouey about it, because if he finds out that somebody else has devalued their currency and still lives to tell the tale, he may have to re-think the government's own policy in connection with the value of money.

● (2020)

I really want to ask my honourable friend some questions about the reform of the National Energy Program which, in my opinion, does not go nearly far enough to do the job. Certainly, there is no favourable comparison with the action taken by the Government of Alberta. I want to ask my friend, in particular, to explain why two of the tax remissions—the petroleum and gas revenue tax and the incremental oil revenue tax—are altered or reduced for a period of one year only. Presumably, the idea is to improve the cash flow of the companies concerned. Does my honourable friend have an explanation as to why this one-year period is considered adequate? Does he think that at the end of that time the cash flow of these companies will have improved so much that this form of assistance will no longer be required?

Senator Olson: My honourable friend understands one other thing when he asks that kind of question, and that is that the announcement is to the effect that it is for one year. There will be a budget before that year expires, and there could even be more than one before June 1983. Certainly, if there are significant changes in a number of things, including the cash flow to the oil and gas sector, there could be some changes. Such changes are reserved for the Minister of Finance in any budget, but what we are suggesting now is that the \$250,000 annual credit with respect to the PGRT is very important for a number of small companies that are now having some difficulty with that. The honourable senator is asking why it is not for a longer period. The Minister of Finance obviously needs to look at these things each time he is in the process of bringing forth a budget.

Senator Roblin: Of course, my honourable friend completely overlooks the point that what the oil industry is looking for from the government is some concrete demonstration that they can depend on. Confidence is one of the big things that is lacking. Here we have this tax reduction for one year. I ask

you: Is it not probable that many people who might be disposed to invest in the oil industry, on account of a tax reduction, might be reluctant to do so if they feel that this is good for one year only? This goes to the very heart of part of our problem—uncertainty. The government changes its mind.

For example, take the poor people at Suncor—I do not know whether or not I should say “poor”, because the Government of Ontario thinks they are doing all right. They have had their royalties and the price of their oil jiggled up and down in the last two years in a scandalous fashion. Here we have them again, this time, being given a pat on the head instead of a pat on the bottom.

An Hon. Senator: Careful now!

Senator Roblin: A pat is all right. If it was something else it would be a little different, but I am only talking about “pats.” My honourable friend must surely recognize that this is not a satisfactory situation.

Senator Olson: As I said before, my honourable friend and others have the right to disagree. I happen to believe that \$2 billion is quite a lot of money. That is the undertaking that is being given here. Again, my honourable friend overlooks the fact that effective July 1 the proposal is to raise the wellhead price for oil discovered after December 1, 1974, which moves it back, I believe, six years, to 75 per cent of the landed Montreal price. There are a number of other amendments, particularly on taxation and pricing, where changes in the rules and regulations do in fact extend longer than the year that my honourable friend is referring to. He can make all the arguments he likes that they probably would have appreciated a little more, which is normal, but \$2 billion is not an insignificant amount.

Senator Roblin: I agree with my honourable friend that it is not an insignificant amount, but the only trouble is that it comes at this particular time under these particular circumstances when half of the damage has been done.

Senator Flynn: Too late!

Senator Roblin: Although I have them in my hand, I am not going to recite to my honourable friend the statistics as to what has happened to the oil industry since my honourable friend's colleagues decided to impose their interventionist policies on this thing, and to proceed with their tax grab, in such a counterproductive way, on the extra price that accrues to oil.

● (2025)

My honourable friend never seems to learn the lesson, which is simply this: Stop your revenue grab as the first item of business, and content yourself with collecting a tax on the profits of the industry. That is the proper way to do it. My honourable friend is indulging in half measures here, however. He realizes his policies are counterproductive; he realizes they have created enormous problems. He has looked at what the Province of Alberta has done, and has seen their clear recognition of the damage that has taken place in their desire to do something. Then he comes in with a program that is quite inadequate for the purpose, and some of the benefits of which

are for 12 months only. That is not going to be enough to get the results my honourable friend wants to get.

NEW FINANCIAL STATEMENT

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Economic Development.

The Minister of Finance, before a committee of the other place, indicated that he would be introducing shortly a new financial statement. Can the minister tell us when that will occur, and if it will be any more accurate than the budget?

Hon. H. A. Olson (Minister of State for Economic Development): My honourable friend has, as usual, put a slightly different interpretation on what the Minister of Finance said in the committee of the other place.

Senator Phillips: I want the right interpretation, now.

Senator Olson: Well, I want to quote to you directly from the committee proceedings. I do not think this has been published yet, but, anyway, this is from the notes taken by the reporter:

I think it is worth repeating that the amount of borrowing authority requested is based on the projection of financial requirements contained in the budget of last November, and it is well known to hon. members that since the budget of last November there has been a major slowing of the world economy, the dimensions of which were certainly not anticipated by me last fall, and I may add, not anticipated by very many others.

He continued as follows:

And I would therefore tell the committee that I would anticipate coming back to the House to request additional borrowing authority some time prior to the end of the fiscal year. But I would not expect the House to act upon an additional request for borrowing authority without providing it with detailed information on the economic situation and the implications of that situation on the government's fiscal situation. I do not think it would be appropriate to ask the House for additional borrowing authority until I have laid out in some detail an update of both the economic situation and the fiscal situation and I certainly will be doing that before I would come back to the House for additional borrowing authority.

Senator Phillips: Honourable senators, I thank the minister for reading from the scriptures of the other place. Perhaps I should say “selected scriptures,” because I notice he did not say there was a slowing down of the Canadian economy. He referred to a slowing down of the world economy.

Senator Olson: Canada is a part of the world.

Senator Phillips: It is the Canadian economy we are particularly interested in, and sometimes I would appreciate it if the minister could bear to remember that.

I would like also to ask him if that statement would include assistance, or improvements, as he prefers to call them, for the manufacturing industries, the agricultural industries and the

fisheries industries. I refer to improvements similar to those offered to the oil industry last night.

Senator Olson: Honourable senators, I do not believe the Minister of Finance gave a commitment as to what would be included in his update of the economic and financial situation with respect to the government, so the question is really quite apart from all of that. It may, and it may not, be in the statement. I can tell my honourable friend, however, that there may be a number of ministers who will be authorized by Cabinet, or even their own reference level budgets, to make announcements that would include improvements in the areas my honourable friend has just referred to.

Senator Phillips: We will look forward to it.

● (2030)

ENERGY

WESTERN ELECTRICAL GRID—PROPOSED CONTRIBUTION BY FEDERAL GOVERNMENT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would ask my honourable friend, the Minister of State for Economic Development, who has been on his feet for the last few minutes, to give me an explanation of the statement that the government is giving serious consideration to making a financial contribution to the proposed western electrical grid.

First, when will that statement be made on the western electrical grid, and, second, will it cover not only the western grid in Canada but the export of hydro-electric power to customers in the United States, in the same way as the government intends to support nuclear-generated electricity being exported to the United States?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice and will see if the Minister of Energy, Mines and Resources is prepared to make a more precise statement about the dates requested by my honourable friend.

Senator Roblin: I should like my honourable friend to be so kind as to impress upon the minister the necessity for getting the policy statement in good time, because this whole question of the western grid and the export of power to the United States from western Canada, particularly my own province of Manitoba, is an active item on the provincial agenda these days. If Ottawa intends to do anything about it, it would be extremely helpful if we knew about it in good time.

Senator Olson: May I ask my honourable friend if he has seen the communiqué that was issued by the department? It does not provide great detail, but on the electricity options it says:

The NEP Update sets out a wide range of other possibilities to encourage the development of the full range of Canada's energy strength, including, for example, electricity generated from potential new nuclear power plants dedicated initially to export markets.

[Senator Phillips.]

The Government of Canada has also promised serious consideration of possible financial support for the proposed Western Grid electrical interconnection system. Emphasis is placed on continuing close co-operation with provincial governments to develop energy solutions tailored to regional needs.

I admit that it does not answer fully the question asked by my honourable friend. With regard to his request for a more precise time frame, and if it will be related to, or connected with, potential export sales, I will ensure that he receives a reply to that part of his question.

Senator Roblin: My honourable friend read from the same information I have, but it does not answer my question in the slightest. I would appreciate some concise statement on the subject.

THE BUDGET

INTRODUCTION OF LEGISLATION

Hon. Duff Roblin (Deputy Leader of the Opposition): I have a question for the Deputy Leader of the Government regarding future business. On Monday we had the latest in the series of budget announcements by newspaper press release in connection with depreciation rates to be allowed in the budget of last November. The release given yesterday represented another change, one of the many that have come to our attention by courtesy of the media. Is it the intention of the government, before the house rises for the summer recess, to bring down the legislative measures that are necessary to give final and definitive form to the budget proposals of last November?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I do not know, but I will try to find out.

Senator Roblin: My honourable friend realizes, of course, that the Canadian taxpaying public has been twisting in the wind now for about six months on this topic. It would confer a great favour, I am sure, on many people if the Deputy Leader of the Government could urge his colleagues to let us know what they really intend to do, because this business of having changes announced every second week through the press release is not a satisfactory reflection on parliamentary government or the competence of the administration.

Senator Frith: Honourable senators, I recognize that there are advantages and disadvantages in attempting to be responsive to representations made by those who are affected by budget measures. Honourable senators will recall that the Minister of Finance accepted that changes were necessary in the traditional process of budget-making, so that the disadvantages that occur from a budget, and the responses to suggestions made by those affected, can be avoided.

Senator Roblin: Is my honourable friend not aware that the Minister of Finance proposed last year to refer, I believe, five subject areas to special committees of the House of Commons, where, in contradistinction to the usual procedure before Committee of the Whole, people could come and make their

representations? Yet, so far as I am aware, not all of those committees have been called. I am not sure that any of them have been called. So how can we congratulate the government for responding to complaints that are made to them by the public when they have not proceeded so far as to set up those committees to allow a forum for discussion of these urgent matters?

Senator Frith: Honourable senators, I do not want to leave the impression that I am so naive as to think that we would be congratulated for anything. Perhaps I should not say that, because I do not think it is true. However, I did not wish to give the impression that I was expecting, inciting or begging for congratulations. I was simply placing on the record the fact that some of the concerns expressed by the Deputy Leader of the Opposition are shared by the government, with reference to the whole traditional process of budget-making and budget changes in response to representations made. None of that will change my original answer, which is that I will try to find out what the legislative plans are with respect to any changes announced regarding the November 12 budget.

Senator Roblin: I search the press daily to find some reason to congratulate the government, but so far without result. I cannot find a good word in the press—not one.

[Translation]

FEDERAL-PROVINCIAL RELATIONS

QUEBEC—GENERAL DEVELOPMENT AGREEMENT

Hon. Arthur Tremblay: My question is directed to the Minister of State for Economic Development and concerns the general development agreement for Quebec now in effect. The agreement was signed in 1974 for a period of ten years and will expire on March 31, 1984. My question is as follows: Does the government intend to renew the agreement?

[English]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not in a position to give a definitive answer today, in 1982, to what the government would be considering prior to the expiry of that agreement in 1984. We have many matters to consider, and at this time we have not considered what we may be doing in an extension, modification, or whatever, of that agreement that is some two years down the road.

[Translation]

Senator Tremblay: I have a supplementary. Last week, the minister corrected me when I stated that, from certain comments by the Prime Minister, I had understood that the agreement would not be renewed. In his answer the minister said that I had misunderstood and that if I had read certain paragraphs of the paper tabled in January, I would have realized that the agreement would be replaced by other less complex agreements. In any case, whether it is going to be replaced by less complex agreements or in some other fashion, my question is, specifically: Will the general agreement be renewed or not? If not, will there be other agreements.

[English]

Senator Olson: Honourable senators, I do not believe that the question, however much the preamble to it was changed, is essentially different from the first question asked by the honourable senator. The reply that I gave to his first question is equally applicable to the second one.

[Translation]

Senator Tremblay: If I understood the answer to the first question correctly, it would be premature, two years before the renewal date, namely March 31, 1984, to answer whether or not the government intends to renew. I do not see any contradiction between my second question and the answer I got to the first one, as far as the wording of my second question is concerned. In his statement last week, when I said that there would probably be no renewal, the minister corrected me and said that a series of different agreements would be substituted. So my question is, in any case, concerned with the fact whether or not the present agreement will be renewed. Now, to complete my second question, if the agreement is not renewed, will it be replaced by an equivalent agreement?

● (2040)

[English]

Senator Olson: Honourable senators, I shall give my reply in slightly different words, but it will not be very different and that is that the General Development Agreement, which was signed in 1974 for a ten-year period, has not been considered by the government in respect of what will be in that agreement beyond 1984, whether it will be the same agreement, a modified one or an entirely different one. My honourable friend knows as well as I do that the Prime Minister indicated in the January 12 announcement and, indeed, in some speeches since that time, that there will be some modification, particularly to some of the agreements which are commonly known as sub-agreements under the General Development Agreement, with respect to this subject, and that these subagreements would be put in somewhat simpler terms.

So, in some cases at least, perhaps in most cases, the government will be seeking arrangements where there is less of the type of agreements where both governments have to agree to a percentage of the spending, and so on. Certainly, we are interested in economic development in Quebec as well as in the other provinces, even though we may have somewhat less complicated and, therefore, simpler agreements to achieve what is necessary. We hope that such agreements will add to the efficiency of the delivery system and, perhaps, in many cases shorten some of the time delays that are involved in negotiating subsidiary agreements under the GDA.

Senator Tremblay: Honourable senators, the minister has only talked about the auxilliary agreements or the specific agreements. Again, I repeat, is it the intention of the government to renew the general agreement with the provinces, or does it intend to replace those general agreements with something else and, if so, what is the "something else?" These general agreements spell out the objectives for economic development of the region or the province, in this case the

province of Quebec. I would like to illustrate the kind of problem that could be created if those agreements are not renewed.

In the case of Quebec the first objective is to stimulate the creation of productive jobs and to consolidate jobs in the traditional sectors. If we do not renew the general agreement—and I underline the word “general”—would it mean that the government is intending to change the objectives of the General Development Agreement, including that objective? In other words, would that first objective become the third objective or the sixth objective?

Senator Olson: Honourable senators, I am trying to be as informative as I can, but the honourable senator is asking me whether we are going to renew an agreement that does not expire until March 31, 1984, and if we are not going to renew the agreement, then what are we going to substitute for it, and so on. I tried to indicate some time ago that the government has not made a decision on whether it will renew, modify, or substitute something for the agreement in its present form. But I would expect that several weeks, perhaps even a few months, before the expiry of the GDA there will be some more focussed attention given to it and, no doubt, shortly before the expiry of the agreement they will make an announcement of what the arrangements will be post March 31, 1984.

Senator Tremblay: Honourable senators, I do not have a supplementary question but, with your permission, I would like to make a comment. I shall reread the answer the minister gave me last week to make sure that I do not make a mistake, but I believe that last week he answered that the agreements will not be renewed but replaced by simpler ones.

Senator Olson: I do not think there is any question about that. This matter was also contained in the statement made by the Prime Minister on January 12. You can take certain sections, certain parts of sentences or phrases and arrive at what I think is probably a distorted interpretation of what is involved in the agreement, but the objective to have simpler agreements with the provinces is clear and has been stated unequivocally.

INDUSTRY

DOME PETROLEUM LTD.—SUGGESTED GOVERNMENT ASSISTANCE

Hon. Nathan Nurgitz: Honourable senators, I have a very brief question. On Wednesday, May 26, I asked the Minister of State for Economic Development whether Dome Petroleum Ltd. had approached, either formally or informally, the federal government with regard to their financial problems. I received a satisfactory answer from the minister indicating that no informal or formal approach had been made, but the minister excepted from his answer any junior officials or other officials who might have made some contact of which he had no knowledge.

A newspaper account of the matter on the following day, May 27, said that earlier in the month Dome executives had

met with the Honourable Marc Lalonde, Minister of Energy, to discuss the situation. I do not wish to go any further than that, but that statement is directly related to the financial problems. I wonder if the minister would confirm for us whether Dome has indeed met with the Minister of Energy, Mines and Resources. I am sure that in the response the minister gave me last week he was not including Mr. Lalonde as an official.

Hon. H. A. Olson (Minister of State for Economic Development): Oh, no.

Senator Nurgitz: First, would the minister confirm if such meetings took place?

Senator Olson: Honourable senators, I will take the question as notice, as I did last week, and ask the Minister of Energy, Mines and Resources whether he has had any meetings with senior officers of Dome Petroleum Ltd., but I am not sure if I can give an undertaking that I am prepared to come back with an answer or even ask him for an answer revealing the detailed contents of whatever conversation they might have had.

Senator Nurgitz: Honourable senators, I only asked if the approach was made. I did not get into the specific questions.

Hon. Duff Roblin (Deputy Leader of the Opposition): We will, though.

Hon. Lowell Murray: Does the government have before it, in light of last night's announcement by Mr. Lalonde, in any form, the particular problems of Dome, or is it the position of the government that last night's announcement solves the Dome problem?

Senator Olson: Honourable senators, I have to be a little bit careful now because Senator Murray is doing what he has tried very cleverly to do on many occasions, and that is to get me to respond to some degree with respect to what may or may not be on the agenda of cabinet meetings, and I am not going to do that.

Senator Murray: With respect, I was asking the minister whether the government had before it in any form—and it may not necessarily be before a meeting of cabinet, but before the Department of Energy, Mines and Resources, his ministry, the Department of Finance or before a committee of the government, to name a number of places where the subject might be under consideration—the matter of the particular problems concerning Dome. Surely the minister is in a position to answer the question that I put to him?

● (2050)

Is it the position of the government that last night's announcement has solved the Dome problem, or does the government have that problem under any form of consideration?

Senator Olson: Honourable senators, it should not be assumed that last night's announcement, by itself, completely solved any oil company's problem, including Dome Petroleum's, if it has one.

I am sure my honourable friend will find the remainder of the answer that he is seeking in the reply I will obtain for Senator Nurgitz.

HOUSING

GOVERNMENT POLICY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked on May 12 by Senator Charbonneau concerning government policy to encourage the creation of new jobs in the construction industry.

It is a long answer covering federal government housing initiatives which will culminate in the creation of 120,000 potential direct and indirect jobs. If honourable senators prefer, I may file the delayed answer with the *Hansard* reporter in order that it may be incorporated in the record of today's proceedings.

The Hon. the Speaker pro tem: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

The Minister of Finance announced on November 12 that the government would provide interest-free loans of up to \$7,500 per unit under the Canada Rental Supply Plan (CRSP) to assist the construction of 15,000 rental units in areas where vacancy rates are very low. On March 23 the Honourable Paul Cosgrove announced an increase in the number of rental units that would be provided under this plan to 30,000 units. These 30,000 new rental units will create an estimated 60,000 new jobs in Canadian communities.

Also announced on March 23 was the Canada Home Renovation Plan (CHRP) which is aimed at creating jobs by encouraging people to hire labour to fix up their houses. The plan is targetted to areas of the country experiencing high unemployment. Homeowners with total household incomes of \$30,000 are eligible for 30 per cent, to a maximum of \$3,000, of the renovation costs. The assistance available to households with incomes between \$30,000 and the maximum of \$48,000 is reduced by 5 per cent for every \$1,000 of income over \$30,000. Under the plan, a minimum of one-third of a homeowner's total cost must be spent on contracted labour. With this stipulation and a budget of \$30 million, the government anticipates the scheme will directly and indirectly create 10,000 jobs. The plan went into operation in May of this year.

On March 23 the Minister of Energy, Mines and Resources announced changes in the eligibility date for homes under the Canadian Home Insulation Program (CHIP). The eligibility date in most provinces was extended from January 1, 1961 to January 1, 1971. An additional 20,000 jobs are expected to be generated as a result of this change.

In addition to the most recent announcements, the federal government supports rental construction for low and moderate-income families and individuals under the Non-Profit Co-operative Housing Programs. It is estimated that the new construction only under these two programs will provide 30,000 jobs in 1982.

These commitments will bring to 120,000 the potential number of direct and indirect jobs created by federal government housing initiatives.

INDUSTRY

IMPORTATION OF JAPANESE AUTOMOBILES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked by Senators Smith and Bosa relating to trade with Japan, with particular reference to car imports.

This delayed answer is also rather long and, if honourable senators agree, I will file it with the *Hansard* reporter as though it had been read.

The Hon. the Speaker pro tem: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

I am informed that even though the final import figures for Japanese passenger automobiles are not yet available we estimate a figure in the range of 190,000 cars (179,045 excluding March 1982). Import figures differ from export figures because of a time delay in shipment and entry into Canada; the Japanese did respect their voluntary export restraint of 174,123 units for fiscal year 1981-1982.

Those imports represented 24.3 per cent of the total 1981-1982 fiscal year car sales. In F/Y 1978-1979 Japanese imported car sales represented 10.3 per cent of the total Canadian car market.

It is very difficult, on a hypothetical basis, to estimate the number of jobs that would have been created if the levels of cars imported would have remained at their fiscal year 1978-1979 levels.

It is not sufficient to draw a direct line between "jobs lost" and "cars produced" because consumer requirements changed substantially and the North American automotive industry did not convert to meet these changes. Furthermore the entire car sales market continues to be depressed due to a downturn in the international economy.

The balance of trade was in Canada's favour by some \$400 million in calendar year 1981. (Canadian exports to Japan were \$4.49 billion and imports from Japan were \$4.04 billion).

NATIONAL DEFENCE

CANADIAN FORCES—MARITIME COMMAND—AMMUNITION
SUPPLIES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Charbonneau on May 13.

The answer is not long, but perhaps Senator Charbonneau would prefer to study the answer in print. It deals with ammunition supply to Maritime Command.

If honourable senators agree, it could be incorporated in the record of today's proceedings.

The Hon. the Speaker pro tem: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

A news item which originated in Halifax on May 11, stating that the Canadian warships may have to stop using their guns this summer because they are almost out of training ammunition and that they may have to dip into war supplies is incorrect.

In fact, there is sufficient practice ammunition at current usage rates within the Forces training schedule to last well into the fall of this year. Practice ammunition is routinely transferred between Canadian Forces ammunition magazines, supply ships and operational ships. Thus, levels in magazines fluctuate on a daily basis and are not indicative of actual holdings. Further, it should be noted that Maritime Command maintains a full complement of NATO wartime stocks.

In the past two years there has been a change in the procurement procedures which has resulted in an initial slowdown of delivery of ammunition as the change over is being made. 3"50 training ammunition has been purchased offshore because of the lack of a Canadian manufacturer. Purchases were made when a manufacturer could supply and were normally in quantities which would last three to five years. A decision was made approximately two years ago to produce ammunition in Canada in an attempt to give Canadian contracts to Canadian companies and thereby create jobs for Canadians. In this regard, a source has now been developed in Canada, a contract let and the first delivery of ammunition is expected from Canadian Arsenals Ltd. of Montreal this fall.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Guay on May 19 concerning the Garrison diversion project.

Hon. Jacques Flynn (Leader of the Opposition): He is not here.

[The Hon. the Speaker.]

Senator Frith: Perhaps this delayed answer could also be incorporated in the record of today's proceedings.

The Hon. the Speaker pro tem: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

On May 18, a U.S. federal judge in South Dakota issued a preliminary injunction against further Garrison construction. This injunction replaces a temporary restraining order which has stopped construction since April 29. The injunction will halt plans to build the West Oakes pumping plant, a contract for which was awarded on March 29.

The injunction will remain in force at least until the judge's decision, expected in June, on the suit by the James River Flood Control Committee. This South Dakota group wants a ban on further Garrison development until additional studies are conducted on the risk of downstream damage.

The federal and Manitoba governments have agreed in principle to send a delegation on federal and provincial legislators to Washington to express Canada's concerns on the Garrison issue. The timing of such a visit is obviously an important consideration and will be contingent on developments in the U.S. Congress, in particular the upcoming debate on additional financial appropriations for Garrison.

QUEBEC

CANADIAN CHARTER OF RIGHTS AND FREEDOMS—PROTECTION
OF MINORITY

Hon. Hartland de M. Molson: Honourable senators, before the conclusion of Question Period, I should like to ask the Deputy Leader of the Government if the government has any plans to take steps to give the protection of the Canadian Charter of Rights and Freedoms, which we proclaimed so proudly here a few weeks ago, to the minority of over 1 million in the province of Quebec. At the moment they are in a state of complete uncertainty because of the bill now before the Quebec legislature.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am sure that the government intends to do everything within its power to support the provisions of the new Charter of Rights and Freedoms.

I will attempt to bring more detailed information to the chamber relating to the particular subject raised by Senator Molson.

FINANCE

PROVINCIAL BORROWING

Question No. 74 on the Order Paper—**By Hon. Peter Bosa:**

1. Have provincial governments borrowed any funds outside Canada during the fiscal years 1979-80, 1980-81 and 1981-82 and, if so, (i) how much (ii) at what rate, and (iii) what was the repayment period?

2. What is the impact of such borrowings on the (i) balance of payments (ii) the exchange rate and (iii) the money supply?

3. If the same funds had been borrowed from the Bank of Canada under the same conditions, what impact would it have had on (i) the balance of payments (ii) the exchange rate, and (iii) the money supply and what would have been the overall impact on the Canadian economy?

Reply by the Minister of State (Finance):

1. (i) Net issues of direct and guaranteed bonds in foreign markets by the provinces totalled \$913 million in 1979-80, \$433 million in 1980-81 and \$5,203 million in the first three quarters of the 1981-82 fiscal year. The provincial governments also borrowed in the form of bank loans and short-term paper, but the breakdown between Canadian and foreign markets is not available in official publications.

(ii) In view of the importance of American markets in the total borrowings in foreign markets, the average cost of these borrowings may be estimated from the American rate on comparable securities. The average interest rate was 11.20 per cent in 1979-80, 13.50 per cent in 1980-81 and 16.65 per cent in the first three quarters of 1981-82.

(iii) The maturity of the securities issued in foreign markets generally varies between 5 and 30 years.

2. (i) The short-term impact of these borrowings on the balance of payments is an equivalent inflow of capital into Canada. However, interest payments represent outflows from the services account. Furthermore, when the securities mature, the capital account will be debited by an amount equivalent to the principal originally borrowed.

(ii) At the time of the borrowing, there is upward pressure on the exchange rate, which is offset later when the securities are redeemed. On the other hand, there is some downward pressure on the exchange rate engendered by the outflow of interest payments.

(iii) These borrowings abroad should not have a direct bearing on the money supply, since the Bank of Canada can continue to control it, given a flexible exchange rate system.

3. The provincial governments cannot borrow directly from the Bank of Canada. However, the Bank can purchase securities issued by the provincial governments although, in practice, it has never done so. Administration of the monetary policy demands that control of the money supply in the country involves co-ordination with the issue of securities by the federal government.

If the provincial governments had decided to borrow this money on domestic markets, there would not have been a direct impact on the balance of payments, the

exchange rate and the money supply. The total impact of such borrowings on the Canadian economy would primarily depend on the use of the funds. The immediate impact of additional borrowings on the Canadian markets would be upward pressure on corresponding interest rates.

[Translation]

PRIVATE BILL

E.G. KLEIN LIMITED—THIRD READING—ORDER STANDS

On the order:

Third reading of the Bill S-26, intituled: "An Act to revive E.G. Klein Limited and to provide for its continuance under the Canada Business Corporations Act". (*Honourable Senator Leblanc*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on behalf of Senator Leblanc, I move—

Hon. Jacques Flynn (Leader of the Opposition): Until tomorrow!

Senator Frith: All right, but Senator Leblanc will not be here tomorrow.

Hon. Martial Asselin: I will have a look at the proceedings of the committee. I will probably have something to say on third reading, but I do not know whether it will be tomorrow.

Senator Frith: Honourable senators, I move that the order stand until tomorrow.

Order stands.

[English]

UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND (NO. 2)—SECOND READING—DEBATE
ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-114, to amend the Unemployment Insurance Act, 1971.

He said: Honourable senators, the object of Bill C-114 is to extend the variable entrance requirement, the VER, under the Unemployment Insurance Act, for a period of 12 months—that is, from June 4, 1982, which is Friday of this week, until June 3, 1983.

In 1977, the entrance requirements were what were called "fixed" entrance requirements. The variable entrance requirement, established in 1977, was an attempt to tailor the varying unemployment rates across the country to entrance requirements. In other words, because unemployment insurance requirements varied from coast to coast, it was felt that the entrance requirements, which were then fixed, should be adjusted to meet the varying unemployment rates. Therefore, in 1977, the variable entrance requirement was established. It expires on June 4, 1982.

The Unemployment Insurance Act review task force has studied the Unemployment Insurance Act. The intention of this bill is, simply, to continue the present situation, namely,

the variable entrance requirements that are tied to varying unemployment rates for a period of one year in order to give Parliament, as well as other organizations and individuals most directly affected, sufficient time to reasonably discuss the proposed changes to the VER and other provisions of the Unemployment Insurance Act stemming from the Unemployment Insurance Act review task force's recommendations.

Honourable senators, there is some urgency with respect to this bill. The present formula appears to have the support of the people and, for the present at least, the support of all parties in Parliament. It would be somewhat awkward if we reverted to the fixed requirement before having had an opportunity to make a more detailed study as to what should replace the VER which is, more or less, working satisfactorily.

Hon. John M. Godfrey: Honourable senators, I notice that the amendment provides that it be subject to affirmative resolution of Parliament. Is it intended to send this to a committee, because my recollection is, although there is a provision for an affirmative resolution under the Interpretation Act, no rules have ever actually been adopted by either the House of Commons or the Senate, and there may be some technical difficulties.

In view of the fact that we went through the process in the Standing Senate Committee on Banking, Trade and Commerce with respect to negative resolutions to determine that they were in order, possibly this should be looked at from a technical point of view to make sure that the House of Commons does have the power, and that it can, indeed, pass an affirmative resolution with no more than appears here.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would raise another point that is of interest, and it concerns the question of financing these arrangements.

An announcement was made by the Minister of Employment and Immigration the other day to the effect that \$350 million was being appropriated from the Unemployment Insurance Fund in order to finance some of his operations in connection with spreading employment and the like. It seems obvious as well that this bill will give rise to a further drain on the Unemployment Insurance Fund.

● (2100)

On a previous occasion I asked the gentleman on the other side to tell me the policy of the government with respect to Mr. Axworthy's draw of \$350 million on the fund; whether it was the intention of the government to finance that in the regular unemployment insurance fashion, partly from the workers and partly from the employers, or to finance it from the general revenue.

Before concluding the debate on this subject I would appreciate some statement from the government on those two points. First of all, how will the government finance the current draws Mr. Axworthy has mentioned in connection with the Unemployment Insurance Fund, and, secondly, what is the anticipated cost of this new measure?

[Senator Frith.]

Senator Frith: Honourable senators, there are two parts to Senator Roblin's question.

To the general question, which he pointed out he asked some weeks ago, I am sorry to say that I do not have an answer. However, I will renew my efforts to obtain an answer for him.

As to the costs of this current bill, I did anticipate a question on that subject and out of my own curiosity asked for information on it. I was advised that it is not possible to determine now with any exactness what that figure will be. That will depend on unemployment rates between now and the end of the year, so I cannot give an exact figure. I shall try to obtain the answer.

I would hope, honourable senators, that because we are continuing with the current arrangement, an answer to the more general question asked earlier would not be made a condition to giving second and third reading to this bill this week.

Hon. Martial Asselin: Why did we get the bill so late?

Senator Roblin: If I might answer the concern expressed by the Deputy Leader of the Government, I have no intention of holding the bill up on that account, but I should like to know the answer because I am engaged in an ongoing discussion with the Leader of the Government with regard to the budget, how much it amounts to, what is in it and what is not in it. He and I have had a difference of opinion on that because I do not think one can apply the general certificate an accountant is inclined to place on a balance sheet, certifying that balance sheet to the effect that it is consistent with that of the former year. I think you will find that we have a problem here, so I am interested to know ultimately what happens to the \$350 million.

Senator Frith: Honourable senators, as a matter of fact, I believe I was the acting leader on the occasion Senator Roblin asked the question. I shall renew my request for information on the \$350 million.

With respect to Senator Godfrey's observations regarding the negative resolution and the—

Hon. Jacques Flynn (Leader of the Opposition): The affirmative resolution.

Senator Frith: The affirmative and negative resolutions—and the connection between that and other bills before the Senate, and the other suggestions made by members of the Senate, I shall have them drawn to the attention of the minister so that they can be studied and tied together. However, I do not think anything can be done about it by the end of this week.

Senator Godfrey: My only concern is to ensure that it is in order and that it will accomplish its purpose. I am not trying to hold up the bill.

On motion of Senator Muir, debate adjourned.

CANADA BUSINESS CORPORATIONS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. George J. McIlraith moved the second reading of Bill C-105, to amend the Canada Business Corporations Act.

He said: Honourable senators, in moving second reading of this bill I do not believe I can use the expression often used in the Senate to the effect that a bill is either "complex" or "not complex," for the unusual reason that this bill is short and its purpose is clear.

The powers in the bill are simple and are simply expressed. There are only two of them.

Hon. Jacques Flynn (Leader of the Opposition): That is something rare.

Senator McIlraith: The language used to describe these powers is complex. The clauses of the bill are themselves complex because they relate to amending a complex act, so, I will not use a general term in attempting to describe the bill.

Perhaps this is one of those bills that should be referred to committee because the clauses, by the nature of their language and the nature of the act they amend, are complex. What the bill does, however, is fairly simple and direct.

First, it provides that a corporation may place constraints on the ownership of new classes of shares, or new shares, and, of course, provides for notice and all the other related matters.

Secondly, it provides that a corporation may acquire and hold its own shares.

Those are the two powers that are provided in the bill, and they can only be exercised in one circumstance. I think the best way I can put that forward is by reading part of clause 2 of the bill. It states:

—a corporation may, for the purpose of assisting the corporation or any of its affiliates or associates to qualify under any prescribed law of Canada or a province to receive licences, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership or control, hold shares in itself—

That limitation appears throughout the bill.

There are two main instances where one might expect those powers to be used. One is in relation to Bill C-104, which relates to petroleum incentives and Canadian ownership. The other is in relation to the Canada Oil and Gas Act, which provides, in essence, that licences for exploration be granted in Canada lands only to those companies having 50 per cent Canadian ownership. That is really what the bill does.

It contains quite extensive clauses, to ensure that when a company acquires its own shares it only holds them for two years. If they are held for two years and no action is taken with respect to them, they fall back on the existing law which, in essence, means that they are cancelled. That was provided in the Canada business corporations legislation of 1974 or 1975.

• (2110)

Penalties are provided for companies not following the provisions of the bill. These penalties apply to the directors as well, when they knowingly fail to operate within the limits of the provisions of the bill in acquiring their own shares.

I should point out that the ability to place constraints upon shares only applies to new shares or new classes of shares being issued. There may be some confusion on that point, because the original Bill C-94, which dealt with the whole subject of energy policy, did have in it a somewhat different clause which really appeared to be retroactive, to that effect, in that constraints could be placed on shares that were already in existence. That provision is not contained in this bill. It was omitted before this bill was presented to the other place for first reading.

Honourable senators, the bill, as you will see, is aimed squarely at assisting those companies which wish to carry out the Canadianization program by giving them the power and authority to do so.

I do not believe there is anything further I can usefully add.

Hon. Daniel A. Lang: Might I ask the honourable senator a question? I hope he can answer it in one sentence. Why is this bill necessary?

Senator McIlraith: Honourable senators, it is necessary because the companies that might desire to bring themselves within the provisions of what I may call the Canadianization parts of the energy program did not have the necessary power and authority to do so. These two small powers which are given to such companies by this bill will better enable them to fulfil that objective, if they so wish.

On motion of Senator Nurgitz, debate adjourned.

ENERGY MONITORING BILL

SECOND READING—DEBATE ADJOURNED

Hon. Peter Bosa moved the second reading of Bill C-106, respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act.

He said: Honourable senators, I rise to speak on second reading of Bill C-106, respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act.

I would like to summarize the legislation contained in Bill C-106. The Energy Monitoring Act gives the Petroleum Monitoring Agency the authority to collect data required to prepare reports on the oil and gas sector. A broad data collection authority is provided in the act so that the Government of Canada and Canadians generally can have a comprehensive overview of the activities and financial performance of the petroleum industry in Canada.

The regular monitoring surveys published by the Petroleum Monitoring Agency are an important component of the information required for Canadians generally to assess the effectiveness of government policies for the management of Cana-

da's energy supplies and resources. For example, the monitoring surveys will indicate the amounts of capital expenditures being undertaken by the petroleum industry for exploration and development activities and the amount of government Petroleum Incentive Program grants associated with those expenditures. Thus, Canadians will be able to assess the large public investments being made to ensure Canada's energy future. Similarly, the regular monitoring surveys indicate the level of Canadian ownership and control of the petroleum industry in Canada. This will allow Canadians to judge the rate of progress towards the Canadianization objectives for the industry as outlined in the National Energy Program.

I think, honourable senators, that the purpose of the Energy Monitoring Act is clear. The energy sector, and particularly the oil and gas industry, is of vital importance to the country's economy. Therefore, it is essential that all concerned—Parliament, the public, the industry, as well as government—have available timely and comprehensive information of a factual nature to permit an evaluation of the effectiveness of the various initiatives within the National Energy Program on an ongoing basis. The Petroleum Monitoring Agency, by providing independent comment on data and information collected under the authority of the Energy Monitoring Act, will allow Canadians to judge for themselves the effectiveness of the government energy policies.

The government is anxious to minimize the reporting burden faced by the industry. In this connection, I would make two comments. First, only those enterprises with over \$10 million in gross revenues or \$10 million in assets must report. This relieves smaller companies of the administrative burden of completing questionnaires. The legislation has a provision which would permit the reporting threshold to be raised in the future. Second, a significant part of the data required under the act that relates to research and development activities, international flow of funds, and ownership and control, is being provided, with the permission of reporting companies, by Statistics Canada. Accordingly, these data requirements do not represent an increase in reporting requirements.

The Energy Monitoring Act contains provisions to extend, at some future date, monitoring activities to encompass coal, thorium and uranium, or any of these, should this prove necessary in the national interest. In its various states, coal is expected to become increasingly important as an energy commodity so that information about the industry's costs of production, profitability, ownership structure and reinvestment behaviour may become necessary for public policy purposes. Uranium and thorium, of course, are important inputs in the production of nuclear energy. At the present time, there does not appear to be a need to expand the legislation to include any of these fuels. Nevertheless, future developments may warrant such action being taken, and we would be short-sighted indeed if we did all of the work we are doing to increase Canadian ownership and control in the petroleum industry but ignored those factors in other resource areas which some day could be equally important.

This bill was the subject of a thorough and extensive examination by the Standing Committee of the House of Commons on Energy Legislation. As a result of the committee discussions, a number of amendments to Bill C-106 were recommended.

First, with respect to the Energy Monitoring Act, the committee recommended the addition of a clause, clause 42, which would have the effect of referring this act back to Parliament for consideration five years after the coming into force of the act. This clause is identical to one which was contained in the Petroleum Corporations Monitoring Act, 1978. I feel confident that honourable senators will agree with me that the reference back to Parliament is a desirable addition to the act. The committee also recommended a second amendment to correct an error that appeared in clause 38 of the bill.

● (2120)

I now turn to the proposed amendments to the Energy Supplies Emergency Act. The act provides for the allocation of petroleum products during an emergency that disrupts energy supplies. The Energy Supplies Allocation Board was established under the act to administer such an energy security program, if it is ever needed. Plans were prepared and regulations drafted in consultation with the provinces and the petroleum industry, and these are held ready should the board be required to implement them. The draft regulations were made public in November 1980.

During the preparation of the regulations, it became evident to the board that a small number of amendments to the act were required to permit the effective administration of the program. Most of these are of a housekeeping nature, but are important nonetheless. They include a broadening of the definition of "wholesale customer," an increase in the board's authority to delegate its workload, and other changes to help the board react efficiently to its mandate.

Some questions were asked at the committee stage as to whether, in working out an allocation program, the Energy Supplies Allocation Board might not be prone to some unintentional bias as a result of the background of members of the board. I believe that these concerns were answered completely by the chairman of the board, Mr. Harry Stevenson, who gave evidence as to his own background as well as that of other members of the board.

It was also pointed out to the Standing Committee on Energy Legislation that the allocation priorities developed by the board fall into three categories. First in priority are those uses of oil that are necessary for the health and welfare of the country, and included in that group are fire departments, police departments, the armed services and the production of food in agriculture. In the second category are those uses of oil that relate to the economy of the country, and they include almost all commercial and industrial businesses. The third category, and third in priority, relates to our standard of living, and includes retail stations, heating of public buildings and the recreational use of petroleum.

I feel that the Energy Supplies Allocation Board has done, and is continuing to do, an excellent job. It has worked with industry, essentially on a voluntary basis, and has benefited from the tremendous co-operation received by the various sectors of industry and other groups in Canada. As a result, if we are faced with a supplies emergency in the future, I am confident that that emergency will be dealt with as quickly and as fairly as advance planning can make possible.

The final group of proposed amendments contained in Bill C-106 relate to amendments to the Oil Substitution and Conservation Act. One of the main purposes of these amendments is to ensure that sufficient parliamentary authority exists for the government to use the market development incentive payments, which the Province of Alberta has agreed to pay under the September 1, 1981 and November 1981 agreements. These payments may generally be used for the purpose of encouraging and promoting the expansion of markets east of Alberta for Alberta-produced gas.

At the same time, the proposed amendments will ensure that similar incentives may be offered, out of the Consolidated Revenue Fund, to gas distributors in British Columbia and to encourage and assist other types of oil substitution measures across Canada.

The amendments will serve to maintain and increase the momentum which has been achieved to date by our "off oil" programs. There has been a reduction of some 7 per cent in oil consumption in Canada in the last year. Part of this, of course, is due to economic circumstances, but a good part of it—we estimate about two-thirds—is due to conservation and substitution. Although the exact figures have not been refined as yet, a good estimate is that about 5 million barrels of oil were displaced in the first year of the Canada Oil Substitution Program. This would lead us to conclude that we have an extremely cost-effective oil displacement program even in the first year. The benefits of the program, of course, will continue year after year, and the proposed amendments to the act will enable us to expand this very important element in our goal of energy self-sufficiency.

On motion of Senator Donahoe, debate adjourned.

PETRO-CANADA ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Gildas L. Molgat moved the second reading of Bill C-101, to amend the Petro-Canada Act.

He said: Honourable senators, I am pleased to have this opportunity to introduce for second reading Bill C-101, to amend the Petro-Canada Act. This bill, as honourable senators may know, is one of the important elements of the Government of Canada's National Energy Program. During the 1980 election, the Liberal Party promised to strengthen and expand Petro-Canada as an instrument of energy policy. That promise was formally repeated in the Speech from the Throne. The importance of Petro-Canada was mentioned as well in the National Energy Program. The provisions of Bill C-101 will give effect to this promise.

I recognize that this introduction will not automatically, or necessarily, commend the bill to certain honourable senators. On the other hand, these are the facts and they should be stated. I commend the bill, however, on the basis of what it will achieve.

To begin with, there are a number of amendments that are non-controversial. They are for purposes of consolidation and clarification—housekeeping amendments. For example, there are changes to provide for the payment of the directors of the corporation for duties undertaken in addition to attending meetings. Another provision is for the payment to Petro-Canada of money it lent for the Cold Lake project.

In addition, however, there are three amendments which do express significant initiatives. The first is an amendment to expand the authorized common share capital of Petro-Canada. The second is an amendment to permit the allocation of start-up funds for Petro-Canada International Assistance Corporation. The third—and here I have to confess to a particular interest, if not a personal financial one—is an amendment to provide for the payment of moneys to fund a new subsidiary called Canertech. My particular interest is that this corporation will be based in my home province of Manitoba.

Dealing with the first amendment, the total additional capital provided by this bill for the corporation will be \$4.9 billion. The new capital ceiling authorized by the bill is \$5.5 billion, but because \$500 million has been subscribed under the present legislation, and since a further \$100 million has been provided with respect to the interest in PanArctic Oils, the total of new capital funds available is \$4.9 billion. While that amount is a large sum, \$4.9 billion is a small share of the roughly \$300 billion which will be spent in Canada on energy projects in this decade alone.

● (2130)

To understand the need for this expanded capitalization, one has to understand the nature and the purpose of Petro-Canada's growth and developing responsibilities.

Petro-Canada is an important element of the NEP, because it allows all Canadians, through their national company, an opportunity to participate directly in and benefit from the development of our vast energy resources. Through its activities, Petro-Canada continues to play an important role in contributing to the process of Canadianization.

The crown corporation was created in 1975 because the government saw the need for a publicly owned national oil company, with interests in all major aspects of the industry, to act as an instrument of public energy policy. Petro-Canada quickly became a major oil and natural gas producer. In 1976 it purchased Atlantic Richfield (Canada) Limited, gaining thereby both developed and undeveloped oil and gas interests in western Canada and the frontier regions, as well as oil and sand leases.

Petro-Canada broadened its activity in the petroleum industry with the purchase of Pacific Petroleum in 1979. Canadians then owned 366 service stations and 54 wholesale outlets west of the Great Lakes. At this point there was a rather obvious

imbalance in Petro-Canada's development: an almost complete absence from central and eastern Canada. This was rectified in 1981 when the crown corporation bought Petrofina, adding 1,000 service stations in central and eastern Canada; and, as well, a refinery in Montreal and, more important still, increased involvement in Alberta oilsands projects and reserves totalling 7.5 billion cubic meters of conventional oil and more than 19.8 billion cubic meters of natural gas in western Canada. Now Canadians can buy at Petro-Canada outlets almost anywhere in Canada.

Hon. Jacques Flynn (Leader of the Opposition): At the same price!

Senator Molgat: It is now the only fully Canadian-owned, fully integrated oil company in Canada. It has been particularly aggressive in exploring in the frontier region and encouraging other Canadian companies to do likewise. About 35 per cent of its corporate spending, and 60 per cent of its exploration, goes into the frontiers. Since 1976 Petro-Canada has been a prime mover behind 76 of the 128 wells drilled in the frontier. It is currently the only large Canadian landowner in the eastern offshore, the only Canadian operator there, and a participant in every major offshore well.

In 1981 Petro-Canada participated in more than 5 per cent of all the exploratory and development wells in Canada. This included the drilling of over 230 oil and gas wells in western Canada, as well as participation in 15 out of the 22 wells drilled in the frontier Canada lands.

I understand, honourable senators, that the company's success rate on exploratory wells is 70 per cent, even higher than the industry average. Although its spending in frontier regions is not expected to yield significant amounts of revenue until the latter part of this decade, Petro-Canada is facing the high risks of these frontier investments, knowing that when the time comes it will have the experience and talent, to the benefit of all Canadians, to develop the huge oil and gas reserves.

Honourable senators, I think the record speaks for itself. More often than not, Petro-Canada has been a leader in getting important projects off the ground, particularly in the frontier regions. However, I want to reiterate a commitment that has been made emphatically by the government in the past. There is no intention, on this government's part, that the public presence will overwhelm the private sector component of the oil and gas industry. This industry is, and will remain, largely in private hands. In fact, a good deal of the National Energy Program is designed to create a favourable policy and investment environment that will ensure that a healthy private sector can play its role in securing Canada's energy future.

If public opinion polls are accurate, the Canadian public heartily endorses the expenditures related to Petro-Canada. It has done an effective job, by itself and in partnership with others. Many of its projects, undertaken in the national interest, call for huge investment with a pay-off far in the future. It needs the financial means to do this job.

The second amendment of importance is included in order to meet Canada's commitment to help less fortunate countries,

[Senator Molgat.]

particularly in the energy field, in order to reduce or to eliminate their dependence on imported oil. This bill contains amendments in order to provide for up to \$60 million of the \$250 million that has been allocated to Petro-Canada International Assistance Corporation for the four-year period ending 1984-85. This subsidiary of Petro-Canada is to provide various forms of assistance to developing countries, including, for instance, participation in oil and gas exploration in these countries, studies on oil and gas exploration, and technical assistance and training in the exploration, development and production of oil and gas.

Petro-Canada International Assistance Corporation may be a world "first." There have been a number of bilateral agreements for petroleum development assistance and technology transfer, but it probably represents the first permanent agency to provide development assistance. It is an exciting idea that has been well received by the countries of the Third World and by international assistance agencies.

In the nine years since the international oil price began to climb, severe adjustment problems have not been confined to the developed countries with high energy costs. These problems have also occurred in the middle-income countries where opportunities for economic development were often based on the increased use of imported oil. These middle-income countries, often dependent upon the export of a few commodities or manufacturers for their foreign exchange, have found it difficult to cope with the tenfold increase in the price of oil. The repercussions have been severe.

For the poorest countries of the world the increasing price of oil has made the possibility of economic development even more remote. It has become almost impossible for developing nations to pay for their oil imports, even though the quantity of oil imported is extremely small. In addition, there is a fuel wood crisis in many of the poorest countries. It threatens reserves of woodlands and causes irreparable ecological damage by erosion. Ten years ago there was hope that cheap petroleum products could be substituted for fuel wood in these subsistence economies, but that hope has disappeared.

What are the answers for these countries? Many of the answers are the same as those we have heard for Canada: increased use of solar energy, hydro electricity, and electricity from uranium and coal. Some countries of the Third World have these energy sources and are able to use them, but they usually require massive investment and long lead times. The countries of the Third World are not well equipped to undertake these developments. They cannot finance them and, even if they could, they have few immediate energy sources, while waiting for long term projects to be completed. For example, the Saudi Arabians tell us that they have found that it is cheaper to install solar equipment in some of their communities than it is to truck in the equivalent amount of energy in the form of oil. They are purchasing solar equipment, but if they did not have the oil they would be hard pressed to find the foreign exchange with which to buy these solar devices. As many as 100 countries of the world are in the position of Saudi Arabia, but they do not have the giant oil fields.

● (2140)

It is likely that some of these countries have undiscovered oil. That oil, if produced, would be the cheapest energy source and would be available much sooner than many other energy alternatives. Production from even one small field would provide oil self-sufficiency in many of the poorest countries.

For a number of obvious reasons, the large oil companies have little incentive to search for small fields in remote locations. Although there are excellent petroleum prospects in the Third World, exploration in these countries has been at a low level—not at the level that their geological potential would warrant. The countries need an assessment of their petroleum resources, but they lack the knowledge and technology to do it.

Petro-Canada International Assistance Corporation can assist a few countries in their search for oil. It can provide the experience and the technology to assess the petroleum potential and to drill. It may also have a role in the development of the fields it discovers, but the greatest need will remain the need for assistance in exploration. Once a field has been found, the host country will find it comparatively easy to borrow development capital against proven reserves, or to interest an oil company in operating the field.

This crown corporation responds to a pressing need for development assistance that is recognized both by the countries of the Third World and international organizations and agencies. This initiative will probably be imitated in the development assistance programs of other countries, and I am confident that honourable senators will support the funding of Petro-Canada International Assistance Corporation as provided in this bill.

There are many parallels that could be drawn between the Canadian experience and the experience of oil-importing Third World countries. Canada has had the advantage of a rich and diverse energy endowment combined with the wealth and human resources to take full advantage of that endowment. Nonetheless, we have been an oil-importing nation and we have faced the problem of assessing and developing our frontier petroleum resources.

The third and last important amendment contained in this bill provides for the repayment to Petro-Canada of the \$20 million used to capitalize Canertech, as well as for up to \$35 million in additional funding, for a total of \$55 million. Canertech, as senators may be aware, is a subsidiary of Petro-Canada, dedicated to helping commercialize conservation and renewable energy technologies. As a Manitoban, I am particularly pleased to see this additional funding for Canertech, which is based in Winnipeg. The company is only a year and a half old, but it is already playing an important role in conservation and diversification.

Bill C-101 was the subject of a thorough and extensive examination by the Standing Committee of the House of Commons on Energy Legislation. Many witnesses appeared before that committee, including Petro-Canada, the Committee to Canadianize the Petroleum Industry, Canertech, Petro-Canada International Assistance Corporation, and the Canadian

an Federation of Independent Petroleum Marketers. The committee recommended no amendments to the bill.

Some members of the committee questioned the increase in authorized capital to \$5.5 billion, in view of the cutbacks in other areas. Others would have liked to see Petro-Canada make more acquisitions; but no amendments were passed.

An increase in the authorized common share capital of Petro-Canada is needed to carry out its increasing number of explorations and, in the near future, development responsibilities. It should be noted in this respect that Petro-Canada does not have the same access to capital markets as other corporations have. For example, it cannot issue shares for private sale on the market. Therefore, an increased capital supply is essential. The largest expenditures of Petro-Canada are going to be in the exploration for hydrocarbons, and are going to be spent offshore in the north. This is the main priority in expenditures—finding oil.

The amendments contained in this bill will give Petro-Canada and all Canadians, through Petro-Canada, an opportunity to participate more in the development of hydrocarbon resources in Canada. I invite honourable senators to consider these amendments, and I hope they will support them unanimously.

Hon. Daniel A. Lang: May I ask the honourable senator a question? What was the limitation under which Petro-Canada was labouring that made this bill necessary?

Senator Molgat: The previous funding was limited to \$600 million, and if it is to proceed with the further developments it will require additional capital. That is what I was trying to point out in my introductory comments, namely, that it cannot proceed to do all that it is expected to do in the future on its present funding.

Hon. Jean-Paul Deschatelets: Honourable senators, may I ask the honourable senator a question concerning Petro-Canada International Assistance Corporation? I understand that the bill provides for funding in the amount of approximately \$60 million. If the international subsidiary decides to drill and explore in a Third World country and finds an interesting natural gas deposit, will the undertaking be on a non-profit basis; or, if there is an interesting find, can we expect that at least the costs involved in the drilling and exploration will be refunded?

Senator Molgat: I stand to be corrected, and I will obtain the precise information, but my understanding is that it would be a non-profit operation, but that we would recover the costs.

Senator Deschatelets: We would recover the costs?

Senator Molgat: That is my understanding. We could also further participate in the development by agreement with the country. It is not intended that it should be a profit-making operation.

On motion of Senator Macdonald, for Senator Balfour, debate adjourned.

JUSTICE

NEWFOUNDLAND—JURISDICTION OVER OFFSHORE
RESOURCES—REFERENCE TO SUPREME COURT OF CANADA—
DEBATE CONTINUED

The Senate resumed from Thursday, May 27, the debate on the motion of Senator Lang:

That the Senate deplores the decision of the Government of Canada to refer to the Supreme Court of Canada the question of jurisdiction over the seabed resources off Newfoundland, called Hibernia, while at the same time the Appeal Court of Newfoundland is seized with the matter that includes this very question.

Hon. C. William Doody: Honourable senators, I feel it necessary that I should say a few words on this vital matter. I realize that the hour is late and therefore I shall try to be reasonably brief. In any event, it is not my intention to dwell at any length on, or to go deeply into, the legal aspects of Senator Lang's motion. I congratulate him on bringing the motion forward. It is a necessary matter and one which should be aired. I congratulate him and also Senator Asselin for their well-reasoned and well-delivered arguments in support of the motion. The thesis put forth is a sound one and one that should cause all Canadians a great deal of concern.

As I have said, I have no intention of dealing with the legal precedents. I am not a lawyer, and I would not presume to intrude on the territory of the learned legal members of this chamber.

Hon. Jacques Flynn (Leader of the Opposition): Senator Perrault did.

Senator Doody: Perhaps I have more to be modest about than has Senator Perrault. I certainly have more modesty. I can comment, and will comment, on the perception that is abroad in this country, particularly in my own province, of the latest and most offensive move by the Government of Canada. I shall comment to a limited degree on the statement of the Minister of Justice, Mr. Chrétien, the statement that he made in St. John's a few days ago, a statement that was read in this chamber by the Minister of State for Economic Development who, fortunately, has duties elsewhere at this time.

● (2150)

Honourable senators, no matter how you slice it, no matter how legalistic the arguments are and no matter how long or how loudly the Leader of the Government in the Senate proclaims otherwise, the simple and short truth of the matter is that the federal Government of Canada has indeed short-circuited the judicial system in Canada. They have gone over the head of the Supreme Court of Newfoundland. This cannot but undermine the credibility of the Newfoundland Supreme Court in particular, and the entire Canadian judicial system in general.

The people of my province feel that the Supreme Court of Newfoundland has been shabbily dealt with and degraded, and they look once more at the clumsy, heavy-handed actions of the Government of Canada. They wonder what the reason is for this latest Liberal government's move against Newfound-

land. They are told by the federal Minister of Justice in Newfoundland that the reason for the haste is that we must get Hibernia moving and we must resolve the ownership issue, but I shall come back to that shortly.

Honourable senators, do you suppose a great deal of cabinet discussion went into this unfortunate decision? Do you think a federal ministry examined and pondered the possible and probable results, whether they be positive, negative or whatever, that might flow from this act? I suspect not, not if the presentation by the Minister of State for Economic Development of the government's position is an example of how well briefed the ministry was on this issue that is so important to the Canadian court system, to Newfoundland and to all of Canada, and perhaps to the whole confederate system.

You will remember, honourable senators, that last week, when the Minister of State for Economic Development reported to this chamber on the federal reference to the Supreme Court of Canada, he read from Justice Minister Chrétien's press release. The minister said that he had been handed it a few moments before, and apologized for his lack of knowledge on the subject matter. The Minister of Justice himself the previous afternoon told the members of the other place that no decision had been taken on this matter. But the next day we find him in St. John's, which is not a usual haunt of Mr. Chrétien's, making an announcement declaring the matter an accomplished fact.

But on the other hand, if the cabinet did consider all legal and judicial consequences—and, as I say, they have been put forward rather admirably by Senator Lang, Senator Asselin, and I endorse them sincerely—they must have said that the great Hibernia grab was well worth the risk and that they should proceed full speed and to hell with the consequences. They said, "There are only a half million people down there, so we will grab our Hibernia and we will develop it as quickly as we can."

But the reasons put forward by the various ministers here, and the various ministers in the other place, for this ill-timed reference do not hold up all that well under any sort of examination. This matter, the development and production of the oil and gas reserves in the Grand Banks of Newfoundland, has been, we are told, a matter of discussion and negotiation for 14 or 15 years. That is an exaggeration, of course. It is in the same mood as the discussions concerning the Constitution, which we were told had been going on for some 50 years. These negotiations have been on again, off again for a few weeks or a month, and then put aside for another occasion.

In reality, the matter has been under consideration and unresolved for a very long time. I know first-hand what went down for most of that time from early 1972, when I became Minister of Mines, Agriculture and Resources for the Province of Newfoundland, until 1979, when I elected not to seek re-election. At that time I held the Mines and Energy portfolio, and I was very deeply involved in all these offshore discussions, all the background material, all the matters resolved or attempted to be resolved by the association of the

five eastern provinces and subsequently by the three maritime provinces.

I can recall quite vividly many of the intricacies of the considerations. In saying that I must point out that at all times it was felt by all the participants that Newfoundland's particular position, because of the way in which it had entered confederation and because of its own historical background, was indeed quite different from those of its sister provinces in the rest of Canada. But from all these discussions and negotiations, I would like to try to condense for the attention of honourable senators what had to be the bottom line in terms of Newfoundland's position—the Newfoundland need in the matter.

It is a very complex, involved and important issue, perhaps the most important issue our province has ever faced. The most simplistic way of saying it is this: In Newfoundland, the people who live there at the present time and the people who will live there in the future must have a meaningful say in the development of what they feel to be a resource they own.

It is common knowledge, of course, that the most important single industry in Newfoundland, the traditional lifestyle that shaped Newfoundland's historical cultural pattern, is the fisheries which is perhaps what makes that province somewhat different from the rest of Canada. The people of Newfoundland settled as close to the sea as they could. Their homes are pitched on rocks at the ocean side and hang from cliffs, and their natural bent is to get as close to the water side as they can. That vital industry and that cultural symbol of the past and their future is controlled completely in Ottawa. Newfoundlanders have absolutely no participation in the policy formulation or decision-making process of that most important single aspect of the life of Newfoundland.

I will give an example that I read about in the St. John's *Evening Telegram* when I was home this weekend. This item refers to the provincial Minister of Fisheries announcing to the press that he has just learned that the federal Department of Fisheries and Oceans has entered an agreement to give Russian fishermen a direct allocation of 103,360 metric tons of fish within Canada's 200-mile limit, including 10,500 tons of capelin. It is difficult for the people in Newfoundland to understand that kind of reasoning. Nobody consults them or even tells them of such matters; they read it in the paper.

The unemployment situation in that province is pathetic. It is horrendous. Fish plants are closed down all over the place, the trawlers are tied up and the owners of smaller boats are going into debt and having their boats repossessed, and the Government of Canada, in its wisdom and logic, allocates another 103,360 metric tonnes, 232.5 million pounds, of fish within Canada's 200-mile limit to the Russian fishery.

As I say, there may very well be some great international reasoning, some great logic in terms of international trade or in terms of Canada's policing and enforcing the 200-mile economic zone. But what I am trying to say is that the people of Newfoundland are not participating in such matters and we are told nothing about them.

Now we come to that same area, not to the wealth that is swimming in the sea but the wealth that sits under the sea, under the Grand Banks of Newfoundland, and we are told that once again that this resource will be taken completely out of the hands of the people of Newfoundland in terms of management, and that they will have no say in their future as it is affected by that resource.

● (2200)

Honourable senators have heard, and properly so, that the Government of Canada has offered what, in its consideration, are generous terms. They are going to give the people of Newfoundland up to 100 per cent of the revenue for a certain specified period of time. The people in Newfoundland say, "Why are they giving us what we already own? They are taking our house, are going to rent it to somebody else and give us some of the rent."

I think that the figure of 100 per cent of the revenue is something that should be elaborated on more thoroughly by the honourable gentlemen opposite, because we do not know what it is 100 per cent of. Is it 100 per cent of the gross revenue, or is it 100 per cent of the net revenue? Is it 100 per cent of the revenue exclusive of what Petro-Canada takes, because there is acreage out there now of which Petro-Canada already owns 47.5 per cent through its 25 per cent back-in provision. Do the people of Newfoundland get 100 per cent of Petro-Canada's take, or is that taken off the top? I do not know what we get 100 per cent of, and no one else seems to know.

More importantly, as I said at the outset, and not to minimize the full importance of the economic impact on the province and the necessity of getting a fair share of the economic rent, I want to ask honourable senators to imagine with me the impact that an uncontrolled rate of development of that huge oil field off the coast of the province will have on the province.

There are half a million people located in the province. Newfoundland has a huge land mass with a small and scattered population; Newfoundland has a different historical and cultural pattern and background; a life-style that has been traditionally different, but which is now changing. I ask honourable senators to consider the impact on the social structure of that island of an uncontrolled, pell-mell, full-rushed development. I think the impact will be horrendous. I cannot imagine anything that could be conceivably worse, and that includes the non-production of Hibernia forever.

The people of Newfoundland have lived there too long, have suffered too much, have gone through too much history in a most difficult way to see it all go down the drain for 10, 15 or 20 years of uncontrolled oil development for the benefit of the rest of the world.

I do not want honourable senators to think that the people of Newfoundland are not anxious or willing to share this with the rest of the world, particularly with the rest of Canada. A more grateful and hospitable and decent people I do not think

honourable senators will find if they were to travel this world forever.

Some Hon. Senators: Hear, hear.

Senator Doody: The people of Newfoundland know what Canada has done for them. What they are asking now is the right to do something for themselves, yet, honourable senators, bureaucrats in Ottawa do not seem to appreciate that. They are saying that they are giving the people of Newfoundland that, and the people of Newfoundland are saying that they want to earn that. The bureaucrats in Ottawa are saying that they are giving them equalization, and the people of Newfoundland are saying, "Keep your equalization; let us earn some profit from our resources. Give us some say in our own future and let us try to control our own destiny. We are as adult and as mature—perhaps more so—than some other people across this country; let us demonstrate that."

In any event, because of these things, and because of the ongoing quarrels with the central government, I would not want honourable senators to think for a moment that Newfoundlanders are not, at least, as Canadian as the rest of you. In fact, many of us in Newfoundland are Canadians by choice. We voted to become Canadians; many honourable senators present were born Canadians, and had no option. We are proud and happy to be part of this great union of Confederation, and perhaps that is why we complain and cry and screech more bitterly when we see damage done to the delicate fabric of this nation.

If Mr. Smallwood were here, as Senator Rowe can tell you, he would be able to list every hospital bed that has been built in those 33 years of Confederation, mile of road that has been put in, every school that has been put up, and how many books have been written—some of them by my honourable and esteemed colleague who was recently honoured with a doctorate, for which I congratulate him. In moving all of this distance in those more than 30 years of Confederation, let me tell honourable senators a sad but true fact. The per capita income of the people of Newfoundland is now 48 per cent of the national average. In 1949 it was 43 per cent. We have come forward five percentage points over the past 30-odd years. That is not a real record performance in all honesty, and there has not been all that much complaining because there has not been all that much that could be done about it, but the people in Newfoundland think that there is something that can be done now, and it appears from where they sit that they will be no further ahead, and perhaps they will be further behind, if the foreign oil companies and big wheels from Dallas have their way.

I visited Aberdeen when I was a minister of various departments in the Government of Newfoundland. I saw what happened in Aberdeen. We spent a great deal of time working with the Island Development Association in Scotland, just as we spent a great deal of time in Stavanger, Norway. We studied the Norwegian picture and saw what they did there. Even with their strict socialistic controls, they still had a horrendous social problem. They bottled all of the development inside compounds and in enclaves, and refused to allow

foreign workers to live in apartments outside of those compounds or enclaves. They had a horrible time trying to control things.

I am not suggesting that that sort of thing could happen in Newfoundland—I can assure you that it never will—but I am saying that there are people in Newfoundland who are aware of what the consequences of uncontrolled and unsympathetic development are and what that can do to their province. I seriously question whether there are many people in this great city in which I now live, who are as aware of the situation in Newfoundland as the people who live there. That is why they ask for some participation; that is why they ask for some say in management.

● (2210)

As I have said, the unemployment rate is indescribable—I suppose it is describable: it is incredible. I would suggest that it is at least twice, and probably three times, the national average. Last week the budget was brought down in Newfoundland, at which time it was announced that the provincial debt is now \$3.3 billion. That, honourable senators, is a tremendous burden for a half million people to carry—people who have no control over their own destiny with the economy the way it is, with short-term money, rollovers, and so on. The tax rates down there are cruel; the people really cannot be taxed any more. They desperately need that offshore development, but it has to be an orderly development carried out in an orderly manner with provincial participation.

Honourable senators, I am moving along as quickly as I can. A few minutes ago, I spoke of the line of argument that has been put forward regarding the federal reference to the Supreme Court at the present time. Apart from the legal arguments, which I think are valid but which will be decided elsewhere, the moral and historical arguments are indisputable. There are others who would disagree with that statement, but these arguments that were put forward in Canada were never really accepted. As honourable senators have stated, this dispute has been going on now for 14 or 15 years.

In despair and frustration, the Government of Newfoundland put a reference to the Newfoundland Supreme Court, asking that learned and most respected group of men to decide this ownership issue. A few days ago, the Government of Canada took its reference to the Supreme Court of Canada. It has asked the Supreme Court of Canada to decide the question of jurisdiction and ownership—not of the offshore in its entirety, I might point out. I will refer to a quote of the Newfoundland reference to the Newfoundland Court of Appeal on February 12, 1982, which was quite short and explicit.

Do the lands, mines, minerals, royalties or other rights, including the right to explore and exploit, and the right to legislate with respect to the mineral and other natural resources of the seabed and subsoil from the ordinary low-water mark of the Province of Newfoundland to the seaward limit of the continental shelf or any part thereof belong or otherwise appertain to the Province of Newfoundland?

The province was willing to put this issue to the court and have the court decide upon it.

On May 19, the federal government brought its own reference to the Supreme Court. It did not ask the Supreme Court of Canada to decide on the natural resources of the seabed and subsoil from the low water mark, and so forth—no. It definitely did not ask the Supreme Court of Canada to decide on the issue of ownership or jurisdiction over the Hibernia oil field, which is what the Right Honourable the Prime Minister and the Honourable the Minister of Justice stated in their press releases, and the Prime Minister in his letter to the Premier of Newfoundland. What is asked for in the federal reference to the Supreme Court of Canada is the right to jurisdiction over and ownership of the entire 820 square miles of potential oil bearing structures off the east coast of Newfoundland.

Anything out there that has a potential of an oil reserve—and if my memory serves me correctly, there are some 14 geological structures with great oil bearing potential, one of which is Hibernia, but there are others such as South Tempest and Ben Nevis, none of which have been tested as extensively as Hibernia—the government wants to own. All of the rest of the area—the shelf, the trench, the slope—the people of Newfoundland can, presumably, continue to claim jurisdiction over because it is all whale pasture. There has been no mineral potential demonstrated so far, and, if the people of Newfoundland want to assure themselves by saying that they have jurisdiction over this area, well, that is not going to interfere with the grand designs of the Government of Canada. If, however, in the future, it is demonstrated that the gas reserves off the coast of Labrador are economically viable and can be developed profitably, then I presume the Government of Canada will try to demonstrate its ownership of that area as well. In the meantime, however, the federal government has quite modestly and generously restricted its reference to include the 820 square miles of potential oil reserves.

That vulgar and precipitous action was taken by the Government of Canada a few days ago. The matter was already before the courts, and properly so. A few days ago I heard one minister say in this chamber that they had to make the oil companies happy; there was too much indecision; there was no stability or confidence; and the oil companies were disturbed and had to be satisfied.

Honourable senators, I agree with that. It is nice to have the oil companies satisfied. It is great to have the economy of this country put back on its feet again. It is good to try to instill confidence in the business community. Perhaps nothing could be more desirable—except a reasonable deal for the people of Newfoundland. In my opinion, that is more desirable. Not at any cost do we want to make the oil companies happy and the national energy policy a success. There are some limits.

This federal Liberal government set forth a national energy policy a year and a half ago which was an unqualified disaster. Last night the Minister of Energy, Mines and Resources tried to put a few patches—\$2 billion worth of patches—on it. Once again, nobody is happy. The oil companies say it is not enough; other people in Canada say it is too much. We go from disaster

to disaster. This is not to make the people of Canada happy; it is to make the oil companies happy.

We have a national energy policy that has been a complete flop. The \$13.5 billion Alsands project crashes; the Alaska Highway natural gas pipeline is put off for another two years; Cold Lake has gone the way of all dreams; and on and on it goes. What is left? Well, there are 820 square miles of oil potential off the coast of Newfoundland. Maybe we can salvage something with that. The demolition experts have rolled in to wreck the rest of the energy industry in Canada, and now they are going to see what they can do with Newfoundland's offshore. Well, honourable senators, if they have their way, there is no doubt in my mind that it will end up in the same white elephant stable as all those other great and pious dreams of the Government of Canada, because they will find a way to make a snarl of it.

An editorial appeared in the May 3 issue of Canada's national newspaper entitled "The Demolition Experts," and it details at great length exactly what this government is capable of doing in retrograde policy—how capable it is of wrecking the economy of the country. That is a non-partisan article. It was not written by an angry, disturbed Newfoundlander, nor was it written by a partisan Tory politician. That was written by the editorial board of the *Globe and Mail*.

Honourable senators, this government of ours is now prepared to lead us in a headlong rush to develop the fields off Newfoundland, to salvage their energy policies on the backs of the Newfoundland people. Do you wonder that the people of Newfoundland are nervous and angry?

I suppose, honourable senators, that I should, for a few moments, talk about the position of the Government of Canada in terms of the negotiations over the past years. As I said earlier, the Government of Newfoundland, when I was a member of that government and subsequently, felt that the bottom line was the management of the development of the resource. The easiest and the most sensible way to ensure that was to develop, approve and demonstrate the ownership of the resource. The Government of Canada took the position that that is not really the most important thing. The most important thing is a sensible revenue-sharing position with a joint management regime. At this fundamental issue, the discussions always bogged down. We could work out fringe areas; we could work out other items; but these two basic issues—Newfoundland's ownership claim and the federal government's insistence that the most sensible way is a joint management agreement with ownership put aside—were never resolved. In May of last year the Prime Minister, in an address given in Newfoundland to the people of Newfoundland, stated:

My colleagues and I . . . have constantly maintained that your best interest lies not in total provincial control of the offshore but in rather . . . a negotiated partnership between our two Governments in joint management. We consistently maintain that ownership is not the important issue and that reaching a negotiated agreement on shared management is the vitally important issue.

The Right Honourable the Prime Minister then went on to talk about the alternative, which would be court cases, which would not be desirable; it would be far better to get a negotiated political settlement.

• (2220)

Subsequently, the Government of Newfoundland submitted a document entitled "A Framework for Agreement" on November 12, 1981, and later on a document entitled "A Proposal for Settlement". I have these documents with me, but I will not go into them unless honourable senators want me to. "A Proposal for Settlement" was presented in Montreal on January 25, 1982. A paper was received from the Government of Canada in December in response to its "Framework" document, and once again it asserted federal ownership and control, which appeared to be quite contradictory to the Prime Minister's comments in May of the same year.

The following are some quotes from the federal paper:

The Canadian Government's position is that, under the Constitution, offshore ownership and jurisdiction are Federal.

The Federal position is that offshore oil and gas resources belong to all Canadians on whose behalf they are managed by the Federal Government.

There is another quote which is obviously taken out of context because even I, in my present frame of mind, cannot believe that the federal government said:

A permanent arrangement for dealing with offshore petroleum resources is not desirable—

That is a quotation from the document and there must be more to the sentence that was left out.

Subsequently, a further proposal was made. On January 25 the Government of Newfoundland put forward a proposal which they called a compromise proposal. In it, honourable senators, they backed away from the ownership claim that had been the base rock of our position for the past 14 or 15 years, and probably before that. They proposed a joint management regime. It sounded to me suspiciously like the Prime Minister's proposal of May 1981. A proposal was put forward in this compromise proposal which was promptly labelled the "capitulation scenario" by federal bureaucrats, and outside this arena it was called "A proposal for Settlement." It outlined the basic principles that Newfoundland's position entailed, and it proposed that three main principles be set forward as the basis for negotiation.

First, both parties were to set aside permanently their claims to exclusive ownership of the offshore. Second, there was to be joint management of offshore resources, with each government having an equal role in decision-making. And third, there was to be an equitable sharing of all revenues between both governments as a matter of right. I notice that the Government of Newfoundland once again has revenue sharing as a matter of right; they do not want to be "given."

To survive the actions of future parliaments or legislatures, the document called for the essential features of any negotiated settlement to be entrenched in the Constitution. It is quite

possible that the Government of Newfoundland is not completely at ease with the promised commitments of the Government of Canada. I will leave it to honourable senators' imaginations to ponder why.

On the issue of revenue sharing, Newfoundland wanted 75 per cent of the government take until it achieved both economic and fiscal maturity. Economic maturity would be reached when per capita earned income approached that of the mature provinces such as Ontario, Alberta and British Columbia. As I said earlier, the per capita income in Newfoundland is now 48 per cent of the national average, after 30-some years of Confederation.

Fiscal maturity would be reached when a number of broad social and economic goals had been achieved. These include: a public service on a par with those in the so-called benchmark provinces; the financing of capital expenditures from provincial revenues rather than from borrowings—this year in the provincial budget once again they are proposing to borrow \$325 million; the reduction of provincial tax burdens to the national average—not an unreasonable ambition for a province of Canada; the reduction of the provincial debt to the level of the benchmark provinces; and the establishment of a depletion fund against the day the wells run dry—which is not an original idea either.

Once these and other requirements were met, the provincial revenue split would begin to diminish. But under an escape clause, the provincial share of revenues would rise again if the province started to fall below the benchmark provinces at any time in the future.

On the question of joint management of offshore resources, the document called for the establishment of a seven-member executive board with three members each from the federal and provincial governments and an independent chairman. This contrasts with the makeup of the board created by the Nova Scotia-Ottawa agreement, incidentally, honourable senators, which is for three federal and two provincial members, leaving clear control over development in the hands of the federal government, a position not acceptable to the Province of Newfoundland and one that never was.

The informal federal response to this proposal was that it amounted to a formula for stalemate, since it left two sets of hands on every lever. That is a rather unfortunate indictment of an independent chairman who has yet to be named or suggested. In any event, the proposal was put forward to the Government of Canada and, as I say, it was labelled as a capitulation scenario and was rejected out of hand. Subsequently, a few days ago, the Government of Canada brought its reference to the Supreme Court of Canada over the heads of the High Court of Newfoundland.

There are a few highlights of the agreement, and perhaps honourable senators will permit me to mention them while I have their attention, although I am not going to impose on it much longer.

It establishes the principle of both governments setting aside their ownership claims and becoming co-owners of the

resource. Both governments would receive their share of revenues directly from a joint agency. Arrangements could only be changed with the consent of both governments. The agreement could not be torn up by either party, as happened in Australia, and the precedent is there as a major benefits package which is ambitious in terms of Newfoundland's history, but not overly ambitious in terms of the potential of the offshore resource. They talk about a fair split of the offshore revenue and a need for a fair market price for offshore oil and gas. It seems that I have heard that before somewhere in the west. It refers to an appropriate revenue collection system, including participation by crown corporations in the establishment of crown reserves. The province would initially receive its traditional share which had been received by western provinces for their oil and gas resources—75 per cent of the total government oil revenues. The provinces' traditional share would continue until trigger points based on fiscal and economic factors are reached. Of course, there is the need to replace equalization in an orderly manner.

The agency is described as an outline. There is protection of crown corporations, and protection of fisheries as a single set of regulations for environmental protection. Of absolutely indescribable concern to the Province of Newfoundland is the protection of the fishery during that offshore development.

Honourable senators, with that in mind, Premier Peckford wired the Prime Minister asking that the court cases be put aside and that an agreement be reached based on the points, none of which is carved in concrete. It was subsequently rejected and the reference was made to the Supreme Court of Canada.

I spent the weekend in Newfoundland, and I have attempted to explain the concern and worry of the people in my province, which I have done as well as I could, although not adequately. It is a matter of grave concern. They do not understand the

attitude of the Government of Canada, and they know that the Government of Canada does not understand them. They are kind of lost, and I am sure that it would be very beneficial to everyone if some way could be found to alleviate their concerns, to try to convince the people of Newfoundland that it is not the intention of Canada to keep them as lesser Canadians, but that they should have the right to aspire to the same place in the sun as other Canadians enjoy.

I admire Senator Cook for his position. I can only suggest that honourable senators think carefully of the deal that would eventually be made with Newfoundland, and I ask them to try to influence the Government of Canada to treat the people of Newfoundland with justice and decency and to leave them their pride, for God's sake.

On motion of Senator Frith, for Senator Lewis, debate adjourned.

● (2230)

OCCUPATIONAL TRAINING

HEALTH, WELFARE AND SCIENCE COMMITTEE AUTHORIZED TO
MAKE STUDY

Hon. M. Lorne Bonnell: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on Health, Welfare and Science be authorized to examine and consider the subject matter of Bill C-115, intituled: "An Act to establish a national program for occupational training", in advance of the said bill coming before the Senate, or any matter relating thereto.

The Hon. the Speaker *pro tem*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 2, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

HUMAN RIGHTS

LOWER CANADA—RECOGNITION OF 150TH ANNIVERSARY OF PROCLAMATION OF JEWISH EMANCIPATION ACT

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would like to draw to your attention the fact that Friday of this week, June 5, marks the one hundred and fiftieth anniversary of the proclamation by King William IV of the law according to Jewish persons all the rights and privileges of other subjects resident in Lower Canada. This event was mentioned yesterday in the Quebec National Assembly, and a motion was also adopted by the other place.

It was John Neilson, editor of the *Quebec Gazette* who petitioned for, and Louis-Joseph Papineau who sponsored in the legislature, this remarkable bill, the first of its kind in the British Empire, as it was then known. Not until some years later in the United States, and, I believe, 1857 in Great Britain, was the same privilege granted the citizens of those countries.

Twenty-four years earlier Ezekiel Hart had been elected for Trois-Rivières, but had been refused his seat. The process repeated itself in 1809, and it was 23 more years before this injustice was rectified. In its often frustratingly slow fashion, a consensus on the need to rectify this horrible inequity was not achieved until 1831, and it was a year later that the King was finally able to proclaim the extension of full rights and privileges.

I firmly believe that we should acknowledge and applaud those the world over who crusade for religious and political tolerance. I am proud that it was leaders in the part of Canada I come from who provided guidance to the entire British Empire. I pay tribute today to their wisdom.

[Translation]

I feel that this is indeed worthy of our attention, especially since there are people among us of Jewish origin who are making an exceptional contribution to the work of this house, as so many in fact are doing in every sphere of activity in Canada.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wish to add congratulations on behalf of the government and my colleagues on this side of the House, and I wish to thank the Leader of the Opposition for having drawn our attention to this historic event. We also wish to congratulate the honourable senator's predecessors in history

in the province of Quebec, who laid the foundation for this movement and these historic reforms.

[English]

Hon. Sidney L. Buckwold: Honourable senators, although I do not rise with any official status, I am sure that the Canadian Jewish community would be very pleased if I expressed my appreciation to Senator Flynn for drawing this important anniversary to the attention of the Senate and to the people of Canada.

It is an important anniversary, and one that is unique. Senator Flynn pointed out—correctly, as usual—that Canada was the first country in the British Empire, at least, to allow those of the Jewish faith the privilege of being elected to Parliament and taking a seat.

Before 1832 that was impossible because of the necessity to take an oath of the Christian faith and that was not acceptable to those like Ezekiel Hart. They were elected but were unable to take the oath of office.

I express my appreciation to the people of Quebec, to their leaders at that time, who were far-seeing and who set the standard for the kinds of relationships that now exist, not only between religious groups in Canada, but also between the various ethnic groups which make up the population of this country.

Having said that, I would add that we should not rest on our laurels. We must remember that just as freedoms are won with difficulty, they can be lost rather easily. In these days of much tension, be it regional, racial, linguistic or religious, not only in Canada but across the world, eternal vigilance is the price we have to pay to ensure that the great tradition established 150 years ago continues in this fine country of ours.

Hon. Senators: Hear, hear.

THE HONOURABLE RHÉAL BÉLISLE

FELICITATIONS ON BESTOWAL OF PAPAL HONOUR

Hon. Richard A. Donahoe: Honourable senators, I rise on this occasion to say that recently there came to my attention an invitation to attend a ceremony which took place in the City of Ottawa. It was the kind of ceremony which I would not normally have mentioned in this chamber, but yesterday the Acting Leader of the Government rose in his place to pay tribute to two members of the Senate who were recently honoured by civil institutions by having honorary degrees conferred upon them. I thought that that was a nice gesture.

The honour bestowed upon the Honourable Rhéal Bélisle is a papal honour, and the highest honour the Roman Catholic Church bestows on lay people. When I received the invitation

to attend the ceremony I examined it and, lo, like Abou Ben Adhem's, Senator Bélisle's name led all the rest.

I was not among those present, but have done some research with respect to how that order has touched upon this house and have found that there are other members of the Senate who have received the same honour. There are three members of the Senate who have had that honour bestowed upon them, and one of them—and I shall only mention one—is Senator Guay. He received that honour before Senator Bélisle but, in any event, it is an honour for this house that any of its members should be singled out by the Papacy for recognition and by the bestowal upon them of such a high honour.

I have nothing further to say on this except that by law Senator Bélisle is now entitled to be called not the Honourable Rhéal Bélisle, but Sir Rhéal Bélisle. For those who are not sure of how he should be addressed, I will say that is now his proper title.

Honourable senators, I ask you to join with me in congratulating Senator Bélisle on his being given this honour.

Hon. Senators: Hear, hear.

[Translation]

Hon. Joseph-Philippe Guay: As a colleague twice over of my friend, Rhéal Bélisle, first as a senator for several years and especially as a member of the Order of St. Gregory the Great for many years, it is a pleasure for me to acknowledge in this respected house the merits of Senator Bélisle, which have now been confirmed by His Holiness Pope John Paul II who has made the senator a Knight of the Order of St. Gregory the Great.

As you probably know, this is a very select order, whose membership throughout the world is limited to 300. I am especially proud that this exceptional honour was bestowed on our colleague by this particular Pope, who is a world traveller and truly catholic in the etymological sense of the word.

Actually, our colleague and friend has himself sailed in international waters, and has an abiding interest in the more profound aspects of our humanity. He has a bachelor's degree in theology from St. Paul University in Ottawa and an honorary doctorate from Laurentian University in Sudbury, and he has always been very active at the municipal, provincial and finally federal level.

To demonstrate that our colleague's interests are not solely spiritual and that there is also a bit of the naturalist in him, I may add that he is one of the directors of the Canadian Wildlife Federation. As you can see, Senator Bélisle literally has shoulders that can carry a considerable burden.

My dear Rhéal, I am sure that I am conveying the best wishes of all your colleagues in the Senate in offering my warmest congratulations.

● (1410)

[English]

Hon. Orville H. Phillips: Honourable senators, on Friday evening it was my privilege to attend a function in the West Block in honour of Senator Bélisle. I was late arriving because

of my attendance at another function in Kingston on that day. However, I did arrive in time to hear the archbishop's remarks.

On listening to the archbishop talk about record unemployment, interest rates, and the loss of confidence among the people of this country, I found myself, both as a Conservative and a Protestant, giving him hearty applause. Archbishop Plourde then went on to speak of the need for spiritual renewal as the best hope he saw for mankind. I still applauded, but I reached a decision that I would keep on mentioning the economy, and I would leave the spiritual renewal to the new Knights of the Order of St. Gregory the Great.

I should like to mention one part of the archbishop's remarks that impressed me, and it concerned his difficulty in selecting the persons to be honoured. He selected one from public life, one from the field of medicine, one from the field of economics, one from the universities, one from the judiciary, and one from the field of business. He then described his difficulty in selecting the individual within each of these six fields. He concluded with this statement, which I appreciated very much, "When I made this selection, I felt I had honoured the others within the group." That makes it very easy for us to share in the honour conferred upon Senator Bélisle, and to offer our congratulations.

Honourable senators, I was impressed by the number of people who had journeyed from Sudbury last Friday for the dinner in honour of the new Knights of the Order of St. Gregory the Great. I believe Senator Bélisle received as high a tribute from their attendance as he did on a previous occasion.

Hon. Rhéal Bélisle: Honourable senators, I should like to thank Senator Donahoe, Senator Guay and Senator Phillips for their kind words. They spoke from their hearts with so much generosity and charity that I am very grateful to them. I know that when I accepted this great honour it was given not only to my humble self, but also to the Senate as a whole, and I thank you.

The Hon. the Speaker: I should like to inform honourable senators that yesterday, as Speaker of the Senate, I attended the ceremonies organized in Quebec by the Canadian Jewish Congress. That is why I was absent from the chamber. I also represented the Senate at the dinner in honour of Senator Bélisle.

[Translation]

RESTAURANT OF PARLIAMENT

STANDING JOINT COMMITTEE—CHANGE IN SENATE
MEMBERSHIP

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding rule 45(1)(i):

That the name of the Honourable Senator Guay be substituted for that of the Honourable Senator Inman on the list of senators serving on the Standing Joint Committee on the Restaurant of Parliament; and

That a message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

● (1420)

Hon. Guy Charbonneau: Honourable senators, I have a supplementary question. Would the minister explain to us why the markets went down even lower than anticipated? Is that the result of the new policy of the energy minister?

Senator Olson: Honourable senators, I do not think it is. There was, in fact, an improvement of something like \$2 billion in the cash flow over the time frame that the Minister of Energy, Mines and Resources was talking about. I do not believe, therefore, that the two things are related.

If my honourable friend wants me to give him some lessons on how the market responds to an anticipated statement and what happens afterwards, I can do so. However, he is probably more familiar with those kinds of things than I am, having spent more of his time following them. I would not presume to give him any lessons in that area.

Hon. Lowell Murray: Can the minister confirm that the Canadian dollar was trading this morning at less than 80 cents American? Will he say whether this continuing decline in the value of the dollar is caused by Mr. Lalonde's announcement of the other night, by the announcements of Mr. Trudeau and Mr. MacEachen to the effect that a revised economic policy is coming, or by Senator Perrault's speech to the Liberals in the Okanagan last weekend?

Senator Olson: Honourable senators, I could give my opinion, and it is not a confirmation or a denial of all of that. My honourable friend is entitled to put whatever interpretation on it he likes, but to be more precise about it, I have been advised that the Canadian dollar, in relation to the U.S. dollar, had in fact hit a low of 79.94 cents.

Senator Murray: Another new record!

Senator Olson: As of noon today, it was back up to 80.03 cents.

Senator Murray: That is still pretty low.

Senator Olson: I think it is fair to say that the decline in the Canadian dollar in recent days has occurred against the background of a very strong United States dollar in the international scene. The United States dollar, in relation to all major currencies, has caused a great deal of flurry in those markets.

I can keep repeating this, if my honourable friends would like me to. They are attempting to attribute a great deal, or perhaps all, of the fault with respect to the value of the dollar to some statements or actions that have been made recently in Canada.

Senator Murray: And the general lack of confidence in government policies.

Senator Olson: Unfortunately, they do not seem to wish to accept the same explanation as applies to the currencies of Japan, Germany, France, the United Kingdom, and almost all other currencies—including, by the way, the Italian lira; it is in the same category.

Senator Flynn: That is for the information of Senator Bosa!

● (1415)

QUESTION PERIOD

[English]

THE ECONOMY

NATIONAL ENERGY PROGRAM: UPDATE 1982

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Minister of State for Economic Development. Yesterday oil and gas shares suffered their biggest decline in almost three months. Does Senator Olson or the government react to this decline as indicating a negative outlook towards the NEP changes announced on Monday night by Mr. Lalonde?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I tried yesterday to explain that we are treading on dangerous ground or thin ice—however you want to express it—when we try to explain logically why the stock market makes certain moves. My guess is that it is the shareholders' elective interpretation of a number of things.

What my honourable friend forgot to mention—and he is an expert at that, so I am not criticizing him—was that the market did, in fact, show some anticipation, especially in the last two or three days of last week, when the market, particularly the oil and gas sector, went into a rather steep incline. Of course, there is a saying—and you know it as well as I do—that the market rises in anticipation and usually falls on realization of the new rules. I suppose that again happened in this case.

Senator Flynn: Speaking of expertise, I would suggest that the minister is quite an expert himself in walking on thin ice. He has been able to survive up to now, but one of these days it will crack for good.

Is the minister suggesting that the government anticipated the fall of the stock market, and does the government think that is a good thing?

Senator Olson: Honourable senators, I did not say that at all. I said that there was obviously some anticipation in the market for two or three days last week when there was an incline, particularly in the oil and gas sector. After the firm policy announcement, part of which was anticipated, I suppose an adjustment always follows. All I am suggesting to my honourable friend is that history is probably repeating itself in this case.

Senator Flynn: Anticipation usually results in a rise in the stock market, and realization in a fall?

Senator Olson: That is exactly what happened. Last week for several days, my honourable friend will recall, there was an increase in the market, especially in the oil and gas sector.

[Senator Frith.]

Senator Olson: There has been a general decline of all of those currencies, in relation to the American dollar, over the past few days. As a matter of fact, on a percentage basis, the decline of the Canadian dollar relative to the American dollar has been somewhat less than most of these other currencies. It seems to me that it follows from that, honourable senators, that if my honourable friends want to use that argument for all these currencies they suggest that everybody is out of step except the United States, as far as the management of the economy is concerned.

I want to suggest that the Canadian government has expressed the view very frankly for a number of weeks, if not, indeed, for months, that there is a disproportionate position with respect to inflation and other costs. In other words, the total image of our economy with regard to remaining competitive has concerned us a great deal. Canada has not kept pace with the United States in terms of our inflation rate, interest rates, and other factors that are relative to this matter. That concerns us.

• (1425)

It should also be noted that in the last few days there has been speculation in the marketplace that interest rates are again going to rise in the United States. If that is so, then, of course, the reaction in markets, not only in Canada but in Europe and the Far East and various other places, will be exactly what could be expected.

INDUSTRY

DOMESTIC PETROLEUM LTD.—SUGGESTED GOVERNMENT ASSISTANCE

Hon. David Walker: Honourable senators, I would like to ask the Minister of State for Economic Development if he has received any request, in connection with Dome Petroleum, for a handout. If so, what is the nature of the request, has the minister considered it, and will we have a chance to debate the issue in this house before a decision is made?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, a similar question was asked yesterday and one day last week. The reply to today's question is exactly the same as it was to those other questions.

Senator Walker: If you want to reply you can do so quickly now; that is, if you still have the answer.

Senator Olson: I answered before. What I said before was that I have no knowledge of any request of the kind you have mentioned. I did give an undertaking to ask the Minister of Energy, Mines and Resources whether he had received a formal request. With the qualifications that I have just enumerated, the answer to your question is "no".

Senator Walker: You did not consult him, then. The answer is "no".

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Minister of State for Economic Development.

The Prime Minister has often said that the way to correct the high interest rates we are being forced to live with at this time would be to lower the Canadian dollar to 75 cents American. Is the fact that the dollar is now at 80 cents, and could soon be at 75 cents, an indication that there is a change in the policy of the government? Is it intended to allow a decrease in the value of the dollar in order to correct high interest rates?

Hon. H. A. Olson (Minister of State for Economic Development): I think the Leader of the Opposition has that completely wrong, and I am not surprised at that, though I am not trying to pick a fight with him.

What the Prime Minister has said, in response to those who advocate an arbitrary imposition of lower interest rates, is that the consequence would be a declining dollar. That is the exact opposite of the way my honourable friend put it.

I should like to draw his attention, however, to what I said only a moment ago, which was that if interest rates have started to move up in the United States, so as to put the American dollar out of line relative to the value of our dollar, obviously the Canadian dollar is going to decline in relative terms.

Senator Flynn: The minister is telling us that it is not as a result of a decision by the government that we are presumably faced with both high interest rates and a low dollar.

Senator Olson: The Minister of Finance has repeatedly said that the Canadian government has no intention of deliberately devaluing the dollar.

At the first ministers' conference here early in February a number of provinces advised that we should somehow move into the market without really finding how that was to be done, but that we should certainly force down interest rates. If we had followed that advice, of course, the consequence would have been a declining dollar, for the reasons stated at the time, and which I have now again put in the proper order.

[Translation]

FOREIGN AFFAIRS

ECONOMIC SUMMIT MEETING, VERSAILLES, FRANCE—CANADIAN OBJECTIVES

Hon. Martial Asselin: Senator Olson has repeatedly stated that all the economic solutions to Canada's problems will be made known after the Versailles Summit. This event is supposed to solve a great many problems, especially in Canada. Considering the importance of the Economic Summit in Versailles, could the minister inform this house of the major objectives the government intends to pursue at this meeting in an attempt to resolve our economic problems? Tomorrow, the Prime Minister and the Minister of Finance are leaving

Canada to represent the Canadian government at the Summit. Could the minister inform us of the objectives the government will be trying to achieve at that meeting?

● (1430)

[English]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not believe that anyone, including myself, has attempted to convey to my honourable friend or his colleagues—and, indeed, the Canadian public—that all of the economic problems are going to be solved at the summit meeting in Versailles.

It is a distorted interpretation that my honourable friend puts on that. But that is the opposition's function. The apparent self-appointed function of the opposition is to put that kind of distortion on it. That is nothing new. That has been done by opposition parties in the past—

Hon. Duff Roblin (Deputy Leader of the Opposition): And by governments. You are a pretty good distorter yourself.

An Hon. Senator: We never did it.

Senator Olson: No, we never did it quite that way.

Hon. Jacques Flynn (Leader of the Opposition): The minister cannot refrain from smiling.

Senator Olson: In any event, I should like to suggest to my honourable friend that, certainly, a position has been stated by the Minister of Finance and by the Prime Minister with respect to the proposals that Canada will be putting forward. We are extremely concerned about the high interest rates and the reasons for those high interest rates being held by the leading industrial and financial nation in the world, namely, the United States. We know also that at the last summit meeting, that was held in Ottawa in August 1981, some undertakings were given that by the end of the year—that is, 1981—there would be a modification of policy within the United States that would provide some relief from these very high interest rates and the economic downturn and other consequences that flow therefrom. Certainly, Canada will again express that view.

As I have said, there are a number of related matters that contribute to holding those interest rates as high as they are in the leading industrial and financial nation in the western world, and we are concerned about it now, just as we were approximately 10 months ago.

Senator Flynn: No change!

UNEMPLOYMENT INSURANCE

CURRENT STATUS OF FUND

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development. Before he replies, I wish to point out to my colleagues that I will phrase my question in such a way that I shall not be accused, as is the wont of the minister, of distortion or of giving a preamble, which he will seize upon as a way of

[Senator Asselin.]

evading the responsibility of answering the question. I will ask direct questions which can be given direct answers—

Some Hon. Senators: Hear, hear.

Senator Donahoe: —and I am phrasing them in such a way that the minister will be unable to say that he cannot answer because of the preamble to the question or because it has been distorted. I find that I am in danger of making a speech so I will resort to the question.

● (1435)

My first question is very easy: Will the minister bring to the Senate a report on the current status of the unemployment insurance fund, and projections for the remainder of 1982? Yes or no?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, I can ask for that, and if I get it I can bring it here.

Senator Donahoe: Thank you for that response. It justifies my preamble.

The second question is also easy. The Minister of Finance has acknowledged that unemployment for 1982 may be above 9 per cent. I believe that is a factual statement. I hear no opposition to it. Does the minister agree?

Honourable senators will notice what I ask. I do not ask the minister for an opinion. I merely ask him: Yes or no, do you agree?

Senator Olson: That is asking for an opinion.

Senator Donahoe: Does the minister agree that, should unemployment remain at that level, employers and employees will face substantially higher premiums next year, unless the government is prepared to fund any unemployment insurance deficit out of general revenue?

Senator Olson: Honourable senators, whether or not it is a matter of agreeing, I suppose when the senator puts it in that context he is really asking for my opinion on where the funding requirements would come from. I suppose it could be one or the other, or a combination of both.

Senator Donahoe: Again, I thank the honourable minister for his answer, although I say to him that a braver course would have been for him to say "yes" or "no", as my question gave him the opportunity to do; but, as usual, he chose to evade the question.

Hon. Duff Roblin (Deputy Leader of the Opposition): That is called "waffling".

Senator Donahoe: I have a further question, which I would like the minister to take as notice. Will he determine for me and other senators, please, what percentage of revenues accruing to the unemployment insurance fund in 1982 the government expects will come from those whose income is less than the maximum of \$18,200 in insurable earnings?

Senator Olson: I will take that question as notice.

THE ECONOMY

RELATIONSHIP BETWEEN CAPITAL OUTFLOW, INTEREST RATES AND INFLATION RATE

Hon. R. James Balfour: Will the Minister of State for Economic Development, with his superior wisdom, explain the relationship between the 600 per cent increase in capital outflow from Canada in 1981, a direct result of the so-called National Energy Program, and Canadian interest rate levels and Canadian rates of inflation?

Hon. H. A. Olson (Minister of State for Economic Development): I could give that kind of undertaking, and perhaps I will include that information as part of the remarks I will probably make in a speech some time later this month, but there will be many other details in with that. Of course, my honourable friend is doing what he has done before. He is selecting one or two aspects of the economy and is trying to lay the whole responsibility on them, when he knows very well that there are other factors at work as well.

Senator Balfour: Will the honourable minister identify those other factors?

Senator Olson: Yes, I can do that and I will be very glad to, but that cannot be done in just a few minutes; it will take a considerable amount of time. My honourable friend, of course, failed to mention one of the most obvious factors at this point in time, and that is the difference in rate of return on interest earned in some other countries. Of course, in the next breath he will complain that interest rates are too high here, but in doing so he will contradict his own argument.

Hon. John M. Godfrey: Can the minister tell us whether the factors involved included poor business judgment, such as the \$350 million lost in less than a year by Hiram Walker Consumers Home Limited investing in oil properties in the United States?

Senator Olson: Yes, I think that is important, because, apart from Hiram Walker, there were several dozen Canadian investors who learned that rather hard investment lesson as well.

Senator Balfour: Perhaps the minister, in obtaining answers, could also identify the motive which led Canadian companies to invest in the United States in the first place.

Senator Olson: Of course. Obviously, part of their motive for investing in the United States was that they believed that international markets were going to track upwards or escalate further on the basis of the projections they had in their minds at the time. If they had, perhaps some of those investment decisions would not have been quite as bad as they turned out to be, when they found they were not getting the expected returns because the market was not marching along at that accelerated rate. That, of course, also happens to be the case in Canada, but my honourable friend does not mention that. That is one of the perils one runs into when making investments and paying at the front end on the basis of what is anticipated. Sometimes such investment decisions turn rather sour.

● (1440)

EMPLOYMENT AND IMMIGRATION

FUNDING OF WORK-SHARING PROGRAMS

Hon. Richard A. Donahoe: Honourable colleagues, a few moments ago I addressed some questions to the minister who has just spoken, and he was more than kind to say that he would take notice of them and at some future date provide me with what answers he could obtain. However, there is one point of information for which I had intended to ask, and I would ask permission to ask the minister for it now.

Hon. Jack Marshall: Go ahead.

Senator Donahoe: The Minister of Employment and Immigration announced yesterday that he would double the funds allocated to the work-sharing program. In the interest of fairness, I wish to say that the work-sharing program is a government remedial program which seems to be having some measure of success. My question is and I would ask the minister to deal with it as he dealt with my other questions; that is, take it as notice and give me an answer at some future date: Can he confirm that funding for the work-sharing program will be taken from the Unemployment Insurance Fund?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I believe the Deputy Leader of the Government has that information with him and can give it right now.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, pursuant to my understanding with Senator Roblin last evening, I was asked to obtain some information on the questions he had asked along the same line. I have some of that information with me. While it may not fully answer the question put by Senator Donahoe, it will certainly be relevant. If I may, I would like to furnish the answer when we resume the debate on the bill relating to this matter. That will give honourable senators the opportunity not only to have information on this question, but to take it into account during the debate.

REQUEST FOR ANSWERS

The Hon. the Acting Speaker: Delayed answers to questions. Are there no delayed answers to questions?

Hon. Royce Frith (Deputy Leader of the Government): No, we seem to be quite caught up in our list of questions.

Hon. Duff Roblin (Deputy Leader of the Opposition): You must be joking, because I have a whole list here.

Some Hon. Senators: Oh, oh.

Senator Frith: I just wanted to see if you were awake.

Hon. Lowell Murray: Honourable senators, I do not wish to cause any undue delay, but there are questions on the Order Paper that have been there for two years and more without reply. May I ask the Deputy Leader of the Government who is

responsible on the government side for co-ordinating the efforts to obtain answers to these questions? Is it the President of the Privy Council, a civil servant in the Langevin Block, the Secretary of State or the Leader of the Government in the Senate? Who is it? Can the honourable senator give us the name of the person who is responsible for bringing these answers to us?

Senator Frith: Honourable senators, as far as I am aware, our practice is to refer the questions through the office of the Leader of the Government to the appropriate departments for answers. Therefore, the responsibility for questions not being answered has to be shared by us and, to the extent that the department has not given us the information, by it. Certainly, as far as I am aware, there is no single person who co-ordinates all the answers. If a question goes to the Leader of the Government, for example, then we attempt to obtain the answer through the office of the Leader of the Government from the particular department concerned. If the question is the responsibility of other ministers, I imagine they do likewise. If I am not right there, then I am sure that Senator Olson will correct me.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the deputy leader is correct. The general practice is that we follow-up on our own answers.

Senator Murray: I am referring to written questions.

Senator Olson: I understand. It may be that my honourable friend would like to identify some of these questions that are causing him a great deal of difficulty. If they are written questions on the Order Paper, then there is no problem because we can see them. But there are cases where members opposite believe that they have received a commitment that my office was taking the question as notice to supply some further information later. In most cases the machinery goes forward immediately, but there may be the odd case where there is not the same perception between the two parties, and an honourable senator is expecting a more complete answer. If my honourable friend would let me know about such cases which apply to my office, I shall be glad to attend to them.

Hon. Jack Marshall: Would the minister say that it is reasonable that a question which I put on the Order Paper last April, over one year ago now, asking who was responsible for the invitations to the various government functions relating to President Reagan's visit remains unanswered? Is there any reason why this question cannot be answered within 12 or 13 months?

Senator Olson: I would not like to give an opinion on the matter until I have read the question.

Senator Marshall: You have had enough time.

Senator Murray: That would be a good place for you to start.

Senator Olson: There may be other factors involved, but I shall have a look at it.

[Senator Murray.]

Hon. R. James Balfour: I have a supplementary question for the same minister. On November 19, 1981, I put a very simple question to the minister concerning the proposed amendments to the Income Tax Act. My question can be found on page 3042 of *Senate Debates*, and it reads as follows:

To put the question in very simple terms, would the honourable senator explain how the principles of equity have altered since the time the measures were put in place and the present time?

My honourable friend gave a very straightforward answer. He said:

Honourable senators, I will take that question as notice and give a detailed answer.

When may I expect that detailed answer?

Senator Olson: That is one of those cases where I will make sure that my staff gives particular attention to the question. It may be that some of the reply involved in that question is in somewhat of a state of flux, and I am sure that my honourable friend probably knew that that would be one of the difficulties when he asked it. I can say that I did give that reply because I can recall it.

Senator Frith: All in all, that should teach me to keep my mouth shut.

Hon. Nathan Nurgitz: Honourable senators, compared to mine, the complaints by my colleagues on this side of the house are not as serious. I have a question which is dated October 30, 1980. Senator Olson's response to me was:

—I will have a look at that and see if there is some more expanded and detailed answer that I can bring to him.

I have received no response.

Senator Olson: Perhaps I had a look at my answer and decided I had given a complete and comprehensive answer in the first place.

Senator Flynn: That would be an accident.

Senator Nurgitz: Honourable senators, even Senator Olson, upon reading the answer which he gave, will know that the topic needs further expansion. He recognized this fact at the time. The comments can be found on page 1043 of *Hansard*.

Senator Marshall: Mark it down.

DISTINGUISHED VISITORS IN GALLERY

HIS EXCELLENCY FRIGYES PUJA, MINISTER OF FOREIGN AFFAIRS OF HUNGARY, AND DELEGATION

The Hon. the Speaker: Honourable senators, I would like to draw the attention of the house to the presence in the south gallery of His Excellency Frigyes Puja, the Minister of Foreign Affairs of Hungary, accompanied by a delegation from his country.

Hon. Senators: Hear, hear.

[Translation]

PRIVATE BILL

E.G. KLEIN LIMITED—THIRD READING—ORDER STANDS

On the order:

Third reading of the Bill S-26, intituled: "An Act to revive E.G. Klein Limited and to provide for its continuance under the Canada Business Corporations Act".
(Honourable Senator Leblanc).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I merely wish to repeat what Senator Asselin said yesterday, namely, that he intended to speak on third reading of Bill S-26. Is it going to be tomorrow or next week?

Hon. Martial Asselin: I shall see. As soon as possible, in any case, but I am not ready today.

Senator Frith: Honourable senators, on behalf of Senator Leblanc, I move that the order stand until the next sitting of the Senate.

Order stands.

[English]

UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND (NO. 2)—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Frith for the second reading of Bill C-114, to amend the Unemployment Insurance Act, 1971 (No. 2).

Hon. Robert Muir: Honourable senators, with your indulgence, I would like to spend approximately an hour or two on this subject, so I hope you will not get bored.

Hon. D. G. Steuart: They are already leaving!

Senator Muir: Ah, wee Davey!

I do not know how I shall tie what I am about to say in with what has been said in the chamber earlier today, but with the indulgence of honourable senators—and I am sure that they will be very kind to me, as they always are and as I am to them—I would like to say a few words on a subject raised by Senator Donahoe. The honourable senator, very modestly, did not say that in 1970 he also had the honour of becoming a Knight of the Order of St. Gregory the Great. I just thought I would bring that to the attention of honourable senators.

Upon looking over the parliamentary bible, as we call it—and it is not the Douay version, the King James Version or the Revised Standard Version—I note that Senator Donahoe is also a member of the Royal Caledonian Association of Scotland. How someone with a name like the Honourable Richard Alphonsus Donahoe, Q.C., B.A., LL.B., LL.D., K.S.G. can be a member of the Royal Caledonian Association of Scotland is beyond me.

● (1450)

I am a bit jealous of Senator Donahoe because I was born in Edinburgh, Scotland, but they threw me out of there when I

was a year-and-a-half old because I could not compete with the Scots. I have done a little better here.

I should like also to align myself with the words uttered by the Honourable Senator Guay—Sir Joseph Guay. Little did I know that I had been associating all these years with such distinguished people.

I should also like to pay my tribute to the Honourable Rhéal Bélisle.

I happen to belong to an order that calls me "Sir Knight" in certain quarters, but I do not think I will ever have this order bestowed upon me. Although His Holiness Pope John Paul II spent some time in Edinburgh the other day, I have not received a telephone call, a letter or wire indicating that I will have that honour bestowed upon me.

Senator Steuart: Put in an application.

Hon. David Walker: Are you taking them?

Senator Muir: All joking aside, I sincerely congratulate Senator Bélisle and join with all of you in saying a few kind words about Senator Guay, Senator Donahoe and all other honourable senators who may have had other honours bestowed upon them.

In any event, I have an honorary degree from the only Gaelic college in North America, the Gaelic college on Cape Breton Island.

Now that we are giving jobs to those who already have jobs—it is not the government that is doing that but the church—I should like to try to tie that in with Bill C-114. The Honourable Senator Frith said last evening that the kind of legislation we have before us, Bill C-114, is what is generally known as a housekeeping bill. I never did like housekeeping. I do not know how the females feel about that, but I never did like washing ceilings or anything like that. So, I do not appreciate this bill too much, but I appreciate what it will do. However, it is by no means a solution. As I say, since housekeeping, in its many varieties, is, to say the least, unpalatable, I do not plan to spend too much time on this bill. I was only joking; I am not really going to spend an hour or so on this. Someone said, "Thank God!"

Bill C-114 simply extends from June 1982 to June 1983 the termination date for that portion of subsection 17(6) of the Unemployment Insurance Act, 1971.

You may ask why we would want to do that. Well, as was explained by the Honourable Senator Frith last evening, that is the subsection which established the variable entrance requirement for eligibility for unemployment insurance benefits.

"What is so important about having a variable entrance requirement?" someone may persist in asking. The answer is simply that it favours a region such as mine, and anything that is good for Cape Breton has got to be good—period. A worker must have worked a certain number of weeks before being eligible for UI benefits. Some years ago that number of weeks was the same, regardless of where one lived and regardless of the unemployment rate. As I have said, that was changed in

order to give areas such as Cape Breton Island and other parts of Nova Scotia, as well as other areas of the country, a break. The government instituted the variable entrance requirement—yet another wholesome idea borrowed from the Progressive Conservative Party.

Depending on the rate of unemployment, a worker must have worked anywhere from 10 to 14 weeks in order to qualify for financial assistance. This means that in an area experiencing high unemployment, such as la belle province and the Atlantic provinces, including Cape Breton Island and the province of Newfoundland, where it is shocking, the minimum of 10 weeks is required.

In other areas where unemployment is less acute, as you are well aware, the employment requirement is 14 weeks. The rationale behind this is that if there are more jobs available there is more opportunity and less reason for someone to be unemployed.

The higher entrance requirements apply to repeaters, so no one need be concerned that we are encouraging professional unemployment.

I thought the measure was good, honourable senators, when first conceived by the members of my party. I congratulated the government when finally it implemented our suggestion. I support the government now in its quest to see the measure prolonged.

It is sad that we have to have measures of this type, but the fact of the matter is that the scourge of unemployment does not descend evenly across the country, nor does anyone want to see that occur. I must point out that we in Cape Breton and the eastern part of Canada are fully aware that the outside world is suffering from this problem more than it used to. By the "outside world" I mean the province of Ontario, the province of Alberta and the rest of western Canada. They are suffering more now than they have in the past, and that is unfortunate, because many, many times, to our regret, thousands and thousands of people left the Atlantic region to go to Ontario and, in later years, to Alberta, and did well. In fact, the "Old Chief"—and that is a respectful reference to the late Right Honourable John Diefenbaker—when reminiscing and talking about—where is Senator Steuart; he should be listening to this, but he will read it tomorrow, in any event—the church leaders and the leaders of the judiciary in the west, would say that they came from La Nouvelle-Écosse, New Brunswick, Newfoundland, Prince Edward Island; that they, as younger men, had to remove themselves to where they could find employment; and that they had progressed very well in the west.

Despite what I have said, you are not going to find any of us revelling in the thought that "Upper Canadians," to use that old cliché, are getting a taste of what contemporary misery can be like. No one is going to be joyful or happy about that. No, we sympathize with all those able-bodied and able-minded people across Canada who cannot find a useful outlet for their skills and their talents. We sincerely hope that they are fighting mad about this deplorable situation, and that they

have not bought all this baloney fed to them by the central government to the effect that the problem is one over which this country has no control that is espoused daily by the Minister of State for Regional and Economic Expansion—or Industrial Expansion; whatever he is going to be minister of when the legislation is finally put through. That will not, I am sure, change his answers, because Senator Olson is a past master at answering questions and saying nothing. The only one who could do better than him, in the 25 years I have been on the Hill, was the Honourable Paul Martin, and he really was a past master.

● (1500)

Hon. Duff Roblin (Deputy Leader of the Opposition): Is that fair to Senator Perrault?

Senator Muir: Maybe he was tutored by the Honourable Paul Martin.

Whatever government is in power in Canada today would have great difficulty, but I do think the present administration could do a lot more to assist the unemployed, other than this little housekeeping chore we are doing today. There are so many things that have to be done in this country, and there are so many things they could do other than just blaming it on "Reaganomics," other parts of the world and, as I said the other day, the weather—"God was not good to us, because he did not let it rain!" It is bad for the farmers and we blame God, and we put the blame on this one and that one. We do not, but the government does, and why I do not know, because I always found in election campaigns, when I used to run and be elected to the other place, that the Liberal Party always had the answers, but when they gained power they did not put them into effect.

The Deputy Leader of the Government knows I am speaking the truth when I say that it is a difficult time for any government. I think the present administration could do a lot more than they are doing to create more employment, rather than just extend the provisions of the act. And don't get me wrong; thank God for it; it is going to help some people buy groceries and pay the rent. But there is one thing we could do away with, and that is government waste, as has been mentioned by other honourable senators.

The other point I want to make is, why in the world was Bill C-114 dealt with in the other place last Friday, and then brought in here in a great big rush? As Senator Asselin asked yesterday, "Why do we get the bill so late?" I do not think anyone answered him, but that seems to be the way it happens; it is nothing new. The Honourable Lloyd Axworthy knew that it had to be extended. I believe the deadline is June 4. Today is June 2. Therefore, it should have been brought in long before now and put in place.

Frankly, I think government waste is at the root of many of our economic problems. Government waste has been fought in a way that exacerbates our unemployment problem, which has been serious for a long time. I repeat that government waste cannot be blamed on international conditions. You cannot blame the Bundesrat, or the Congress, or even the Kremlin for

[Senator Muir.]

what is happening here. We have the greatest country in the world, with immense resources, including vast mineral wealth, and with the proper guidance and a little more effort this government could do better in trying to get people back to work.

Hon. R. James Balfour: It couldn't do much worse.

Senator Muir: As Senator Balfour says, it couldn't do much worse. I hate to turn on the television news because there is always mention of many more workers being laid off. The old gimmick of, "Well, they don't want to work," that's a lot of phooey, for the love of Mike! Every weekend I am deluged with calls from people who are going to Canada Employment Centres looking for work. Regrettably, there are no jobs for those people. I receive so many letters from unemployed people asking if I can get them a job. I don't call judges to try to get jobs for them, or anything of that nature, but I will call anywhere—any office, any government office or any employment office—to try to find work for these people.

I was listening to a talk show on the radio this morning, and so many people were calling in and saying, "Well, people don't want to work. If they wanted to work, they could find jobs." That may be so, to a certain extent, in what I term "Disney World North"—Ottawa, where you see cranes everywhere, with so much construction going on that you have the impression that everything is booming. Perhaps some people can get work here, but I can give you list upon list of names of men and women who faithfully make their visits to Canada Employment Centres looking for work, without success. These are not the type of people who say, "Oh, I push a pencil this way, and I don't want that job because I have to push it the other way." We do have people of that type; but we also have a lot of good, sincere people—the vast majority—in Canada who are willing to work, and work at anything, if they get the opportunity. We do have a small minority who, unfortunately, consider themselves in a certain category and will not take any other type of position.

I grew up in an area where, when you had a job opportunity, you took it. You couldn't care less what that job was. As I look around this chamber, I see quite a number of honourable senators from those areas, and they did the same thing; they were not fussy. The important thing was to have a job. I have seen people who had to go out to work in order to bring up their families, and they took any kind of job. We are very proud of those kinds of people.

I will not detain you any longer. I only want to say that this bill seeks to extend a useful provision. It is not the ultimate solution to the problem, but it does deserve support—as does the idea that this country could use a new, better, more capable, more ambitious, more sincere, more earnest and more trustworthy government.

• (1510)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Acting Speaker: I have to inform the Senate that if the Honourable Senator Frith speaks now, his speech

will have the effect of closing the debate on the motion for the second reading of Bill C-114.

Senator Frith: Honourable senators, there were three interventions on this bill apart from my own—one by Senator Godfrey by way of a question; one by Senator Roblin by way of a question; and one by Senator Muir that we have just heard, which was somewhat longer.

With respect to Senator Godfrey's question, I want to make it perfectly clear on the record what his concern was. His concern arose out of section 28A of the Statutory Instruments Act. I believe we can deal with the matter expeditiously because Senator Godfrey looked into it further himself and has clarified the issue, and I thank him for that.

His concern was that in section 28A(1) there is a definition of the expression "subject to affirmative resolution of Parliament." It then says that that has to be interpreted and implemented "in accordance with the rules of those Houses". As Senator Godfrey pointed out, his concern was that, as far as he knew, neither house, and certainly not our house, had any rule on that subject.

When I referred to the negative resolution yesterday, Senator Flynn, quite rightly, pointed out that Senator Godfrey was referring to the affirmative resolution. I acknowledge that there is an important difference.

The concern shown with respect to some of the energy bills and some other bills on the question of negative resolutions simply does not apply in the case of an affirmative resolution because, in that case, normally there is a procedure by which the government may introduce the resolution. The problem arises with the introduction of a negative resolution.

The second intervention by way of question and commentary was by Senator Roblin. I undertook to try to bring some information on a series of questions he had asked earlier. He asked the following questions: What is the status of the Unemployment Insurance Account given the current high levels of unemployment? That is quite close to Senator Donahoe's question. What sums are in the government's estimates for these new programs—that is, work sharing? This was also referred to by Senator Donahoe. He then asked about job creation, and: What is the statutory authority for these programs?

Honourable senators, my information on the question of the status is that it is too early to speculate on the year-end status of the UI account and on premium rate levels for 1983. While the current unemployment level is higher than that forecast in October 1981—the time at which the 1982 premium rate was set—it is likely that the account could find itself in a deficit position at the end of the 1982 calendar year. The premium rate for 1983 will be set in the fall of this year, and will take into account the actual level of unemployment experienced during 1982 and, among other factors, the expected rate for 1983. It should be noted that the account was in a cumulative surplus position of about \$320 million at the end of 1981.

Dealing with the sums in the government's estimates, honourable senators, I am informed that no additional sums are in

the main estimates for work sharing of UI job creation programs since the proposals for these programs were presented after the estimates were closed; in any case, none would be required for work-sharing benefits which are financed entirely by ER/EE premiums. By way of example, a \$90 million work-sharing program would have an impact of about \$45 million on the UI account which would be equivalent, in terms of the employee premium rate, to about 1¼ cents per \$100 of insured earnings. It should be noted that the premium rate for employees was lowered in 1982 by 15 cents per \$100 of insured earnings.

On the third question regarding statutory authority, sections 37 and 38 of the Unemployment Insurance Act provide the statutory authority to operate programs of work sharing and programs of UI job creation, respectively.

Honourable senators, just to tighten the focus, as Senator Roblin did, on a certain aspect of those questions, I asked for some further information. On the subject of work sharing, while the limit on work sharing for 1982—and these are the figures I asked about specifically—is now \$190 million and that for job creation \$85 million, the substance of the answer I have just given still applies. Honourable senators may wish an opportunity to study this answer when it is printed in the *Debates of the Senate*. The government has already announced that the work-sharing program will be extended to May 1983, and the expenditure ceiling for 1983 has been set at \$150 million.

I felt that Senator Roblin was particularly concerned about the question of whether the government has appropriated new funds from the Consolidated Revenue Fund to pay for work sharing and job creation because his question was: Where does the government plan to get that money?

My information is that there has not been an appropriation of new funds from the Consolidated Revenue Fund. Under the provisions of sections 37 and 38 of the Unemployment Insurance Act, legislative authority exists for the commission to have work-sharing and job-creation programs or projects through which unemployment insurance benefits are paid to participating individuals. Costs associated with these projects are paid for through the normal financing mechanisms of the programs—that is, the premium contributions by employers and employees and a government share according to a presently established formula set out in the legislation.

Honourable senators, that may or may not be all the information that Senator Roblin and Senator Donahoe want, but perhaps it may give them an opportunity to again sharpen the focus on their questions because I understand that is more information than they had as of last night.

Honourable senators, in response to the third intervention by Senator Muir, who described this bill as a housekeeping bill—and in a sense he is quite right, although I did not use that expression—it is, of course, housekeeping in the sense that it is a technical necessity to continue the present program. As he pointed out, the whole problem of unemployment is a much larger problem than mere housekeeping.

[Senator Frith.]

I would compliment Senator Muir and support his accurate analysis of the VER. He applied it to his particular region.

Honourable senators will remember that yesterday I said that the purpose of VER was to tailor or adjust regional unemployment rates to the entry requirements. Senator Muir then pointed out that the formula is especially necessary everywhere east of the Ottawa River and, from his own experience, that it is particularly valuable in his area.

On the question of the political problem—and that is “political” with a small “p”—facing our country arising out of economic conditions and the rate of unemployment in the country, which is unacceptably high to everyone, I do not wish to brush aside his intervention in any way, but I do mention that we will shortly be receiving Bill C-115 which deals with the training program. The debate on that bill, as well as the debate on Senator Phillips’ motion, may be opportune occasions for proper discussion of unemployment problems.

Senator Muir mentioned that we should do more than simply introduce a housekeeping bill, and I totally agree with him. It is my opinion that the government has done a great deal more than simply introduce this bill on the subject of unemployment. I do not think that the government, the opposition, or any Canadian will be satisfied until the results are more impressive than they have been, but I believe it is fair to say, and I think honourable senators will agree, that the government has come forward with some programs related to unemployment, some of them quite recently. I think we will have a further opportunity to debate the issue more fully when these other bills come forward, and in the debate on Senator Phillip’s motion. Perhaps we can apply Senator Muir’s observations, as they say, *mutatis mutandis* to the debate at that time. I am not suggesting, however, that he should feel foreclosed from intervening at a later date.

• (1520)

With reference to my honourable friend’s job performance rating of Senators Olson, Austin and Perrault, I know that he will understand that I, of course, would rate their performances in a manner different from his. I do not intend to do any similar job performance rating on his colleagues.

Regarding the issue of government waste, certainly there is no question of the economic importance of deficits and that government waste contributes to deficits. I know that Senator Muir is a merciless critic of government waste. I can only tell him quite sincerely that he has allies on this side of the chamber, and throughout the government, who have the same objective, namely, to cut government waste.

Hon. Jacques Flynn (Leader of the Opposition): Has Senator Perrault given you permission to make that kind of admission?

Senator Frith: My answer is: No, he neither gave nor denied such permission.

Senator Roblin: Am I allowed to congratulate you on that one?

Senator Frith: Thank you. As to why we got the bill so late, honourable senators, I can only say that this is a recurring phenomenon here. I know that Senator Muir, as a former member of the House of Commons, realizes that the legislative program in the other place is such that it is not always easy to pass a piece of legislation at the time it was expected to be passed. In this particular case, it was not at all a matter of obstruction by the opposition, because there was none. It was simply a matter of a legislative log jam in the House of Commons.

Perhaps this is an unnecessary and gratuitous comment, but, in my view as an observer, one of the contributing factors to such log jams in the other place is their rules of procedure, which are much more complicated than ours. I think we can occasionally take a moment to congratulate ourselves on our relatively simple, straightforward rules of procedure which, because they are so simple, are seldom, if ever, abused.

That is all I can say, honourable senators, about the time factor. I can only answer for the government in the Senate. I believe that both Senator Muir and Senator Asselin would agree that, as far as the Senate is concerned, we got the bill before the Senate very soon after it was passed in the other place.

Honourable senators, that is all I have to say on second reading. I commend this bill to your favourable consideration.

Senator Muir: Honourable senators, I wonder if I might be permitted to ask one question?

Senator Frith: Yes, certainly.

Senator Muir: I agree that there are times in the other place when it is difficult to pass legislation. Is the Deputy Leader of the Government aware that there are certain people in the other place who will do their damndest, if I may use that word, to stall legislation, regardless of the political stripe of those in power? Then, having done their utmost to delay a bill, they will rush it to the Senate, only to turn around and condemn honourable senators because they have not put sufficient time into the study of it. These are the same people who stress the urgency of getting the bill through and assented to. These are the same characters who sit around, in their hypocritical way, and say, "We have to do away with that place over there. We should get rid of that bunch of dummies," notwithstanding the fact that there are, in this chamber, former premiers, cabinet ministers, and representatives from all walks of life.

Although I feel that the deputy leader is aware of this, I thought I would draw his attention to the fact that there are types in the other place who are quick to stall and delay legislation, only to criticize the Senate for spending any time on it.

Senator Frith: Honourable senators, I cannot, from my own direct, personal experience, attest to what Senator Muir has said. I have, however, experienced the results of what he has diagnosed as the cause of such delays. I have heard it said, by people whose judgment I respect, that what he says is so.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Senator Frith: Honourable senators, with leave, today, although it is not necessary that it be read the third time today. If honourable senators grant third reading, we would plan to have royal assent for this and a few other bills that have been accumulated tomorrow. In any event, we would not be having royal assent until tomorrow, and could have third reading of this bill tomorrow as well.

Senator Flynn: If my honourable friends had arranged for royal assent today, we would have been only too pleased to accommodate them. Wednesday is a very nice day to have royal assent, especially when His Honour invites us to meet with the Deputy of His Excellency. Since it is already arranged for the Deputy Governor General to come tomorrow, I think we might as well leave the third reading of this bill for one more day.

Senator Frith: In quick reply to what Senator Flynn has said, I agree that he is quite right. I ought to have asked him about it and we could have had royal assent today.

On motion of Senator Frith, bill placed on the Orders of the Day for third reading at the next sitting.

CANADA BUSINESS CORPORATIONS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator McIlraith for the second reading of Bill C-105, to amend the Canada Business Corporations Act.

Hon. Nathan Nurgitz: Honourable senators, in replying briefly to the comments made by Senator McIlraith in introducing Bill C-105, I wish to raise but a few questions that honourable senators might give some thought to in the Banking, Trade and Commerce Committee, which is conducting a pre-study of this and various other energy-related bills, and to which, it is my understanding, this bill will eventually be referred.

As Senator McIlraith has explained, the bill appears to have set in it certain safeguards. This would not be the first time that members of my own profession—that is, the legal profession—accountants or other like-minded businessmen found some route around or some loophole. I have a concern that, while the bill appears to aim basically at energy and energy-related industries, it is still an amendment to the Canada Business Corporations Act, and can be used in relation to any corporation that meets various requirements.

On a personal note, while I am not against Canadianizing anything—I like to think that I am as patriotic as is any citizen of our country—I worry about the price that this country is paying in its great quest for Canadian ownership. I am not sure whether the billions of dollars that are spent to acquire Canadian ownership are producing one extra drop of oil or, for that matter, are employing one extra Canadian. Last year alone, we spent almost twice the amount of money making acquisitions with an end to Canadianizing the industry

than we spent on exploration and development in the energy field. My understanding is, according to the last figures I saw, that we had spent somewhere in the neighbourhood of \$7 billion for acquisitions, and some \$4 billion—not quite two to one—for exploration and development.

• (1530)

I think the committee ought to review this rather great exception that is being made to what lawyers might call the general corporate law of the land. My understanding is that there are certain regulatory bodies, such as the Ontario Securities Commission, that have expressed some concern about the buy-back provisions that are set out in this act and amendments thereto, and I trust that the committee will be looking at the concerns expressed by them. I am not standing here in order to present their case; it is just that they are a body that is concerned ultimately with shareholders, or consumers, or, if you like, the guys at the end of the rope. I guess their concern is that some people ought not to be victimized by this or any other piece of legislation, and that concern ought to be looked at.

There is another concern. If, for instance, there is built-in protection for ownership, what happens if one of these companies becomes amalgamated—what used to be called merged—and new shares are issued? These would be of the restrained type which allow for buy-back. I am not satisfied that the bill adequately deals with that problem, and what I fear could be an abuse of that.

More than anything else I trust the committee will concern itself with the kind of uncertainty that these provisions seem to carry with them, and the investment of foreign owners of shares is terribly uncertain, since they can be confiscated. In what is already an uncertain economy, this is an added uncertainty.

I trust the committee will also concern itself with other issues. Senator McIlraith's comments last night were excellent—they were brief, to the point, and I understood them—but they dealt specifically with the energy industry. Senator Lang raised the question at the conclusion of Senator McIlraith's comments with regard to whether or not we really need this bill, and the reaction was that it is needed for the Canadianization of the energy industry. It is not limited to the energy industry. There is a vast number of other kinds of industry, such as the insurance industry, which might have a tremendous amount of foreign ownership, which, if removed, may throw us into some terrible difficulties. Many industries are federally incorporated, and could be, or are, subject to the changes we are talking about.

Another question comes to mind. Part of section 43.1(1) of the act—I am now quoting just a couple of lines—reads as follows:

—in order to assist the corporation or any of its affiliates or associates to qualify under any prescribed law of Canada or a province to receive licences, permits—

The question that this raises, putting it bluntly, is this. Last night we heard Senator Doody talk about a very extreme case

[Senator Nurgitz.]

of trampling on provincial rights. I am not satisfied that we are not in some small way—and it is awfully small compared to the Hibernia problem—interfering through this bill with provincial rights. Does this mean that this law will apply to provincially incorporated companies? I am not satisfied, upon reading the amendment, that I have the answer to that.

There is also the concern, which I am sure will become obvious to most members of the committee, about the traditional role of the director. What is a director? He is a person elected by the shareholders to give direction to the management of the company, to set policy, and to protect the shareholders' interests. This is the person who is intended to protect the shareholders' interests, but who can, in effect, for some purpose, albeit a purpose set out in the act, move to buy back the shares of that investor. What I say it does is attack, somewhat, the trustee relationship that a director is in.

I think, from a general law point of view, that this ought to raise some concerns. I do not want to sound alarmist and suggest that this would happen everywhere, but I know the reaction that Canadians have when some other country nationalizes an industry that has great Canadian ownership. We all get terribly upset. We call some of these countries banana republics. They just nationalize an industry and pay what they think they ought to pay. I am not for a moment suggesting that we are approaching that kind of situation, but certainly there is a similarity.

Day in and day out, when questions are asked from this side of the house, Senator Olson describes the world situation. Just the other day I heard him say that Canada is part of the world. Why are we dealing ourselves out, then? Why are we saying that we don't want, to use that awful word, foreigners? I am not sure that from time to time this country does not need foreign investments. It would be wonderful, of course, if another million Canadians were working, and if we could own the oil industry, and everything else. I would say, "Count me in." But that is not the reality of today. I say that we ought to be looking at these sorts of things.

I do not think every country is going to rush out and bring in reciprocal legislation that will ban Canadians. Some may. Our friends south of the border are rattling sabres and saying they may do some nasty things.

Honourable senators, as I have said, if we had less of an unemployment problem, if we had a healthy economy and a healthy resource industry, I think my concerns would be less. In any event, I trust that these and other matters will be considered by the committee.

Hon. George J. McIlraith: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if Senator McIlraith speaks now, his speech will have the effect of closing the debate.

Senator McIlraith: Honourable senators, Senator Nurgitz has raised several points, some of which it would be possible to answer now, except that, as I indicated at the very opening of my remarks in presenting the bill for the consideration of the Senate, while the points at issue are fairly simple and direct, in

terms of the kind of powers being sought, the actual clauses of the bill are quite complex and long, so that they will probably be much better dealt with in committee. For example, in speaking about buying back shares, that power is severely limited, and is to be used only in the case where there has been a departure from the restraints placed on the sale of the shares. Those are very technical questions.

I would think, rather than trying to debate or argue what the bill does or does not do in those technical ways at this point, I would do better simply to conclude my remarks and, if and when the bill gets second reading, move that it be referred to committee for study.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator McIlraith moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

• (1540)

ENERGY MONITORING BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Bosa for second reading of Bill C-106, respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act.

Hon. Richard A. Donahoe: Honourable senators, you will be immediately relieved to know that I intend to be exceedingly brief. Last night I listened to the exposition on this bill given by Senator Bosa. His speech was comprehensive, well timed, and showed an insight into the bill's provisions. However, it did not necessarily convince me that everything was perfect in the best of all worlds because we are asked to pass this bill. There were certain clauses, particularly those numbered in the thirties, which gave rise to much thought.

I have since read the bill and have reached the conclusion that it is one which is certainly susceptible to improvement. It occurred to me, therefore, that I should adopt the position taken by Senator McIlraith when moving a recent motion. He felt that what was to be said on the bill could be said more profitably after the bill had been vetted and refined in the crucible of the appropriate committee. I adopt a similar attitude. So long as I am assured by those responsible on the other side of the house that the bill will be so referred, and that on its return to this chamber we will be given an opportunity to debate it further on third reading, then I am prepared to agree to its being passed on second reading.

It is my hope and confident expectation that there will be improvements made to the bill, and that when it does return, while it may not be a bill to excite or enthuse one, it may still be a bill of which a realist such as myself can say, "We can accept it, we will allow it to pass, because we know that those

on the other side are going to pass it anyway, but we will have the conviction and the satisfaction of knowing that we have done our best to improve it insofar as it is capable of improvement."

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I can give the honourable senator the assurance he has asked for with the reference to this bill being referred to the appropriate committee. That, pursuant to our rules, is the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Frith moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

PETRO-CANADA ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Molgat for second reading of Bill C-101, to amend the Petro-Canada Act.

Hon. R. James Balfour: Honourable senators, in rising to offer a few remarks with respect to the amendments to the Petro-Canada Act, as embodied in Bill C-101, I wish first to take the opportunity to set the record straight with respect to the attitude and policy of the Progressive Conservative Party concerning Petro-Canada.

I am motivated to do this as a result of a comment made last evening during Question Period by the Minister of State for Economic Development, in which he stated as a fact that the policy of the Progressive Conservative Party was, to use his words, "to phase out" Petro-Canada. That statement is totally incorrect.

In the middle of October 1979 Prime Minister Clark tabled in the other place the report of the task force he had appointed concerning the reorganization and privatization of Petro-Canada. Under this proposal, a privatized Petro-Canada would have had almost all of the assets and responsibilities the government-owned Petro-Canada now has; but it would have been restructured financially, its management would have been reorganized, and it would have been strengthened to a degree that would have enabled it to play a far more important role than it now does in Canada's energy industry.

The task force report proposed methods for identifying the components of Petro-Canada that are essentially commercial in nature and the components that relate clearly to the direct responsibilities of government.

The commercial components would, over time, have been transferred to Canadian shareholders, and that would have accounted for about 97 per cent of the assets of the government-owned Petro-Canada.

Clearly, the idea of privatizing Petro-Canada did not involve dismantling it, scrapping it, phasing it out, or weakening it. Nor was it a give-away. What was proposed was to transfer shares representing ownership of essentially the same assets to essentially the same people who, as citizens, already own the company anyway, but regrettably in a form and structure which guarantees over time the creation of another huge bureaucracy to manage and control it.

The responsibilities of such a private sector company, as we proposed, would have included the costly, but, in the long run, profitable task of frontier exploration and development. The Clark government saw frontier activity, along with oil sands development and other high-risk but essential investments, as primarily the job of the private sector companies already operating in Canada, and especially of the new privatized Petro-Canada.

This may be news to Senator Olson and his colleagues in the Trudeau government, because when they read the task force report, if indeed they read it at all, they apparently did not understand, or chose not to understand, what it said.

Whether deliberately or carelessly, they have fostered the false impression that the Clark government proposed to turn the profitable parts of Petro-Canada over to the private sector and leave the money-losing parts in the public sector.

The small part of Petro-Canada that it was proposed would remain in the public sector would have handled state-to-state oil import negotiations, if and when necessary, it would have had research responsibilities, and, perhaps most important of all, would have promoted increased exploration and especially increased Canadian private sector participation in frontier and offshore exploration areas.

The Clark government, upon taking office, felt it was duty-bound to make changes in Petro-Canada in order to improve its efficiency and make it clearly accountable for its actions. The existing mix of commercial and public policy responsibilities makes it impossible for any government, for Parliament, and for taxpayers, to determine whether money and effort are being effectively and efficiently deployed.

I suppose, honourable senators, that what is fundamentally at issue here is a divergence in view between those people who want big government to get bigger still and those of us who see the greatest opportunity for freedom, diversity and economic opportunity in encouraging private sector initiative and growth.

● (1550)

There is a growing, strong belief that government should stay out of, or remove itself from, those activities that private individuals and enterprises can do better. And that really is what the Petro-Canada debate boils down to. A soundly financed, better organized and privatized Petro-Canada would be a more effective, more active, more productive company and a stronger Canadian voice in our energy industry than the state-owned corporate entity that we are discussing today.

The bill we are now considering, honourable senators, provides for a massive increase in the authorized capital of

[Senator Balfour.]

Petro-Canada to the tune of about \$5 billion. When these taxpayers' funds are deployed, that will mean that the taxpayers of Canada will have provided \$5 billion of treasury funds which will not then be available for other purposes, such as, for example, assisting universities, assisting hospitals, providing for research and development, providing for national defence, and providing for all those other federal government expenditures which most of us would regard as comprising the normal and legitimate sphere of activity of a national government.

In the process, the Government of Canada will, using taxpayers' dollars, enter into direct competition with private sector retail gasoline outlets owned and, in many cases, operated by Canadian small businessmen. I would be grateful indeed if one of the honourable senators opposite could explain to me how competing at the retail gasoline level will contribute in any manner to what is supposed to be our fundamental energy policy goal—self-sufficiency by 1990.

The obvious fact is, honourable senators, that the entire National Energy Program of Mr. Lalonde, of which this bill before us is a component, is in a shambles. Unfortunately for all Canadians, there is little prospect that the fundamental changes in policy, so desperately needed to restore vigour to the energy industry, will come about until this government is thrown out of office—an event which, I might add, cannot happen soon enough for the overwhelming majority of the people of Canada.

Some Hon. Senators: Hear, hear.

Senator Balfour: I look forward, honourable senators, to having an opportunity to discuss further the details of this legislation when it is before the Standing Senate Committee on Banking, Trade and Commerce.

Some Hon. Senators: Hear, hear.

On motion of Senator Balfour, for Senator Charbonneau, debate adjourned.

PRIVATE BILL

THE GRAND LODGE OF THE BENEVOLENT AND PROTECTIVE ORDER OF ELKS OF THE DOMINION OF CANADA—SECOND READING

Hon. Sidney L. Buckwold moved the second reading of Bill S-27, to amend the Act of incorporation of The Grand Lodge of the Benevolent and Protective Order of Elks of the Dominion of Canada.

He said: Honourable senators, in the midst of dealing with important energy bills and other incidental pieces of legislation—

Hon. Jacques Flynn (Leader of the Opposition): Accidental pieces of legislation.

Senator Buckwold: —nevertheless, Bill S-27, in the eyes of many people, is of considerable importance. Let me just give you a little of the background of the organization known as the Benevolent and Protective Order of Elks of the Dominion of Canada.

The incorporation of this society, referred to as the B.P.O. Elks of Canada, came about because of an interest shown by a group of worthy citizens of Vancouver, who, as a result of an investigation of the American order, established the B.P.O. Elks of Canada in Vancouver in September 1912. The organization was then incorporated by an Act of Parliament in 1913. It is the 1913 act, honourable senators, to which some minor amendments are being proposed today.

This fraternal organization moved rapidly across Canada and was soon established from the west to the east, including Newfoundland. From the outset, the Elks order dedicated its actions to, and encouraged its members to work with and in the interest of, children in each and every community in which an Elks' lodge was established. The organization was established with a family approach to membership, and an auxiliary to the Elks known as the Order of the Royal Purple was well in place by 1915, operating as a subordinate branch. That auxiliary has continuously had a major influence on the charitable works for which the Elks have habitually been known.

In special times of stress, and during wars, the membership has always shown deep concern for those in conflict and has established special projects to assist in raising funds and in providing comfort.

Prior to 1956 the organization did not have its own national charity, and in the early years supported the Canadian Save the Children Fund. However, at the 1956 national convention of the B.P.O. Elks and their auxiliary, the Order of the Royal Purple, held in Sherbrooke, Quebec, a resolution was put forward to establish a nationally registered charity, sponsored by both orders jointly and named The Elks Purple Cross Fund. That fund was established for the purpose of providing financial assistance to any child in need, for any purpose whatsoever, when such assistance was not available from any other source. The original age limit was age 16, but the age was later amended so that any child up to the 19th birthday could be assisted.

In 1965 a special committee was formed to study ways and means of extending the services of the fund beyond the general assistance approach by providing special help to some particular area of need which had not had significant support up to that time. The committee appointed for that purpose made many inquiries and surveys of need and, upon the recommendation of a well-known and highly respected otolaryngologist in the city of Regina, the decision was reached to establish a program to promote the best possible services for the Canadian hearing-impaired child.

Because the major area of concern was to bring about early identification of hearing loss, an ancillary division was added to the Elks Purple Cross Fund to be known as the Elks Purple Cross Deaf Detection and Development Program. That program was to provide funds to purchase special diagnostic equipment, to establish public-awareness programs, to assist in the development of special training projects and programs in association with universities, and to finance special symposiums and conferences to bring together top specialists in the fields of hearing and speech so that their knowledge could be

shared and published for the purpose of making better programs available.

As a result of the efforts of the B.P.O. Elks and their auxiliary, the Order of the Royal Purple, and in co-operation with other government and health agencies, many major programs exist in Canada today that were not in place just 15 years ago. That accomplishment has required a great deal of money. The fund has expended in excess of \$4 million in this health area, and all of that money has been raised by fund-raising projects and through voluntary contributions by the members.

While all this has taken place, the Elks have also built and maintained many community halls, children's playgrounds, swimming pools and ice arenas, and have continued to work for the general good and welfare of over 350 communities across Canada in which their branches are established.

Honourable senators, the purpose of the legislation now before Parliament is to remove the restriction limiting to \$100,000 the value of real property which might be acquired by the society or any of its branches. This restriction was incorporated into the act in 1913. In view of the increase in prices generally and of land in particular since that date, it is no longer realistic. Indeed, the origins of the restriction are not entirely clear, although it seems to have been the practice to place such restrictions on branch holdings of other societies incorporated by Parliament at that time.

● (1600)

The second purpose of the bill is to enable the society to change its head office. The head office was established at Vancouver in the original act, where it remained from 1913 until 1921. Thereafter, the head office was located in London, Ontario, between 1921 and 1923; in Calgary, Alberta, between 1923 and 1931; and in Winnipeg, Manitoba, between 1931 and 1975. From January 1, 1976 to date, the head office has been in Regina, Saskatchewan.

The bill also substitutes French wording for English names and expressions used in the French version of the original act.

Honourable senators, I have given the background of the Benevolent and Protective Order of Elks and the ladies' organization known as the Royal Purple. I have tried to indicate to you the importance of this fraternal group across Canada, and I am sure you will be interested in knowing that there are 360 lodges founded throughout all the provinces of Canada and that there are 61,000 members, plus an additional 17,000 members in its ladies' auxiliary. I suggest that the bill does not particularly need committee study, and I have discussed this matter with the Deputy Leader of the Opposition.

As I say, there are really two changes to the act of incorporation: one as to the value of property that could be owned; and the other as to the location of the head office. I ask for your support because this is a very worthy organization which, along with other fraternal and charitable organizations across this country, has done so much in the voluntary field for the people of Canada who need that kind of assistance.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Buckwold: Honourable senators, I was wondering whether the Leader of the Opposition in the Senate would consent to having the bill read the third time at the next sitting, rather than wait until the following week.

Hon. Jacques Flynn (Leader of the Opposition): I believe the bill has to go to committee. It would be irregular not to refer it, unless there is unanimous consent.

Senator Buckwold: That is fine with me. I have discussed the matter with Senator Roblin, who felt that, in view—

Senator Flynn: But the rule is that a private bill of this kind must go to committee. I think it would be safer to observe the rule, unless you have a very good reason for speeding things up.

REFERRED TO COMMITTEE

Senator Buckwold: Honourable senators, in that case, I move that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs for study and report.

Senator Flynn: That is a very good committee.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before we go any further, I would like to say to my honourable friend who introduced the motion that I hope I have not derailed his program on account of any discussions we had between us. Obviously, I neglected to consult the rules on this particular matter. I do hope my honourable friend is not inconvenienced.

Senator Buckwold: Thank you, Senator Roblin. I am sure the Elks will survive, having done so since 1913. What I was trying to do was not so much hustle the bill through but to make it a little easier on the committee and the chamber, in view of the large volume of work that is currently before those bodies.

Hon. H. Carl Goldenberg: May I ask the honourable senator whether I have to check first to determine whether any members of my committee are Elks?

Senator Flynn: There may be some who look like elks.
Motion agreed to.

JUSTICE

NEWFOUNDLAND—JURISDICTION OVER OFFSHORE RESOURCES—REFERENCE TO SUPREME COURT OF CANADA— MOTION NEGATIVED

The Senate resumed from yesterday, the debate on the motion of Senator Lang:

That the Senate deplores the decision of the Government of Canada to refer to the Supreme Court of Canada the question of jurisdiction over the seabed resources off

Newfoundland, called Hibernia, while at the same time the Appeal Court of Newfoundland is seized with the matter that includes this very question.

Hon. P. Derek Lewis: Honourable senators, as a member of this house from the province of Newfoundland, I feel it incumbent upon me to take issue with the mover of this motion and explain why I cannot support it. I shall be quite brief and in no way as eloquent as some previous speakers. I do not intend, nor do I need, to go into detail on the facts of this matter, as the Honourable Senator Perrault, in his excellent presentation on Thursday last, set them out clearly and accurately. I associate myself with the remarks made by Senator Perrault and agree with his conclusions. However, I would like to make brief mention of a few points.

It is clear that the questions of jurisdiction and ownership of the offshore region have been the subject of discussion between the federal government and the Province of Newfoundland for many years. In fact, I believe discussion on this matter took place between the federal and provincial governments as far back as 1965.

The position of the federal government has been consistent, since it is to the effect that, in its opinion, jurisdiction and ownership of the offshore are vested in the federal government, but the question of legal rights must eventually be determined by the Supreme Court of Canada. I believe all parties agree that this question can only be decided in that way.

There has been considerable negotiation between the governments involved over the years on both the legal and practical problems involved in the issue, with the result that in 1976 agreement was reached between the two governments for the placing of a joint submission before the Supreme Court to settle the question of jurisdiction and proprietary rights as regards the offshore. Unfortunately, for some reason the province changed its mind in this regard and such joint reference did not proceed, despite suggestions from the federal government that it should. If such reference had proceeded, the issue would in all probability have been resolved by now.

Apart from the legal issue, it appears that all parties hoped that pending such resolution some agreement for joint management could be arrived at between the two governments so that development in the area could proceed in an orderly fashion. This development has been and continues to be hindered by the lack of such an agreement. The situation is desperate and there is an urgent need to encourage further development to assist both the national and provincial economies.

It is to be noted that, with this in view, in July 1981 the federal government proposed to renew the discussion in an attempt to reach agreement on this issue of resource management and revenue sharing. It was made clear, however, because of the various effects the delays were causing, that the federal government wished to have these matters resolved by February 1982, after which the legal process would have to proceed. Renewed negotiations did follow, but the so-called negotiations proved fruitless and stalled at the end of January

by reason of what the federal government claimed were pre-conditions set by the province.

Following this breakdown, in early February the province rushed to place the question of offshore resource ownership and jurisdiction before the Newfoundland Appeal Court. This issue covered the broad area of all the offshore waters surrounding Newfoundland. This will, of course, involve possible conflict with four other provinces, and also France in respect to the delicate situation regarding the islands of St. Pierre and Miquelon.

● (1610)

The Government of Newfoundland claims that it took this step because of the attitude of the federal government in respect of the Seafarers' International Union appeal to the Federal Court of Appeal. However, it must be remembered that it was not the federal government which in that case raised the jurisdiction issue; it was the parties to the action themselves who raised the issue. The two governments were only intervenors.

The SIU case clearly illustrates the serious situation which can arise in regulating rights or relationships between third parties where this vital issue of jurisdiction has not been finally settled in our highest court.

To return to my point. In view of the deadline set by the federal government, and when one considers that certain preparations must have been made beforehand for the reference to the appeal court in advance of the ruling from the Federal Court of Appeal in the SIU case, it certainly appears that the object of the provincial government was to get, if I may use the expression, "the jump on the feds"—to get into court first and then cry foul against the other party when it proceeded as it had said it would proceed all along.

What followed was in keeping with the federal government's continued, stated policy. In order to get as quickly as possible the resolution of the question of ownership and jurisdiction, the federal government applied to the Supreme Court for a ruling. This reference is on the restricted question of ownership and jurisdiction as it applies to the restricted area known generally as Hibernia. This is the area in which development is most advanced and where resolution of these problems is most urgent.

I do not believe anyone questions the right of either government to proceed with either of these references. Previous speakers in this debate appear to have conceded this point. It is clear that the federal government can refer the matter directly to the Supreme Court of Canada, whilst the provincial government must refer the matter to the provincial supreme court. As I understand it, the criticism now being levelled at the federal government is on the grounds that it is an attempt by that government to usurp or bypass the pending proceedings in the Appeal Court of Newfoundland; and further, that such action is without precedent.

On this last point, in his presentation the Honourable Senator Perrault has shown that this is not so, since there appear to be ample instances of references by the federal government to

the Supreme Court of Canada as a result of actions commenced in lower courts.

Generally, honourable senators—and I speak particularly to those who are lawyers—surely it is up to either party to a dispute, in an ordinary matter, to choose its own forum for adjudication. Provided there is jurisdiction, each party may choose a different court, and at the same time. Even more so when parties are restricted to a particular court and the issues, as in this case, are somewhat different. Surely, in such a situation it is up to the courts themselves to decide in which court the matter will be heard. As a lawyer myself, I have enough confidence in our courts to believe that this point will be resolved in due course. I am sure that the courts can look after themselves in this respect. I will make no further comment on that aspect at this time, as it is, I believe, already under consideration by a court.

I should like now to refer to the remarks made by the Honourable Senator Asselin in this debate, when he mentioned the apparent danger of contradictory judgments from different courts.

I am glad he mentioned it, because this is a situation which arises quite often in court proceedings. As the honourable senator has said, quite often one court will adjourn its proceedings pending the decision of another court on some point common to both cases. I should like to point out, however, that this is usually where a lower and a higher court are involved. The lower court would prefer to wait to see how and if it will be bound by the decision of the higher court. The matter of contradictory judgments is not the deciding principle. From my experience, conflicting judgments have caused no embarrassment to courts or judges. Quite often there will be conflicting judgments on similar points in courts in different parts of the country, and this appears to create no great problems.

Having said that, however, I must observe that the matter of the legality of the process has, in my understanding of this motion, not been questioned. In fact, the Honourable Senator Lang pointed out the exact legal authority for such actions by both governments. I think he referred to the specific statute under which each government has proceeded. From what he has said in moving this motion, I gather he does not take issue with the right of the federal government to take the steps it took, but rather deplores that it was done.

It is then purely a legal matter and each party has exercised the rights which are vested in it. How can anyone criticize that, unless they wish to use it for political purposes? It should be remembered also that it was the provincial government itself which initiated court proceedings on a question which the federal government, all along, has considered must be resolved in court. The outcome of these references is for the courts to decide. To talk about "the great Hibernia grab" is, of course, in itself an insult to the courts, as it is possibly a presumption or comment on the possible outcome of those references.

The suggestion has also been made by previous speakers that, in this process, the federal government is trying to politicize the courts. I suggest that the reverse is the case. The

question of ownership and jurisdiction is purely a legal matter for the courts; management and revenue-sharing is surely a political matter to be decided between governments. I consider this motion itself an attempt to politicize the legal process.

Whilst the ownership and jurisdiction questions must, for many reasons, be settled, the real, overriding consideration is the matter of development, management and revenue-sharing. Whatever the outcome of these court references, these matters remain, and it is the people of the province who suffer by the lack of decision and action on them.

It is essential that, pending the outcome of the court references, agreement be reached in these matters. It is encouraging to see that, even since the launching of the court references, both governments have intimated that they want to get back to the bargaining table. Let's hope they do.

Before I close I should like to point out that there is still in Newfoundland a small residue of what I recently saw described as "the still a-cursing anti-confederates of St. John's." Unfortunately, some of these have a disproportionate influence on the government of the province. They would do anything to bring into disrepute the Government of Canada, and I feel that some of the invective we have heard emanating from some of the spokesmen in the province can be laid at their door.

While I have too high a regard for the Honourable Senator Lang to even consider that his motion was made with the intention of furthering this attitude, it certainly does nothing to help the situation. Accordingly, as far as his motion is concerned, it seems to me that it serves no useful purpose and only tends to aggravate this unfortunate situation. For those reasons, and those expressed by Senator Perrault, I must oppose it.

● (1620)

[Translation]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I do not intend to speak at any great length on the substance of the motion presented by Senator Lang. However, it would perhaps be useful to refresh our memories. The motion deplores the government's decision to refer to the Supreme Court of Canada a question that is currently before the Appeal Court of Newfoundland. This is the background for the motion's criticism of the government. It is a matter of procedure. I agree with Senator Lewis that under section 55 the federal government had the right to refer this question. The problem is a political one.

We must ask ourselves whether the government acted wisely in making this decision, considering the political and legal context of the reference made by the Government of Newfoundland to the Appeal Court of that province. The federal government, under section 55 of the Supreme Court Act, has the right to refer any legal question to the Court.

Generally speaking, under their own legislation, when the provinces want a legal opinion—and making a reference is just that, it is not the same thing as appealing a judgment from one of the lower courts—they usually refer such questions to their

[Senator Lewis.]

own courts of appeal. In certain cases, provincial legislation does not provide for appeal to the Supreme Court. In many cases however, the relevant legislation has been amended recently. That was the case, for instance, in the province of Quebec when the provincial government made a reference on the constitutional proposal. At the time, the question was referred to the Quebec Court of Appeal. At the same time, the legislation was amended to allow for an appeal from the decision or opinion of the Court of Appeal of the province of Quebec to the Supreme Court of Canada.

As far as the motion is concerned, the government is being criticized for its strategy. Senator Perrault said that this has been going on for fourteen years. If it has, I do not see what difference it would make to wait one year longer to have a ruling by the Appeal Court of the province of Newfoundland. Another thing: the question referred by the federal government to the Supreme Court of Canada is only a small part of the question referred by the Government of Newfoundland to its Appeal Court. That is where the confusion starts. The federal government has asked the Supreme Court to define the respective jurisdictions of Newfoundland and Canada over the Hibernia territory, while the question referred by the Government of Newfoundland to its Court of Appeal includes the whole problem of seabed resources and ownership of the coastal areas down to the continental shelf, and may also concern the territorial rights of Newfoundland, its neighbouring provinces and St. Pierre and Miquelon.

The Newfoundland question is much broader in scope. I may point out that a Supreme Court decision on the Hibernia question alone would not necessarily settle the other problems contained in the reference to the Appeal Court of Newfoundland. That is where the problem lies. There is no doubt the federal government's decision was purely motivated by political strategy, and that is why it is being criticized, because it was done for political reasons, and although people say that Mr. Peckford was also politically motivated in making his reference to the Appeal Court of Newfoundland, the fact remains that since the federal government had refused to budge, it was understandable that he should take the action he did. He was not taking action against the federal government, but he was the first one to act. In the circumstances, the federal government is to be criticized for the retaliatory action it took subsequently.

I asked the Deputy Leader of the Government and the Leader of the Government, who refused to give me an answer, what would happen if there were a contradiction between the two judgments. If the references were identical, I think the Newfoundland Appeal Court would prefer to wait and see, and no decision would be made. I shall presently give an example of an internal question similar to this situation, as a result of which the Quebec Court of Appeal decided not to hand down a judgment.

In the present circumstances, both references will remain before the respective courts. I cannot see the Newfoundland Appeal Court refraining from handing down a judgment because the Supreme Court is going to do so. They might

prefer to wait before handing down a ruling on the remainder of the question. Assuming that that is what would happen, and the Newfoundland Court of Appeal hands down its judgment subsequently on the remainder of the reference and the judgment is not satisfactory to the federal government, it would then have to appeal to the Supreme Court on the remainder of the question on which the Newfoundland Court of Appeal has already made a judgment, but not the Supreme Court of Canada.

This would be absolute chaos. Once again, it is clear that the Minister of Justice's decision was simply a matter of political strategy and that is what is being criticized.

Hon. Royce Frith (Deputy Leader of the Opposition): The same applies to Mr. Peckford's decision.

Senator Flynn: Perhaps, but he took the initiative, quite legitimately, and he did not act for the purpose of creating legal chaos. He was entitled to do what he did. Senator Perrault and others with him are complaining that this has been going on for fourteen years and it is time these differences were settled. But if exactly the same question were before both courts, the government could say that it was only trying to speed up the process. The way things are going now, however, they are only adding to the confusion by saying that they only wanted a decision on Hibernia and the rest will keep until later. So the rest of the question is going to remain in limbo during all this time. The federal government is perpetuating this debate and continuing the struggle between the two levels of government.

This is typical of the present government with its predilection for confrontation with the provinces, and, in fact, confrontation in all areas. Mr. Trudeau has decided that he is running the store, and no one else. Observers are agreed that for years it has been his policy to strengthen the central government at the expense of the rights of the provinces. I am sure the constitutional process was part of this trend. First, the government said it would find a way to force the issue, and then that it would be willing to negotiate the sharing of powers.

Senator Frith: Either we go along with what the provinces tell us or it is confrontation!

Senator Flynn: Yes, confrontation.

Senator Frith: We have to go along with whatever the provinces refer to the appeal courts or we get confrontation!

Senator Flynn: Certainly not. During the few months we were in power, we were able to resolve many problems without resorting to confrontation. But not Mr. Trudeau. Since he got back in power, things are just not happening fast enough for him. He knows he will not be running again, and he wants to do everything he set out to do and he is prepared to do so regardless.

Senator Frith: Everyone has a right to his own opinion.

Senator Flynn: Well, as far as the constitutional question is concerned—this is just a small example, Senator Frith—he really gave Quebec the runaround. He said Quebec had aban-

doned its veto right and all that. He went on regardless of Quebec's objections.

Now he says that if Quebec really wants its veto right, he might be able to do something. That is the kind of logic he indulges in. He was in such a rush to repatriate the Constitution with the Charter of Rights and an amending formula that he was prepared to ignore their objections, and he did.

Now that he has his Constitution, he says that he could perhaps try to get us back our veto right.

Well, this is unrealistic. He simply is in a hurry about everything and we can also see the results he gets: this political disaster of a government in all respects.

In any case, coming back to the discussion, there is one point on which I wanted to answer Senator Perrault; he stated that we knew not what we were talking about when we said that there was no precedent.

He quoted a long series of texts. I had all those cases examined in my law office and by the researchers of the Parliamentary Library. I am aware of all those references and there is only one which technically may be invoked in this debate. What we cannot accept is that the government has referred to the Supreme Court of Canada an issue which a provincial government already had referred to its provincial appeal court. There is the question: it was done concurrently and not subsequently. This is no private action launched by someone acting, for instance, in the public interest or even in his own interest, asking the Supreme Court to rule on it. We have an example of that in the orders in council concerning the internment of the Japanese. That issue was referred to the Supreme Court with a view to coming to a decision as soon as possible and sparing those who instituted the proceedings unnecessary expense.

There have been other similar cases. Senator Perrault mentioned Mr. Clark's opinion in two instances. The first goes back to October 19th, 1977, when Mr. Clark suggested that the Prime Minister could refer Bill 101 to the Supreme Court. Senator Perrault claims that as a precedent, which it is not at all. The Péquiste government would naturally not refer the matter to the courts: it had no interest in doing so. Separate proceedings had been launched, slowly progressing before a superior court, the Court of Appeal and so on, and Mr. Clark was wondering why the Supreme Court should not be asked to rule, in the very interest of the parties involved in those proceedings. So anyone trying to turn that statement into a precedent is really misleading the Senate and making a false representation.

● (1630)

The second reference as well had to do with a statement by Mr. Clark in the debate on the constitutional resolution. At that time, the Manitoba Court of Appeal had ruled that the resolution was legal, and the Newfoundland Court of Appeal had ruled that the resolution was illegal. We were faced with two contradictory decisions; still to come within 15 days was the ruling of the Quebec Court of Appeal where the issue was still under consideration.

It was obvious that with two decisions, two contradictory opinions, we could not stand pat. The case had to go before the Supreme Court. It was entirely normal to say: Appeal to the Supreme Court. But the request of Mr. Clark was not so much that the case be taken before the Supreme Court—it was obvious that it had to be done—the request was to suspend the debate in Parliament until a final decision had been made by the Supreme Court. So, once again Senator Perrault misinterpreted the opinion of Mr. Clark.

There were a lot of other decisions quoted by Senator Perrault and I could examine them one after another, but I do not want to delay the Senate needlessly. What I propose to do would be to have printed as an appendix to today's *Hansard* the critical analysis I obtained from Mr. Bruce Carson of the Research Branch of the Library of Parliament, if leave is granted, and I will only make a few comments on one case, the only case, in my opinion, which can be raised in support of the decision of the government. Is leave granted?

Hon. Senators: Agreed.

(For text of document see appendix.)

Senator Flynn: As this analysis shows, none of the rulings referred to by Senator Perrault constitutes a precedent for a referral by the federal government to the Supreme Court of Canada where a provincial government had a similar or a somewhat similar matter before a provincial appeal court. Once again, the only case is that of the Radio Act in 1932. The Province of Quebec had referred the matter to its appeal court, but no other province had done so. Of course, other provinces felt that broadcasting did not come under exclusive federal jurisdiction. Since there were very urgent problems to settle at the time, particularly treaties to be made with the United States concerning the sharing of the wavelengths and so on—the ruling of the Supreme Court is very interesting since it gives all the reasons invoked by the minister for making this reference. The matter was referred to the Supreme Court because, obviously, the ruling of the Quebec appeal court would not bind the other provinces. Another ruling of the Supreme Court was needed, whereas, in this case, Hibernia concerns only Newfoundland.

At the time, the Supreme Court—and this is rather interesting—found it unfortunate that the federal government had made this referral—the Supreme Court was not the highest court in the land then—while the Privy Council was considering the issue of the jurisdiction of the two levels of government in the field of aviation. In his notes, Mr. Justice Angliss, says, at the very outset of his preamble that Quebec had referred the matter to its appeal court, but had accepted, albeit reluctantly, that the Supreme Court would make a ruling in any case. This was not really a disagreement or a dispute between the two levels of government. That is why I suggest that while it might be technically a precedent, it is certainly not a good one. It is certainly not a precedent that justifies the attitude of confrontation and conflict typical of this government, which

[Senator Flynn.]

simply makes the relations between the two levels of government even more bitter.

If Senator Lewis supports the central government and Senator Doody supports Newfoundland, that is their own business. But the fact remains, in my opinion, that this move is wrong at this point because it worsens the climate. It exacerbates the problem existing between the two levels of government and is in line with the turn of events since the return to power of Mr. Trudeau in 1980.

In conclusion, I believe that the motion is well justified—I beg your pardon? Did Senator Lang say something?

Senator Lang: No, no.

Senator Flynn: I thought that he had expressed a view to which I should reply.

As I was saying, I suggest that the motion is in order and that from the political and practical point of view, we are right to support it. Again, from the strictly legal point of view, I would say that the federal government has every right to go ahead. Unfortunately, the ruling it is seeking from the Supreme Court will only complicate matters instead of settling an issue which the decision from the Newfoundland Court of Appeal might have settled; and I feel that if the federal government had shown some good will and had tried to obtain a settlement, it would have asked the Supreme Court the same question or a question as far reaching.

Senator Frith: The government tried to find a solution.

Senator Flynn: It should have asked the same question. Why not ask the same question?

Senator Frith: It was trying to settle this issue.

Senator Flynn: Why ask the same question twice? Because the Newfoundland Court of Appeal would have practically been in a position where it would have had to say: We will hand down no decision, for it would remain worthless as long as the Supreme Court had not handed down its own ruling. It would only confuse the issue.

Senator Frith: This is exactly the point which has to be decided.

Senator Flynn: You only made up your mind to seek a decision from the Supreme Court after the province of Newfoundland had sought a decision from its Court of Appeal.

Senator Asselin: Why is the federal government so anxious now to settle this issue, after dragging its feet for 14 years?

Senator Frith: We have tried to solve the problem.

Senator Asselin: You solve your political problems through references to the Supreme Court.

Senator Frith: For the reference.

Senator Flynn: You decided to settle the question after Newfoundland had its own case referred to the provincial appeal court.

Senator Frith: Before that.

Senator Flynn: I see—

Senator Frith: We want to settle the matter of the reference.

Senator Flynn: Why? Would you have accepted the same question which Newfoundland asked? It is broader in scope. It covered the whole problem.

Senator Frith: We tried to settle the question.

Senator Flynn: You tried to settle one single issue, Hibernia. This is where the fighting starts. You wanted to strike where it hurts. You wanted to strike them where their immediate interest was the greatest. You made that move to the Supreme Court in order to negotiate from a position of force. Once again, you wanted to entertain confusion. I suppose I must apologize for criticizing the government. It is easier to discuss with Senator Frith than with the Leader of the Government. Thank God, Senator Perrault is not here! He would be so shocked that I should dare think the government could be wrong. We will see whether by any chance the Senate could tell the government: This time, you are wrong, you men and women incapable of error; you, the infallible Trudeau!

• (1640)

[English]

Hon. John M. Godfrey: Honourable senators, I rise to say a few words in defence, really, of the courts of our land.

Senator Flynn: They are not being attacked.

Senator Godfrey: Honourable senators, I am absolutely appalled at the statements about our courts made by Senator Lang in his speech last week. I was even more shocked that they should be made by a lawyer.

I shall confine my speech to quoting some of those statements and commenting upon them. The first I would like to refer to is his statement that:

The constitutional exercise, which we went through last year and this year... the court references that were invoked, and the imposition of a bill of rights upon our system, have dangerously politicized our judicial system.

Hon. Richard A. Donahoe: Hear, hear!

Senator Godfrey: Honourable senators, the courts, particularly the Supreme Court of Canada, have been dealing with constitutional references and constitutional cases for over 100 years. Most of them used to go to the Privy Council, but since 1949 they have ultimately, of course, been decided by the Supreme Court of Canada. I suppose that, to a certain extent, any constitutional reference has some political implications, but there is nothing new in what happened last year as opposed to what has happened many times in the past.

Senator Donahoe: Not so! Not so!

Senator Godfrey: Senator Lang further stated:

Does this government now intend to go further, until we have confrontation between provincial courts and the federal courts?... Once we start to pit our federal and provincial courts against each other, we shall start to see the breakup of the judicial system we have known in Canada.

Senator Donahoe: Hear, hear!

Senator Godfrey: Senator Lang knows perfectly well that, every time an appeal is made from a provincial court of appeal to the Supreme Court of Canada, the Supreme Court of Canada is, in effect, pitted against the appellate court. Nobody has ever suggested that there is anything wrong with that.

Senator Lang: Question! Question!

Senator Godfrey: Senator Lang goes on to state:

Suppose that the Supreme Court of Ontario adjudicates with one result and, without the matter being under appeal to the Supreme Court of Canada from the Supreme Court of Ontario, the Supreme Court of Canada adjudicates differently. We would have no rule of law any more; we would have legal chaos.

Surely, Senator Lang has been to law school and knows perfectly well that there have been many, many cases that stop at the court of appeal of a province, only to have the decided legal principle overruled, quite often years later, by the Supreme Court of Canada in a completely separate case. Nobody has ever suggested that this constitutes a threat of legal chaos. If the honourable senator does not remember such cases from his law school days, or his years of legal practice, I will be happy to remind him of a few.

Senator Lang also stated:

What is even worse is that it gives a public perception to the notion that our courts can be manipulated—provincial courts by provincial governments and federal courts by federal governments....

However, the fact that such a perception may be engendered by these proceedings can completely destroy the system.

As far as I am concerned, honourable senators, I do not think that the public has any such perception whatsoever. I think that our courts, including the Supreme Court of Canada, are held in the highest regard. I do not think it has ever occurred to anyone, other than Senator Lang, to suggest or think that the courts can be manipulated by any government.

Finally, he stated:

The process with which we are now faced when this motion to the Supreme Court of Canada returns next Friday, in my opinion, is an insult to the Supreme Court of Newfoundland and a slur of contempt on the Supreme Court of Canada.

In my considered opinion it is Senator Lang, by the statements in his speech, who is insulting and bringing into contempt the courts of our land.

Hon. Frederick W. Rowe: Honourable senators, I have just a few brief comments to make. When I think about this debate—not the one in this chamber but the debate in the general sense—I have a feeling that it is beginning to resemble the prolonged wrangle we had over the Constitution. I do not think that that should have happened. Once again there is the frustration, which I know I feel and which I am sure is felt by the members of other legislative bodies, experienced when nobody seems to know the answer. On the one hand, we have

lawyers stating that there are no precedents for the actions of the Government of Canada with regard to the visit of the Minister of Justice to Newfoundland a few days ago. On the other hand, we have equally esteemed, competent and recognized lawyers stating the exact opposite—that is, that there are precedents for such actions.

Senator Flynn: The facts speak for themselves.

Senator Rowe: We have all heard of the case that was referred to recently. I believe it was in 1932 when Prime Minister Bennett apparently did what the Government of Canada has done in respect of the Newfoundland Supreme Court. When the Leader of the Opposition referred to the dispute having gone on for 14 years, I was reminded of the fact that it was approximately 14 years ago when the Premier of Newfoundland, the then Attorney General of Newfoundland and I, while in Ottawa, went to pay a courtesy call, not a formal visit, on the then Prime Minister, Mr. Pearson, whose office was in the East Block. I remember very vividly, for it was the first time I had ever been in the East Block.

• (1650)

After the preliminaries and the courtesies were done with, things got a little more serious, and, incidentally, I am not about to reveal the proceedings of a private meeting, or something that should remain a secret, because subsequently the views expressed by Mr. Pearson and Mr. Smallwood were made public by both gentlemen. The Prime Minister invited Premier Smallwood to bring up any matter that was on his mind. One matter that was very much on our minds at that time was the fact that, increasingly, the great oil companies of the world were coming to us in Newfoundland and saying, "We would like to get exploratory rights, or development rights, under the waters off Newfoundland and Labrador." We therefore put forward the claim that we owned those rights. That claim had not been recognized, up to that point, by the Government of Canada. Premier Smallwood said to the Prime Minister, "Newfoundland is still the poorest province of Canada, and at the rate we are going our relative position is not going to change." He then said, semi-jocularly, but at the same time semi-seriously, "How about Canada saying, 'Take those rights. We cede those rights to you?'" Mr. Smallwood then expatiated a little on the effects this would have on Newfoundland.

The Prime Minister listened carefully, and then gave his reply, which I am now obviously going to paraphrase, though some of the words will be the exact words Mr. Pearson used. He said, "Nothing would give me greater pleasure than to be able to do as you suggest; but I do not know whether the Government of Canada has the right to do that. I could take the necessary steps, and go through the motions, only to have, for example, Manitoba go to the Supreme Court of Canada and say, 'The Government of Canada has just given away something that belongs to the other nine provinces, and the Government of Canada has no right to do that.'" Mr. Pearson then said, with that wry grin on his face, "And I would look pretty silly at that point."

[Senator Rowe.]

Mr. Smallwood asked, "What do you suggest, Prime Minister?" Mr. Pearson replied, "Newfoundland could give up any claims it had. If you did that, then, of course, the rights would be vested in the Government of Canada. In that case, Canada would be very generous to Newfoundland, as long as I remain Prime Minister."

Mr. Smallwood said, "How do you define the word 'generous'?" The Prime Minister replied, "Well, let us say—and I am just thinking out loud now—75 per cent for you and 25 per cent for Canada."

Mr. Smallwood replied, "That would be very good, but I am not sure that it would be acceptable to the people of Newfoundland." Mr. Pearson then said, "Well, the other suggestion I would make is that we take a reference to the Supreme Court of Canada. If the Supreme Court of Canada should decide that the rights belong to Newfoundland, nothing would please me more. If, on the other hand, the Supreme Court decides that the rights belong to Canada, then we will still be generous."

The Prime Minister said, finally, "I suggest that, in view of the fact that a political settlement seems unlikely at this time, we do take a reference to the Supreme Court of Canada."

And that is where the matter was left.

All of that happened about 14 years ago. People have often wondered why it was not submitted to the Supreme Court of Canada at that time, and personally I do not know all the reasons, though I suspect what some of them were. For one thing, I am sure that some of our legal advisers at the time felt that Newfoundland might lose the case, and that to participate in such a reference would do us no good. There may have been other reasons as well. I do know that the matter was under constant study by the Government of Newfoundland right up to 1971. Then, of course, in 1971 there was a change of government; the Smallwood administration was defeated, and a new administration took over.

My feeling, as I sat in the Prime Minister's office over in the East Block, at the time I referred to and throughout the 14 years since, was, and, indeed, today, is that we should have referred it to the Supreme Court of Canada. If not 12 or 13 years ago, it should have been referred at least three or four years ago, as the various problems emerged.

Though this was never done, I do not castigate anybody. I do not want to make any attack on the Premier of Newfoundland for the stand he has taken; indeed, I sympathize with his feelings with regard to some of these matters. He has inherited the problem that we had, and which has been a perennial one in Newfoundland for 400 years. There have been only three occasions in the entire history of the province—and if I have said this before, please forgive me—when there has been relatively full-scale employment, comparable to, say, what is the norm in Ontario. These three occasions were: the war of 1812-14 between Britain and the United States; the first world war; and the second world war. For the rest of the time there has been wholesale unemployment. Now, once more, Newfoundland, as Senator Doody so eloquently stated last night, is

faced with the recurrent curse of unemployment, and I appreciate, to some degree, why Mr. Peckford and his supporters have taken the stand they have.

I must say, however, that I deplore any attempt to make the situation look as if it is a case of the good guys against the bad guys, or of cops and robbers, or the white man versus the Indians. That, I fear, is an attitude that has developed over the last year or two, and I think we should do away with it. I am filled with regret when I hear references, as happened in one instance, to those who have taken a certain stand as being courageous. The implication there is obvious, and we do not need it. I do not believe that those Newfoundland members of the Senate or of the House of Commons who may oppose this resolution, should be accused, directly or indirectly, of lacking courage. I do not think that does any good. This is not the time, I suggest to you, for castigation, and it is certainly not the time to try to pit one of our supreme courts against another.

There is a feeling abroad, it seems to me—and this, too, is something I regret, though I am not suggesting that it has been said by the proponents of this resolution—that if this case went only to the Newfoundland Supreme Court, Newfoundland might get more sympathetic treatment than it would get from the Supreme Court of Canada. No one has come out and said that directly, but this is the idea that seems to be floating around. Surely, that is a denigration of the Supreme Court of Newfoundland, made up, as it is, of men who are, in my view, some of Canada's most distinguished lawyers, men of great experience, men who are products of the great law schools of Canada and, indeed, of the world. I do not think anybody has the right to make such a suggestion. The fact is that this matter, sooner or later, had inevitably to go to the Supreme Court of Canada. I repeat that I believe it should have gone there three years ago, and the quicker we can get it settled the better it will be, not only for Newfoundland but also for Canada. I regret, in one sense, that I cannot support this motion, but I do not believe it is justified at this time.

• (1700)

Senator Frith: Honourable senators will recall that under our rules Senator Lang has the right to reply on a substantive motion, and in so doing his speech will close the debate.

Hon. Daniel A. Lang: Honourable senators, in rising in reply, I am really rising on a question of privilege. I have been in this chamber for at least 18 years, and I have never before had the distinction of being referred to as a malicious liar. That is really quite an achievement. If honourable senators refer to last Thursday's *Hansard*, they will find that in the English translation I am reported as having stated something that is a malicious untruth—

An Hon. Senator: That's all right.

Senator Lang: That is a pretty moderate statement. But in the French version it says "un mensonge malicieux." In other words, I have been accused by the Leader of the Government in the Senate of maliciously lying.

Senator Frith: No, no—by the translator.

Senator Lang: I do not know who doctors the blues, but I could not be more complimented when I realize the source from which those remarks arise.

Honourable senators, I hope that the degeneration of the Senate, which is exemplified in Senator Perrault's remarks of last Thursday, will not continue. Let me give honourable senators an example, let me excerpt his words. In his speech he used the following terms: "I think it is a despicable charge"; "This is a malicious untruth"; "this shabby kind of motion"; "help to give the lie". Well, honourable senators, perhaps I have been here too long—

Senator Flynn: That is typical of him.

Senator Lang: Something has happened in this chamber when we hear such remarks, when I was speaking to a narrow and relatively esoteric question.

In the course of Senator Perrault's remarks he said that I had not done any research, but he had done a whole lot, or his staff had done it. Unfortunately, being an ordinary senator, I do not have a large staff.

Senator Flynn: He should have checked his own research.

Senator Lang: At page 4212 of *Hansard* Senator Perrault refers to all the precedents for the government's action. Honourable senators, I can tell you right now that those precedents are invalid. They have nothing to do with the issue. I believe he mentioned 12 precedents, but the only one that has any relevance whatsoever might be the Radio Act case in 1932, and even there the Quebec and federal governments had agreed to refer the matter to the Supreme Court of Canada. Who is making malicious lies? Is it me, or is it someone who sits on the other side? I am not insensitive to personal insults, but during the past week I have had something directed at me which transcends all my experiences since induction into the Senate.

In concluding, may I attempt to narrow the motion that I raised? My motion has nothing to do with who owns the offshore rights in Hibernia. I could not care less.

An Hon. Senator: You should.

Senator Lang: My motion has nothing to do with the legality of a reference to the Supreme Court of Canada or to a provincial court. My motion has to do with the propriety of a government's making a reference under these circumstances. That is all I am talking about, and that is all this motion is about—the propriety of the government's action.

Honourable senators, please remember that our judicial system is one court—provincial or federal, it is all one court. That is what we are talking about. Any government that tries, or anyone else who tries to circumvent the one-court system by jumping the appellate structure is a menace to our judiciary. That is all that my motion is about.

I come from Ontario. It is really academic to me who owns the offshore resources. I am talking about our system of government, about our judicial system. I hope honourable senators will accept my motion in that vein.

The Hon. the Acting Speaker: Honourable senators, it is moved by the Honourable Senator Lang, seconded by the Honourable Senator Asselin, P.C.:

That the Senate deplores the decision of the Government of Canada to refer to the Supreme Court of Canada the question of jurisdiction over the seabed resources off Newfoundland, called Hibernia, while at the same time the Appeal Court of Newfoundland is seized with the matter that includes this very question.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yea.

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Acting Speaker: Please call in the senators.

● (1710)

Motion negatived on the following division:

YEAS

THE HONOURABLE SENATORS

| | |
|--------------|------------|
| Asselin | Macquarrie |
| Beaubien | Marshall |
| Bielish | Molson |
| Charbonneau | Muir |
| Deschatelets | Murray |
| Donahoe | Roblin |
| Flynn | Tremblay |
| Lang | Zuyk—17. |
| Macdonald | |

NAYS

THE HONOURABLE SENATORS

| | |
|------------|------------|
| Anderson | Lapointe |
| Bird | Lewis |
| Bonnell | McElman |
| Bosa | McGrand |
| Buckwold | Molgat |
| Cameron | Neiman |
| Cottreau | Olson |
| Denis | Riel |
| Everett | Riley |
| Frith | Robichaud |
| Giguère | Rousseau |
| Godfrey | Rowe |
| Goldenberg | Stanbury |
| Graham | Steuart |
| Guay | Stollery |
| Hayden | van Roggen |
| Hicks | Williams |
| Lamontagne | Wood—37. |
| Langlois | |

STANDING RULES AND ORDERS

COMMITTEE MEETING

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I am wondering whether the meeting of the Rules Committee is going to take place despite the lateness of the hour.

Hon. Hartland de M. Molson: I think it would be worthwhile meeting even though we only have three-quarters of an hour. I believe to hold a meeting would still be helpful. So, I suggest that the Standing Committee on Standing Rules and Orders meet when the Senate rises.

● (1730)

TRANSPORT AND COMMUNICATIONS

CANCELLATION OF COMMITTEE MEETING

Hon. Léopold Langlois: Honourable senators, I wish to inform the members of the Standing Senate Committee on Transport and Communications that the meeting scheduled for today has been cancelled.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 4268)

A CRITICAL ANALYSIS OF REFERENCE CASE PRECEDENTS

(PREPARED BY RESEARCH BRANCH, LIBRARY OF PARLIAMENT)

INTRODUCTION

The purpose of this paper is to review and critically analyse the applicability of the cases referred to by the federal government to justify the reference by the central government of the Newfoundland offshore minerals question to the Supreme Court of Canada.

The text of the referral of the Newfoundland offshore question reveals that there is a reference pending before the Court of Appeal of the Supreme Court of Newfoundland under Order-in-Council no. 135-1982 approved on February 12, 1982.⁽¹⁾ The issue which has to be addressed in the cases which are discussed below is whether a question has been referred by the central government to the Supreme Court of Canada for adjudication while the same question or a similar question is pending on a reference before a provincial court of appeal. In addition, it is appropriate to examine the attitude of the provincial government as to whether it supported the reference by the central government, or whether it opposed it and decided to continue with its own reference before its own Court of Appeal.

CASES REFERRED TO BY THE FEDERAL GOVERNMENT

1. 1976: The *Anti-Inflation Act*⁽²⁾

In relation to this case there is no indication that a reference case had commenced in a provincial Court of Appeal. The Province of Ontario may have been considering such a reference because its method of implementation of the Act was being questioned. However, the order-in-council authorizing the reference to the Supreme Court of Canada does not reveal any pending litigation.

2. 1970: The *Breathalyzer Act*⁽³⁾

The central issue in this case was whether s. 16 of the *Criminal Law Amendment Act* which dealt with the requirements for taking samples of breath for analysis was validly brought into force on December 1, 1969. The reference to the Supreme Court of Canada was by Order-in-Council 1970-643 dated April 14, 1970, and it reveals that in the case of *The Queen v. Story*⁽⁴⁾, Mr. Justice Munroe of the Supreme Court of British Columbia dismissed a charge of driving while impaired, on the grounds that s. 16 of the *Criminal Law Amendment Act* was not validly proclaimed, and was not and has never been in force.

In order to determine the legality of the proclamation of s. 16, the matter was referred by the central government to the Supreme Court of Canada and the reference was supported by the provinces of Saskatchewan, Manitoba and Alberta. No provinces appeared in opposition.

3. 1975: *Eastern Stevedoring*⁽⁵⁾

The issue in this case was whether the *Industrial Relations and Disputes Investigation Act*, which deals with labour relations and provides for collective bargaining, certification and revocation thereof, applied to the Eastern Canada Stevedoring Company Limited. The dispute arose because the United Mineworkers of America applied to the Ontario Labour Relations Board for certification as the bargaining agent of the same employees of the stevedoring company that the Brotherhood of Railway and Steamship Clerks and Employees had received certification for through the Minister of Labour for Canada. The Brotherhood applied to the Supreme Court of Ontario for an order quashing the decision of the Ontario Labour Relations Board. The Attorney General of Ontario intervened and notified the Attorney General for Canada that in those proceedings, the constitutional validity of the federal act would be brought into question. The reference was therefore made in order to settle the dispute and obtain the opinion of the Supreme Court of Canada as to the jurisdiction of the federal Parliament to enact the statute.

4. 1948: *Saskatchewan Minimum Wage Act*⁽⁶⁾

In this case, the post mistress of the post office at Maple Creek, Saskatchewan was paying a person working in the federal post office less than the Saskatchewan minimum wage. She was convicted as being in violation of the Saskatchewan statute by a police magistrate and the conviction was upheld by the Saskatchewan Court of Appeal by way of stated case. An appeal did not lie to the Supreme Court of Canada from the decision of the Saskatchewan Court of Appeal and as the Minister of Justice was informed by the Post Master General that if the laws of the various provinces relating to hours of employment and minimum wages were applicable to persons employed in the post offices, then the cost of operation of the postal service in certain provinces would be increased. For that reason, the question was referred to the Supreme Court of Canada as to whether "the Saskatchewan Court of Appeal was right in holding in its decision in *Williams v. Graham* that the *Minimum Wage Act* was applicable to the post office at Maple Creek, Saskatchewan."⁽⁷⁾

5. 1946: *Japanese Deportation Orders*⁽⁸⁾

The reference in this case concerned the legality of certain orders-in-council made pursuant to the *War Measures Act*⁽⁹⁾ dealing with Japanese residents in Canada. Prior to the reference to the Supreme Court of Canada, an action had been commenced against the Attorney General of Canada by the Cooperative Committee on Japanese-Canadians for a declaration that these orders-in-council were *ultra vires*, illegal and void.

"It was, therefore, felt that, in the circumstances, in the public interest, the opinion of the Supreme Court of Canada should be obtained upon a question of the validity of the aforesaid orders-in-council, because in the opinion of the Acting Minister of Justice, they raised an important question of law touching the interpretation of dominion legislation."⁽¹⁰⁾

There is no indication in the reported case as to what became of the private litigation, but on the reference case, only the provinces of British Columbia and Saskatchewan were represented and they supported the position of the Attorney General for Canada. The Cooperative Committee on Japanese-Canadians attended and argued against the validity of the orders-in-council.

6. 1943: *Chemicals*⁽¹¹⁾

This reference concerned orders-in-council passed regulating the use of chemicals under the *War Measures Act*. The order-in-council authorizing the reference⁽¹²⁾ stated that a charge of an offence based on an order made by a controller appointed to supervise the operation of these orders-in-council was dismissed by a county court judge in the County of York in the Province of Ontario on the ground that the order of the Governor General in Council conferring power on the controller was invalid inasmuch as it constituted a delegation of authority of the Governor General in Council under the *War Measures Act*. Other magistrates hearing similar complaints, as a result of this decision, either dismissed the complaints or withheld their decisions. Therefore, in view of the fact that the authority of the central government in relation to these orders-in-council had been questioned in a lower court, a reference was made to the Supreme Court of Canada.

7. 1943: *United States Forces*⁽¹³⁾

The order-in-council referring the matter to the Supreme Court of Canada states:

That a question has arisen as to the relationship of the authorities and courts of Canada to the aforesaid forces (United States Forces) and more particularly as to whether criminal proceedings may be prosecuted in Canada before any Canadian court against a member of the military or naval forces of the United States of America.

That cases have already occurred in which members of the military forces of the United States of America present in Canada have been charged with having committed criminal offences in Canada and questions have arisen as to whether such members are subject to be prosecuted in the criminal courts of Canada or whether service courts established for the purpose by the United

States military authorities have exclusive jurisdiction in that behalf.⁽¹⁴⁾

The order-in-council does not reveal whether any of these cases had been disposed of or whether they were stayed pending the decision of the Supreme Court of Canada on the reference. However, this is certainly not the situation of a reference of the matter which was pending as a reference case before provincial courts.

8. 1938: *The Adoption Act*⁽¹⁵⁾

Prior to this reference, a decision of the Court of Appeal of Alberta⁽¹⁶⁾ and a decision of the Court of Appeal of Ontario⁽¹⁷⁾, held that only persons appointed by the Governor General were capable of exercising the powers conferred by the statutes in question and the Chief Justice of Ontario described the question of jurisdiction as being of great public interest and importance and stated that it was desirable that it should be settled by the Supreme Court of Canada.⁽¹⁸⁾ Therefore on the request of the Attorney General of Ontario, a reference was made by the Attorney General of Canada to the Supreme Court of Canada to determine the validity of provisions relating to the exercise of judicial powers in relation to the statutes in question.

9. 1935: *The Temperance Act*⁽¹⁹⁾

As pointed out in the order-in-council requesting the reference to the Supreme Court of Canada, the main reason for the request was the fact that the Court of Appeal of the province of New Brunswick, in the case of *Sheehan v. Shaw*⁽²⁰⁾ had held that certain parts of the Canada *Temperance Act* were inoperative. As no appeal had been taken from this case to the Supreme Court of Canada, it was thought appropriate that the matter be finally determined by way of reference to the Supreme Court of Canada.⁽²¹⁾

10. 1934: *The Tariff Board*⁽²²⁾

The question as to the authority of the Tariff Board to decide questions of law was appealed to the Governor in Council by a Canadian manufacturer. It was his contention that the Tariff Board had exceeded its jurisdiction in making an order affecting certain goods. Therefore the question as to the authority of the Tariff Board to decide questions of law was referred to the Supreme Court of Canada. No provinces were represented but counsel for the Attorney General of Canada appeared as well as counsel for four Canadian manufacturers. There was no litigation pending at the time of this case in any provincial court of appeal questioning the jurisdiction of the Tariff Board.

11. 1934: *Section 110 of the Dominion Companies Act*⁽²³⁾

The Ontario Court of Appeal in the case of *Meyer Malt and Grain Co. v. Coombs*⁽²⁴⁾ had declared that this section of the *Dominion Companies Act* was *ultra vires* the jurisdiction of the central government. When the validity of the statute had been attacked in the Ontario Court of Appeal, the Attorney General of Canada had been notified and he had intervened. An appeal from the Ontario Court of Appeal to the Supreme Court of Canada had entered but as the action was settled, the appeal was discontinued. As a result of these circumstances it

was determined that the best way to arrive at an answer as to the constitutional validity of this section was on a reference to the Supreme Court of Canada.⁽²⁵⁾

12. 1932: *Radio Broadcasting Act*⁽²⁶⁾

The order-in-council referring this matter to the Supreme Court of Canada reveals that prior to the reference taking place, the jurisdiction of Parliament to exercise legislative authority in this area had been questioned.⁽²⁷⁾ Prior to the reference to the Supreme Court of Canada, the province of Quebec had referred a similar question to its Court of Appeal for an opinion on the constitutionality of the authority of the central government in this area. Upon the institution of this reference by the central government, the province of Quebec appeared in the Supreme Court of Canada reference and suspended proceedings in the provincial court of appeal.⁽²⁸⁾ In fact, on March 3, 1931, the Quebec reference came up for hearing in the Quebec Court of Appeal and was adjourned until May pending the outcome of the central government's reference. Only the government of Quebec appeared on the adjournment, the government of Canada was not represented. The Supreme Court of Canada heard the federal reference commencing a three-day hearing on May 3, 1931, and rendered judgment on June 30, 1931. Both the governments of Quebec and Ontario appeared in opposition to the federal claim of jurisdiction in radio communication.

A review of the *Montreal Star* during this period indicates no displeasure at the fact that the central government had referred the matter to the Supreme Court of Canada. There was also no indication of any opposition to the procedure of the federal government in the articles published in legal journals concerning this case. We have been unable to determine as of this date what became of the reference to the Quebec Court of Appeal. It is obvious that it was never proceeded with but we have been unable to ascertain as to whether a consent to dismissal has been filed.

1928: Fish Canneries⁽²⁹⁾

In the case of *The King v. The Somerville Cannery Company, Limited*, the Supreme Court of British Columbia upheld a decision of a British Columbia magistrate wherein the defendant was acquitted on a charge of unlawfully operating a fish cannery without a federal licence. The judgment proceeded on the ground that the requirement for an annual licence from the federal government to operate a fish cannery for commercial purposes was *ultra vires* of the Parliament of Canada. There was no provision for an appeal from that decision and therefore the central government referred the question as to the ultimate jurisdiction in the matter of fisheries to the Supreme Court of Canada.⁽³⁰⁾

CONCLUSION

In order to maintain consistency in dealing with the background of the cases noted above, we have referred specifically to the facts as set out in the orders-in-council referring the questions in issue to the Supreme Court of Canada. A comparison of the situation in the cases referred to, and the Newfoundland offshore question reveals that the only similar

fact situation is in the 1932 *Radio Broadcasting Act* reference. However, there was no apparent opposition on the part of Quebec to the reference to the Supreme Court of Canada by the central government and the reference to the Quebec Court of Appeal did not proceed.

All the other cases seem to involve the central government in referring matters for clarification in relation to law suits which cannot be appealed to the Supreme Court of Canada, or will not be appealed to the Supreme Court. None of the other cases involve the central government referring a matter to the Supreme Court of Canada while it is the subject of a reference which is continuing in a provincial court of appeal.

(1) *Order-in-Council*, May 19, 1982, No. 1509.

(2) *The Anti-Inflation Act Reference*, [1976] 2 S.C.R. 373.

(3) *Reference concerning the Proclamation of Section 16 of the Criminal Law Amendment Act*, 1968-69, [1970] S.C.R. 777.

(4) 10 D.L.R. (3d) 614 (1970).

(5) *Reference as to the Validity of the Industrial Relations and Disputes Investigation Act*, R.S.C. 1952, c. 152, and its applicability to Employees of Eastern Canada Stevedoring Co. Limited, [1955] S.C.R. 529.

(6) *Reference as to the Applicability of the Minimum Wage Act of Saskatchewan to an Employee of a Revenue Post Office*, (1948) S.C.R. 248.

(7) *Order-in-Council*, Oct. 2, 1947, No. 3945.

(8) [1947] A.C. 87 (J.C.P.C.), [1946] 3 D.L.R. 321 (Sup. Ct. of Can.).

(9) R.S.C. 1927, c. 206.

(10) [1946] 3 D.L.R. 321, at 326-27.

(11) *Reference as to the Validity of the Regulations in Relation to Chemicals enacted by the Governor of Canada by P.C. 4996*, [1943] S.C.R. 1.

(12) *Ibid.*, p. 3, 4 and 5.

(13) *Reference as to whether Members of the Military of the United States are Exempt from Criminal Proceedings in Canadian Criminal Courts*, [1943] S.C.R. 483.

(14) *Ibid.*, p. 487.

(15) *Reference re authority of Judges and Junior and Acting Judges of the County and District Courts to perform functions vested in them by the Legislature of the Province of Ontario pursuant to provisions of the Adoption Act etc.*, [1938] S.C.R. 398.

(16) *Kazakewich v. Kazakewich*, [1936] 3 W.W.R. 699.

(17) *Clubine v. Clubine*, [1937] O.R. 636.

(18) *Adoption Reference*, p. 400.

(19) *References as to Part II of the Canadian Temperance Act*, [1935] S.C.R. 495.

(20) (1927) 54 N.B.R. 192.

(21) *Reference of the Temperance Act*, p. 498.

(22) *Reference concerning the Jurisdiction of the Tariff Board of Canada*, [1934] S.C.R. 538.

(23) *Reference concerning the validity of section 110 of the Dominion Cos. Act*, [1934] S.C.R. 653.

(24) [1933] O.R. 259.

(25) *Reference Section 110*, at p. 654.

(26) [1932] A.C. 304, (J.C.P.C.); [1931] S.C.R. 541 (S.C. of Can.).

(27) [1931] S.C.R. 541, at p. 544.

(28) Brooke Claxton, "Legislative Control of Radio in Canada", *Air Law Review*, vol. 2, (1931), p. 441.

(29) *Reference as to the Constitutional Validity of Certain Sections of the Fisheries Act*, 1914.

(30) *Ibid.*, p. 459.

THE SENATE

Thursday, June 3, 1982

The senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[Translation]

DEPARTMENT OF ENERGY, MINES AND RESOURCES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-102, to amend the Department of Energy, Mines and Resources Act.

Bill read the first time.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move that the bill be placed on the Orders of the Day for second reading on Tuesday next, June 8, 1982.

Motion agreed to.

[English]

STANDING RULES AND ORDERS

SECOND REPORT OF COMMITTEE PRESENTED AND PRINTED AS
APPENDIX

Hon. Hartland de M. Molson: Honourable senators, I have the honour to present the second report of the Standing Committee on Standing Rules and Orders. I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The report was read by the Clerk Assistant.

(For text of report see appendix, p. 4283.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Molson: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[Translation]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns

today, it do stand adjourned until Tuesday next, June 8, 1982, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[English]

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before we proceed to Question Period and apropos the subject of sittings, I would draw your attention to the fact that June 24, St. Jean Baptiste Day, falls on a Thursday. Traditionally, the House of Commons and the Senate do not sit on St. Jean Baptiste Day. In the following week there is another holiday, July 1, which also falls on a Thursday.

● (1410)

Because we have, and will continue to have, a substantial amount of business before us this month I have discussed with the Leader of the Opposition and the Leader of the Government in the Senate the possibility of our sitting on Monday, Tuesday and Wednesday of those two weeks so that the number of sittings will not be lessened.

Therefore, I give you informal notice, honourable senators, that, unless something unexpected comes about necessitating a further change, the adjournment motion that I normally move will, for those two weeks, be for Monday evening at 8 o'clock, rather than Tuesday evening.

To reiterate, so that it is perfectly clear, we will sit on Monday, evening, June 21, at 8 o'clock, Tuesday, June 22, at 2 p.m., and Wednesday, June 23, at 2 p.m., after which we will adjourn until the following Monday evening, June 28, at 8 o'clock, and will sit the same hours on the same days during that week.

Honourable senators, I am informing you of this schedule for your own plans, of course, but also to warn committees of the changes in the scheduling. No doubt they will want to schedule or reschedule some hearings on the basis of those different sitting times.

Honourable senators, I am sorry to say that the Leader of the Government in the Senate will not be here today, but I expect he will be back with us next week. I should say, too, that honourable senators may have noticed that he was referred to rather frequently during the debate that was held over the past three days. I will ensure that the comments concerning him will be drawn to his attention.

Hon. Jacques Flynn (Leader of the Opposition): Which ones are you referring to—those we can make now or those that have been made before?

Hon. Duff Roblin (Deputy Leader of the Opposition): Was the deputy leader's last statement a threat or reward?

Hon. David Walker: Or a promise?

Senator Frith: A promise. Thank you, Senator Walker.

QUESTION PERIOD

[English]

THE ECONOMY

BANKRUPTCIES

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development. Recently published Dun & Bradstreet figures indicate, first, that the bankruptcy rate in Canada has approached the 1932 threshold, and, secondly, that, adjusted for population, it is two-and-a-half times the rate of bankruptcies occurring in the United States. Would the Minister of State for Economic Development offer the government's explanation as to why the Canadian bankruptcy rate should be two-and-a-half times that of the United States?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, without accepting the accuracy of the premise, because obviously it is an opinion—

Senator Balfour: It is a statistical fact.

Senator Olson: No, it is not a fact. What appear in the newspapers are not necessarily facts; sometimes they are opinions. I have learned that "opinion" and "fact," especially coming from the opposition, are not necessarily synonymous. Therefore, without accepting that as factual, I will try to get a response to the question, which I think requested some kind of explanation.

Hon. Jacques Flynn (Leader of the Opposition): I know that we very seldom get opinions from the government; we get statements, and they are usually false.

Senator Olson: That is not correct, honourable senators. My honourable friend has to accept what I suppose is a fact. When he asks for opinions and does not necessarily agree with the opinions expressed in response to such requests, that does not necessarily make those opinions untrue.

Senator Flynn: The minister always says that he is not there to give an opinion; that he is only there to talk about facts. That is where he is very seldom right.

Senator Olson: Honourable senators, I have read *Beauchesne* rather carefully.

[Senator Frith.]

Senator Flynn: When did you do that?

• (1415)

Senator Olson: If my honourable friend had read and studied citation 357 very carefully—which I assume the Leader of the Opposition has done, since he has been in this place long enough—and had applied his wisdom to an interpretation of what is contained therein, he would see that it indicates he is not supposed to ask for an opinion; he is supposed to ask for information.

VETERANS AFFAIRS

RELOCATION OF OFFICE IN LONDON, ENGLAND

Hon. Jack Marshall: Honourable senators, I have a question for the Deputy Leader of the Government, which he will probably have to take as notice. It has to do with a representation I have received from the Veterans Affairs officer in London, England, who expresses deep concern about the relocation of the Veterans Affairs office to Macdonald House.

For years that office has been shunted around, and each move results in less office space being allocated. This causes great concern to Canadian veterans in England. It also causes great concern to Mr. Percy Towgood, one of the most dedicated Veterans Affairs officers in the department.

Would the Deputy Leader of the Government find out from the Department of Veterans Affairs if it has made representations to the Department of External Affairs that this move should not be made? The move is supposed to have been made on June 1, so time is of the essence. Would the deputy leader attempt to get that information as quickly as possible?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am not familiar with the information that is the basis of Senator Marshall's question. If he has any further information, he could perhaps pass it to me, and I shall try to have an answer next week.

INTERNATIONAL TRADE

SALE OF MILITARY EQUIPMENT TO SOUTH AFRICA—REQUEST FOR ANSWER

Hon. Nathan Nurgitz: Honourable senators, yesterday the question of delayed answers was discussed, and it looked as though Senator Olson was a culprit in terms of coming forward with delayed answers.

Hon. Jacques Flynn (Leader of the Opposition): That is an opinion.

Senator Nurgitz: I welcome the opportunity to raise with the Deputy Leader of the Government a question that he undertook to answer as far back as December 16 of last year. The question related to companies carrying on the business of selling what amounts to arms to some smaller countries.

With the current problems in the South Atlantic and the instability in other parts of the world, I think this is a rather

important question and one which ought not to go unanswered any longer.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I welcome the chance to take some of the criticism that I provoked yesterday by, I think, an injudicious comment I made at the end of Question Period on the subject of delayed answers.

I will definitely put a tracer on the substance of the question raised by Senator Nurgitz. I do remember its being asked, and I am sorry that I have not either answered it or reported why I have not answered it before now.

THE ECONOMY

INCREASE IN BANK RATE

Hon. Lowell Murray: Honourable senators, will the Minister of State for Economic Development state whether the weekly bank rate was raised today, and, if so, by what amount?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I received a telephone call informing me that the rate, as at 2 o'clock today, moved to 15.87 per cent—that is, up forty-four one-hundredths of one per cent.

Senator Murray: Is the minister in a position to advise the Senate of the factors that were involved in that increase today?

Senator Olson: I expect it is in response to some movement in interest rates in the United States. I would not like to give a full explanation of that because I have done it in this place so many times, and I assume my friend will remember the actual explanations I have given.

Obviously, given the number of functions they perform, the banks have to take this into account. It is their judgment that bears on what the appropriate rate should be for this week in order to satisfactorily perform their functions.

Senator Murray: In the judgment of the government, will this be sufficient to prevent a decline in the value of the Canadian dollar to below 80 cents U.S. again, or may we expect further depletion of the reserves?

Senator Olson: Honourable senators, you would also have to make predictions as to supply and demand and the offerings and bids for Canadian dollars in the market. That has a very direct relationship to the fluctuation that has taken place, which I described a few days ago. That term becomes more and more valid, because, as my honourable friends opposite were trying to say two or three days ago, the fluctuation, according to that definition, was only down. If they want to look at the last few hours, they will see that it has come up again.

● (1420)

Senator Murray: I do not want to enter into a debate with the minister, but, honourable senators, the minister should not try to mislead the Senate with that kind of nonsense. The trend

is down, down, down, and the only way that it has been arrested is by an unprecedented use of foreign exchange reserves, and, now, a \$US750 million rescue operation being mounted by the government.

Senator Olson: Honourable senators, that is an expression of opinion. The rules say that a senator putting a question in Question Period is supposed to seek, not to give, information. That is clear. My honourable friend, instead of asking a question, gives information, but, worse than that, the information that he gives is, of course, absolutely untrue. He says the trend is down, down, down; whereas in the last day it has gone up. He also says that it was an unprecedented intervention by the Bank of Canada. That statement is not true either.

Hon. Duff Roblin (Deputy Leader of the Opposition): The size of the intervention is, however.

Senator Olson: It is sizeable, but not unprecedented.

ENERGY

NEWFOUNDLAND—JURISDICTION OVER OFFSHORE RESOURCES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have the answer to a question asked on May 19 by the Honourable Senator Smith, as to whether there is any precedent since Confederation wherein the federal government, after a matter had been referred to a supreme court of a province but before the judgment of that court had been rendered, referred the same matter, or a similar matter, to the Supreme Court of Canada.

The reply is fairly lengthy, and I would ask that it go into the record as having been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

In the *Reference as to the Jurisdiction of Parliament to Regulate and Control Radio Communication*, [1931] S.C.R. 541 the federal government made a reference to the Supreme Court of Canada after the question of Parliament's jurisdiction had been submitted by the Quebec government to the Court of King's Bench (in appeal) of the Province.

There have also been several cases where a Supreme Court Reference has been taken while the issue is before provincial superior courts. The most recent examples are:

1976 *Reference re: Anti-Inflation Act*, where proceedings were underway pursuant to the *Ontario Judicial Review Procedure Act*

1970 *Reference re: Breathalyzer* which involved proceedings in the British Columbia Supreme Court, a decision of Munroe J. that Breathalyzer sections of *Criminal Code* were not validly in force. A reference was taken to quickly resolve the matter.

1955 *Reference: Eastern Canada Stevedoring Company*. Here was an application to quash an Ontario Labour Relations Board decision, questioning the validity of the federal *Industrial Relations and Disputes Investigation Act*. The matter

was referred to the Supreme Court just four days before the date set for hearing before the Ontario court.

NATIONAL ENERGY PROGRAM

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question asked on April 27 by Senator Charbonneau relating to Canadian oil imports from Mexico, and I would ask that it also go into the record as having been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Honourable senators will recall that the winter of 1979 was an unsettling time for those involved in energy planning. It was the time of the Iranian revolution and oil exports from that country virtually had ceased. You may also recall the incident of a multinational oil company (EXXON) diverting Venezuelan crude destined for eastern Canada, to another offshore market that was heavily reliant on Iranian exports. These circumstances led then energy minister Alastair Gillespie to start negotiations with Mexico for crude oil, negotiations which culminated in the Energy Cooperation Agreement. This was an important agreement for Canadians in that eastern Canada has a new, secure oil supplier on the same continent and one which, moreover, is not a member of OPEC.

In August 1980, an agreement was signed between Petro-Canada and Petroleos Mexicanos (Pemex) for the purchase of 50,000 barrels per day of Mexican crude for a minimum of 10 years. Pricing and the crude quality mix of volumes are reviewed on a quarterly basis.

THE ECONOMY

IMPERIAL OIL—EXPLORATION CUTBACK—EFFECT ON EMPLOYMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question raised by Senator Balfour on May 13 relating to the Beaufort Sea exploration program. I would also like this included in today's proceedings as though it had been read, since it too is fairly lengthy.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

The Beaufort Sea exploration program announced by the Government of Canada and Esso Resources Canada Ltd. on May 10, 1982, involves six exploration agreements having terms of five years each, and over that period the program is estimated to cost \$600 million. By involving Canadian companies in the exploration agreements, the Canadian ownership rate is expected to increase to an average of 50 per cent, exclusive of the Crown's right to a share of 25 per cent as provided for in the Canada Oil and Gas Act, thereby qualifying the project for a production licence.

Incentive payments to individual companies under terms of the Petroleum Incentives Program will not be known until eligibility of their expenditures is determined in terms of the program's specifications. If all expenditures are eligible, and if the sharing of expenditures proceeds as now planned, incentive payments could aggregate in the order of \$400 million for the Beaufort exploration program.

ECONOMIC DEVELOPMENT

QUEBEC—ASSISTANCE REQUESTED FOR SMALL- AND MEDIUM-SIZE BUSINESSES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a reply to a question asked by Senator Asselin on April 28 relating to federal assistance for Quebec's small- and medium-size businesses. Again, I request that this reply be taken as read and printed in the *Debates of the Senate* for this day.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

On March 1, as honourable senators will recall, the Minister of Energy, the Minister of Industry, Trade and Commerce and the Minister of State for Small Businesses met in Quebec City with that province's Ministers of Economic Development and of Industry and Commerce.

The federal government's response at that meeting was that several programs and a wide array of measures were already available to small- and medium-size businesses. As a matter of fact, the Canadian government, during the past year, has provided loan guarantees, under the Small Business Loans Act, to more than 5,000 small businesses in Quebec. If we consider the past five years, 29,000 small businesses in Quebec have received direct assistance through federal programs.

Also of help is the small business bond, which is a tax measure tailored specifically to assist businesses cope with high interest rates, and is particularly well suited for the current adverse economic climate. Other federal assistance programs include those for enterprise development, export markets development and for productivity improvement in the defense industries, which are programs administered by the Department of Industry, Trade and Commerce; grants allowed under Department of Regional Economic Expansion programs; and assistance by the Federal Business Development Bank. That is not an exhaustive list of federal programs of assistance, of which there are more than four hundred.

During March and April, officials of the two levels of government have met to discuss what additional help the federal government might make available. A major effort is being made to build additional flexibility into federal programs and it is expected that a public announcement on the subject could be made in the near future.

THE ECONOMY

IMPERIAL OIL—EXPLORATION CUTBACK—EFFECT ON EMPLOYMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a reply to a question raised on May 13 by Senator Balfour relating to the Imperial Oil budget reduction. This reply is three pages in length, and I would ask that it be included in *Debates of the Senate* as having been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

As honourable senators will recall, reports have been carried in the press on a budget reduction of \$2.4 billion over the period of 1982-86 by Imperial Oil Limited from the previously planned level of \$7.4 billion. While this has been described as an exploration budget, it is actually the company's exploration and capital budget. Major reductions in planned spending reflect the moth-balling of the Cold Lake project and withdrawal from the Petalta styrene project (jointly with Nova).

The following extracts from a May 12 address by W. J. Young, Senior Vice-President of Imperial, are representative of the company's plan, and indicate a positive and optimistic approach to oil and gas resource development.

We moved quickly and decisively. In a nutshell, since the middle of last year we have trimmed our exploration and capital spending plans for the period 1982-86 by roughly one-third—from \$7.4 billion to a current figure of \$5 billion. In the process we have subjected every prospective new project to the most searching scrutiny, not only in the light of Imperial's reduced investment capabilities but also in terms of each project's ability to generate early profit and to contribute to long-term strategy. Cold Lake, which has gone into cold storage for at least three years, and our participation in the Petalta styrene/benzene project were, unfortunately, among the casualties.

This year our planned capital expenditures will be about the same as they were for 1981: in the region of a billion dollars.

While on the subject of heavy oil I should mention that, while our full-scale Cold Lake project has been deferred, production from our pilot-plant program there was increased last year to a not-inconsiderable 14,000 barrels a day. Production from these pilot plants is currently running at a very low level because of the depressed demand for heavy crude but we expect it to pick up later in the year.

In exploration generally, we plan to participate wherever possible with Canadian-owned companies, not only to qualify for maximum grants under the NEP's Canadian-ownership rules but also to spread the risks and costs.

We remain bullish about the Beaufort and will continue to be very active there. Last year's test results from our Issungnak well were very encouraging and, as you may

remember, followed an earlier successful well drilled from this site in 1980. We regard the Beaufort as having high potential for large-scale oil production. The same can be said for the Atlantic offshore, where we expect to resume drilling in the near future after conducting extensive seismic work over the last three years.

Senator Olson: Honourable senators, I have a reply to a question raised by Senator Manning on May 13 under the same heading relating to exploration and development transfers. Since this reply is also fairly lengthy, I would request that it be taken as read and included in the proceedings for today.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

As early as 1976, the federal government, in *An Energy Strategy for Canada*, announced its desire to accelerate exploration in northern Canada. Recognizing the costly, high-risk nature of exploration in this area, the federal government has over time put into place various incentives to encourage northern exploration. For example, under the NEP's Petroleum Incentive Program, expenditures incurred exploring for oil and gas in the north and offshore will be entitled to an incentive equal to 25 per cent of eligible exploration expenses. All other PIP incentives will depend upon the Canadian ownership and degree of Canadian control of the applicant, the location of the expenditure (i.e. exploration, development of eligible assets). The size of these variable incentives will range from 10 per cent to 55 per cent of eligible expenditures. The maximum incentive for a Canadian company exploring in the Canada Lands will, therefore, amount to 80 per cent of eligible expenditures.

To quote from the National Energy Program:

It remains necessary to provide a strong incentive for northern exploration... Canada may not need its resources in the north for domestic markets until the 1990's, but there may be merit in using Arctic oil in Canada, should viable deposits be found, to relieve the pressure on Alberta's reserves. In the case of natural gas, the need for Arctic gas in Canadian markets may not arise for many years. Yet we should press ahead with exploration, so that Canadians will know that a secure source of oil and gas is available as our "safety net" for the future.

The government is pleased to see that private industry is taking advantage of incentives that have been provided.

The federal government does not anticipate any major downturn in activity in western Canada's petroleum sector because a few companies have taken the initiative to diversify their activities and move some of their operations into the Beaufort Sea.

● (1425)

NATIONAL DEFENCE

THE MILITIA—RUMOURED REDUCTION IN BUDGET—REQUEST FOR ANSWER

Hon. Jack Marshall: Honourable senators, on May 18 I asked a question of the Leader of the Government with respect to a concern expressed to the Minister of National Defence by the Commanding Officer of the Regimental Council of Brockville Rifles concerning militia pay. I have still not received an answer.

However, on May 19 the minister made a statement to the Committee on National Defence, in which he answered that very question.

If at this late date, June 3, I have still not had an answer, and yet the answer is well known and has been publicized, surely there must be something wrong with the administration. Why should such a delay have occurred, when all the department needed to do was read the minister's note in order to answer my question on May 20?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it would certainly have been much more desirable had the people in the department realized that the material they were preparing for the committee hearing should have been forwarded to the senator. It looks like a case of the left hand not knowing, when it should have, what the right hand was doing. Certainly, the information should have been available to all parties at the same time. I will try to find out why that was not the case.

UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND (NO. 2)—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-114, to amend the Unemployment Insurance Act, 1971 (No. 2).

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
K1A 0A1
GOVERNMENT HOUSE

June 3, 1982

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of

Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 3rd day of June, 1982, at 5.45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,

Your obedient servant,
Jacques Noiseux
for Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

[Translation]

PRIVATE BILL

E.G. KLEIN LIMITED—THIRD READING—ORDER STANDS

On the order:

Third reading of the Bill S-26, intituled: "An Act to revive E.G. Klein Limited and to provide for its continuance under the Canada Business Corporations Act".
(Honourable Senator Leblanc).

Hon. Martial Asselin: Honourable senators, I advised the committee as well as Senator Frith that I only had a few comments to make on third reading of this bill. I also informed Senator Frith that I was waiting for the transcript of the committee's proceedings. Unfortunately, I have not received the proceedings since they have not yet been printed. After making some enquiries this morning, I managed to obtain what appears to be an unrevised draft. To avoid making any mistakes, with your leave I shall wait until I receive the official proceedings, possibly early next week, since third reading cannot be postponed indefinitely. At that time I shall add the comments I wish to make to the Senate.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I feel this is entirely satisfactory, especially considering the fact that Senator Leblanc, who sponsored the bill, will not be here until next week.

Order stands.

● (1430)

[English]

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-THIRD MEETING—REPORT OF CANADIAN DELEGATION—DEBATE CONTINUED

The Senate resumed from Thursday, May 27, the debate on the inquiry of Senator Hicks calling the attention of the Senate to the twenty-third meeting of the Canada-United States Inter-Parliamentary Group, held at Key Largo, Florida,

from 4th to 8th March, 1982, and to the report of such meeting.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I believe I can undertake that my observations on the meeting of Canadian and United States parliamentarians, recently held in Florida, will maintain that spirit of calm reason which seems to prevail in the chamber this afternoon. I can promise no excitement of any kind. After all, we had an excellent presentation on the whole matter the other day by our senatorial "chairman of the board," Senator Hicks, and there is little that can be added to the official report he gave to the house in detail and, I believe, with judgment.

This afternoon I wish to offer a few reflections which are entirely personal and probably reflect my standing as a novice in these matters of international affairs, because, in a sense, it is a cautionary tale. I very much enjoyed going to that meeting because it gave me an opportunity to reflect on the fact that life is a learning experience, and, in meeting with American parliamentarians, it sharpens one's appreciation of the problems of government in this country and of our relations with our most important neighbour.

The Americans, of course, are such a friendly lot. They are cordial. They are frank. They have an engaging way of presenting their self-interest in matters that concern our two nations, and if one has an opportunity to get beneath the surface of things one will find that there is the capacity to understand the other person's point of view. That is something for which I believe we Canadians have some reason to be grateful, and some reason to practise ourselves.

It strikes one that there is a real difference between our two nations. Anyone who thinks that there is not a Canadian personality has not looked very far. Anyone who thinks that Canadian nationalism is not a real feature of our life has not compared the way in which we look at the world with the way in which the world appears to some others—particularly as between our two countries, which are commonly regarded as being, if not exactly identical twins, then certainly siblings, belonging to the same family. In many ways that is true.

In our political institutions we approach matters from quite a different standpoint, and that affects the way in which we deal with each other and the way in which we look on each other's problems. The American congressional system is so different from ours in its day-to-day workings. Each congressman, whether he is a member of the House of Representatives or a senator, is, in a sense, an independent power centre in a way which would never be ascribed to a member of the Canadian Parliament, whether in this house or the other.

● (1435)

In the United States they have an independence of the overriding control of party interest in a way which is not to be found in this country. They have a freedom, it seems to me, to represent local interests in a way which we sometimes find to be difficult when we have to reconcile local interests with the national interest.

Our parliamentary system, which perhaps binds us too closely to the chariot wheel of party discipline and prime ministerial power, means that we approach the problems between our two nations, and the problems of our policy-making, from quite a different point of view from that which they have down there. It is true that the congressional system is a far more open system for making laws and raising taxes than we have ever found in this country. While I do not espouse the congressional system, I am sure that there are features in it which we shall adopt in this country.

So, there is a difference in our political institutions, and it is marked these days because the American Congress is much more assertive now with respect to its relationship to the American executive than it was a few years ago. Anyone who has tried to negotiate with the Americans on a subject such as the Garrison Dam project soon finds that out, because while the Department of State may be easy to get along with and may give the assurances one requires, when it comes to the real crunch we find that there is another actor on the scene, namely, the American Congress, which deals with these matters in quite a different way. It is not good enough to have the Department of State on one's side if Congress is not disposed to agree. That is a fact that has certainly been borne out, as far as I am concerned, since I have conducted some activities in that respect.

Hon. Charles McElman: We found that out when dealing with the fisheries question.

Senator Roblin: My honourable friend, Senator McElman, is a veteran of this association, and knows well the problems that we face.

There is a difference of economic ethos, if I may use that rather fancy word, between the two countries, because, particularly in the United States today, there is a thrust towards individualism, as expressed in economic terms, that we do not find, and never have found, to the same extent in this country.

We are much more inclined to realize the necessity for collective action in many of the things we do in order to sustain our existence, with our particular geography and with our combination of populations, which means that we have, economically speaking, a different approach from the Americans, and it is good for Canadians like me to remember that because, in dealing with them, those things have to be taken into account.

There is a third difference which is so obvious as to be tiresome—that is, the difference of scale. It is simply a question of size, wealth and power. The difference is so disparate that it has to affect the attitude they bring to their problems and the attitude we bring to our relationships with them.

In the first committee of the three that were in action, one of which I had the great honour of co-chairing, we were right up against some of the most contentious issues that now exist between the two nations.

There was a dead set made, understandably so, on what was perceived down there to be unreasonable Canadian nationalism.

Hon. Royce Frith (Deputy Leader of the Government): What was the name of that committee?

Senator Roblin: I do not know. The first committee did not have a name; it was just called Group 1, and was given an agenda. The only differentiation between the committees was based on the agenda each was given.

On the agenda we were given, the question of FIRA and national energy policy were two important concerns. There was a clear feeling, among many representatives from the American side, that our bout of nationalism, as expressed in FIRA and the National Energy Program, represented serious obstacles to close understanding and economic co-operation between the two countries.

There were some points made that we Canadians would do well to pay attention to, because I, for one, have no intention of abandoning my right to be a Canadian nationalist if I want to be one. There are ways and means of doing things which make it possible to achieve results with less trouble than one would otherwise expect. The points made to us are worth noting.

With respect to FIRA, there was a feeling of frustration because there was no evidence of due process to be found in the whole operation. There were no clear rules that people felt they had to comply with if they appeared before FIRA. It is considered to be arbitrary, bureaucratic and secretive, they said. God knows, all those charges, in my opinion, are perfectly true. I think we can have FIRA combine with a system of due process so that justice is not only done but is seen to be done by all concerned. What is wrong with that?

● (1440)

Then we come to the National Energy Program. The retroactive and non-compensatory features of Bill C-48 in relationship to the Canada lands are obviously objectionable to everybody. Senator Hayden reported to us on the subject matter of that bill, as Chairman of the Standing Senate Committee on Banking, Trade and Commerce. That committee found that parts of this bill were retroactive and that full compensation for seizure, if you wish to use that strong expression, was not provided.

It seems to me that those two aspects of the NEP could be reconsidered by thoughtful administrators of the government to eliminate, in my opinion, unnecessary features of the bill. Even if you are the strongest advocate of the National Energy Program that can be found in the whole length and breadth of the dominion, I think you can still—

Senator Frith: That sounds like me!

Senator Roblin: If it sounds like my honourable friend, then perhaps I can give him a little task. The task I give him is to persuade his colleagues that this legislation can be modified with respect to the retroactive provision, and improved by providing full compensation when government moves in on somebody's private property. I suggest those two improvements to the NEP as it stands now.

[Senator Roblin.]

Hon. H. A. Olson (Minister of State for Economic Development): When you started you said you were not going to raise contentious issues.

Senator Roblin: Well, I did not think my honourable friend would find it contentious to be opposed to retroactivity and non-compensation for government seizure. I do not think he does find it contentious. In fact, if he thinks about it for a minute I am sure he will agree that I am on a soundly grounded principle here, even though the government may not be.

Senator Olson: The facts don't fit your opinion.

Senator Roblin: Well, I am not claiming that my opinion is always correct. I am taking advantage of an opportunity to express a warning to my honourable friend. I am not trying to make this speech to make the minister of state in charge of economics and regions, or whatever, annoyed with me. I am trying to point out to him some of the problems we found with respect to the United States that we need not have found and we need not have if we are just a little more discreet and sensitive and not quite so thrusting in our policy.

Senator Olson: That part I accept.

Senator Roblin: Well, that is good, and I think you will accept more of it, too, before I am through.

Another question came up that I ought to warn the Senate about, and that is the concept of reciprocity. I think of reciprocity as being a term covering a general set of policies with respect to trade between countries. That is the meaning of reciprocity in the Canadian historical experience. But reciprocity is a term that is being used in a new sense in the United States, and what it means is *quid pro quo* or *pro pelle cutem*—a skin for a skin, if I may use the motto of the Hudson's Bay Company, with respect to individual items of trade: "If you want to send your trucks into our country, then you have to change your rules so that our trucks can go into your country". "If you want your potatoes to come over the border into Montana, then you have to do something about potatoes coming over into Maine". One could go through an entire series of individual idiosyncratic problems, one by one, on which reciprocity is demanded by some American legislators. To my mind, that is a fatal policy on which to approach matters of trade. Reciprocity, in those terms, is dangerous.

The point I want to make is that there are quite a number of people in the United States Congress who think that this form of trading is only fair and that things should be done in the way they suggest, so that particular items of trade are dealt with on an even-stein basis. That is the kind of reciprocity they want to see. Fortunately, as far as I can tell, the American administration does not agree that that is a good idea. It is amusing, though, because we spent some time talking about Canadian investment in the United States, which is quite the opposite turn of the coin. We found the Americans to be just as touchy nationalists as we are when it came to real estate investments in Denver, or an apartment building in San Francisco, or the movement of Canadian insurance companies into the United States.

Hon. Richard A. Donahoe: Or ownership in Florida.

Senator Roblin: Actually, I think they rather approve of that; at least, it seemed to go down rather well. The point I am trying to make is that they are sensitive to exactly the same kinds of issues as we are.

I do not intend to detain the Senate very long on this matter, because all I have been saying so far is the common stock of our understanding, and current gossip as it affects the state of relations between the two countries. I am aware that I am really adding nothing to the fund of knowledge, although my opinion may be of some interest to myself, even if it is not to the honourable minister opposite.

What is the challenge for Canadians? What does this mean to us? What can we do about it? What attitude should we develop with respect to this matter? There is a natural defensiveness on our part. It came out throughout these meetings, because when Lilliput is faced with Gulliver, Lilliput feels it is up against something pretty substantial. That is the case here: we are defensive because we are dealing with a nation which is a giant.

However, I do not think there is any necessity for us to abandon our concern over our national identity. I do not think there is any necessity for us to give in on any of the great principles of independence or sovereignty, which, of course, form part of our idea of Canada, even though we do share this one continent with such a great nation. I am satisfied that there are no absolutes in this field, either between Canada and the United States or between Canada and any other country. The old-fashioned notions of complete and absolute sovereignty and independence, in economic terms, at any rate, we now realize can no longer be sustained. We have a very close economic integration. When we disturb that, there are going to be economic costs, and no matter how good those notions may appear to us or how easy they may be to digest in theory, they are certainly going to be something that has to be weighed in the balance.

Canada is not a nation that should be owned abroad—and there are very few Canadians who would disagree with that statement—but if we want to get on in our relations with the United States, I think the first point to consider is that we should strengthen the hand of our friends in that country—and Canada has plenty of friends in the United States; it has plenty of friends among those who were present at the meeting to which I refer. We must see that our friends' hand is strengthened, and we must mitigate the abrasive and strident actions that we have sometimes taken in respect of nationalism and our economic relationships with the United States in recent times. Reasonable modifications, to my mind, do not involve loss of face or loss of self-respect; they are just a sensible way of carrying on business.

Defensive policies in the United States, in my opinion, are sometimes offensive to Canadians as well. I go back to my example of FIRA. When one considers the lack of due process in the whole of the FIRA system, surely that is just as offensive to Canadians as it is to any American. I think we

would do well to see how we can provide a more open system of dealing with FIRA applications so that the parties concerned may not feel that they have been smothered in a secret and bureaucratic decision in which they see no right or justice.

As I have already said with regard to the National Energy Program, we can deal with the questions of retroactivity and compensation if we want to. I believe that to persuade the Americans of the desire of Canadians to have a bigger share of their own natural resources, in the field of oil, is not a problem for us. They are open to persuasion, but we cannot persuade them, as we would like to, if we retain in that policy irritants which are not basic to the scheme at all and which should be altered in order to present a more neighbourly face to our neighbours at a time when we are doing things which are strengthening our own system of national ownership but which are, at the same time, acting against their obvious economic interests in this country.

So it seems to me that that is the major lesson I learned at the meetings in Florida this year—the necessity to strengthen the hand of our friends. If we do that, then our friends in that country are willing to speak on our behalf. They are willing to present, to those Americans who do not understand the differences between our two countries, our case effectively and reasonably, I believe, to avoid the more unpleasant repercussions that are talked of in some circles. But in order to strengthen the hand of our friends, we have to show ourselves to be reasonable and understanding in those things which concern them and which they regard as harsh and abrasive in our policy, and which we could well mitigate without sacrificing our goals or in any way derogating from our national dignity, if that is a concern of those engaged in the negotiations.

Personally, I think that the Canada-United States Inter-Parliamentary Group meetings are one of the important means by which we can strengthen the hand of our friends, because those meetings are between elected people—that is, some elected people and some unelected people, but basically—

Senator Frith: Parliamentarians.

Senator Roblin: Parliamentarians, that is the correct expression.

• (1450)

I think that this type of meeting is something which should be supported in this house. We might consider ways and means of doing more about it, but it represents a reasonable way of expressing the Canadian point of view, of finding a basis for understanding, of strengthening the hand of our friends in the United States while at no time taking away from the essential interests of this country.

Hon. Senators: Hear, hear.

The Hon. the Speaker: If no other senator wishes to participate, this inquiry is considered as having been debated.

Senator Roblin: Honourable senators, I have not been informed by any other senators who were present at the meeting that they wish to speak to this inquiry. I do not see

why we should not keep it open, in case some other honourable senator wishes to speak to it.

Senator Frith: Honourable senators, in that case. I move the adjournment of the debate, to leave it open for other honourable senators who might wish to speak to it. Then, if no one rises to speak to it next week, we shall consider it debated.

On motion of Senator Frith, debate adjourned.

The Senate adjourned during pleasure.

● (1745)

ROYAL ASSENT

The Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable

the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to provide for state immunity in Canadian Courts

An Act to amend the Canada Elections Act

An Act to amend the Unemployment Insurance Act, 1971 (No. 2)

An Act to amend the Act of incorporation of the association known as "The Army, Navy and Air Force Veterans in Canada"

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, June 8, 1982, at 8 p.m.

APPENDIX

(See p. 4273)

STANDING RULES AND ORDERS

SECOND REPORT OF STANDING COMMITTEE

Thursday, June 3, 1982

The Standing Committee on Standing Rules and Orders has the honour to present its Second Report as follows:

1. Your Committee, to which was referred the Report of the Standing Senate Committee on Legal and Constitutional Affairs respecting the establishment of the position of Deputy Speaker of the Senate, has, in obedience to the Order of Reference of Wednesday, May 12, 1982, examined the said Report.

Your Committee agrees with the opinion expressed in the Report of the Legal and Constitutional Affairs Committee that "if the Senate... can choose any senator 'to preside as the Speaker' during the Speaker's absence, then it can choose the same senator each time. If the same senator can be chosen each time, then the Senate can at the beginning or during the course of a session, as a matter of convenience, exercise that right and make its choice known in advance of being informed of the Speaker's unavoidable absence."

Your Committee, consequently, recommends that Rules 10 and 66 be replaced by the following:

Absence
of
Speaker

10. Whenever the Senate is informed by the Clerk at the Table of the unavoidable absence of the Speaker, the senator chosen by the Senate under Rule 66 to preside as Speaker *pro tempore*, or, if he is absent, any senator chosen by the Senate, shall preside during such absence and shall thereupon have and execute all the powers, privileges and duties of the Speaker until the Speaker, or the Speaker *pro tempore*, as the case may be, resumes the Chair.

Committee
of
Selection

66. (1) At the commencement of each session, a Committee of Selection consisting of nine senators shall be appointed whose duties shall be to nominate

(a) a senator to preside as Speaker *pro tempore*;

(b) the senators to serve on the several select committees.

Separate
report

(2) The Committee of Selection shall, within the first five sitting days of each session, present a separate report to the Senate in respect of its nomination of a senator to preside as Speaker *pro tempore* pursuant to paragraph (1) (a).

Term of
appointment

(3) Unless otherwise ordered by the Senate, the senators nominated under this Rule shall, when their appointments are confirmed by the Senate, serve for the duration of the session for which they are appointed.

2. Your Committee which is empowered by Rule 67(1)(e) "on its own initiative to propose to the Senate amendments to the Rules from time to time", has examined Rule 49 and recommends that it be replaced by the following:

Voice
vote

49. (1) When a question is put to a vote, the Speaker shall ask for the "yeas" and the "nays" and shall thereupon decide whether the question has carried.

Speaker's
decision
final
Standing
vote

(2) In the absence of a request for a standing vote, the decision of the Speaker is final.

(3) Upon the request of two senators before the Senate takes up other business, the Speaker shall call for a standing vote, at which time the "yeas" shall first rise in their places, then the "nays", then the abstentions.

Pecuniary
interest

(4) A senator is not entitled to vote on any question in which he has a pecuniary interest not available to the general public. The vote of any senator so interested shall be disallowed.

Voices
equal

(5) Questions arising in the Senate shall be decided by a majority of voices. The Speaker shall in all cases have a vote. When the voices are equal the decision shall be deemed to be in the negative.

Respectfully submitted.

H. de M. Molson,
Chairman.

THE SENATE

Tuesday, June 8, 1982

The Senate met at 8 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem*, in the Chair.
Prayers.

THE HONOURABLE H. CARL GOLDENBERG
THE HONOURABLE SIDNEY L. BUCKWOLD
THE HONOURABLE FREDERICK WILLIAM ROWE
THE HONOURABLE RHÉAL BÉLISLE

FELICITATIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I very much regret that because of a family emergency I was not in the chamber last week when honours bestowed on two of our distinguished members were noted by honourable senators. The Deputy Leader of the Government and others spoke of the honorary degrees recently conferred upon Senator Buckwold, by the University of Saskatchewan, and on Senator Rowe, by Memorial University, Newfoundland. They are significant honours accorded to two outstanding senators. I repeat, I deeply regret that I was not present in the chamber when this recognition of them was brought to the attention of honourable senators.

I am most pleased, however—and I know that honourable senators will be in accord with this sentiment—that yet another honourable senator has been honoured. At a convocation in Toronto last Saturday, York University conferred an honorary degree of Doctor of Laws on the Honourable Senator Carl Goldenberg.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): Quite a collection.

Senator Perrault: Senator Goldenberg is already the holder of the honorary degree of Doctor of Laws from McGill University, L'Université de Montréal, the University of Toronto, and the University of British Columbia. This is a further honour conferred on an outstanding Canadian and an outstanding senator. All three honourable senators, and many others who have received similar recognition in recent weeks and months, have brought further distinction and honour to this chamber. Together with all other senators, I am pleased to note and to recognize these distinguished achievements.

Hon. Senators: Hear, hear.

[Translation]

Hon. Jacques Flynn (Leader of the Opposition): I would like to join the Leader of the Government in extending our congratulations to Senator Goldenberg who has just added one more doctorate to his already impressive collection. I imagine

that in referring to all those who received distinctions and honours, the Leader of the Government also included Senator Belisle, who was made a Knight of the Order of St. Gregory the Great.

MOTOR VEHICLE FUEL CONSUMPTION STANDARDS BILL

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-107, an Act respecting Motor Vehicle Fuel Consumption Standards.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with leave of the Senate, and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

The Hon. the Speaker *pro tem*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) PRESENTED AND PRINTED AS APPENDIX

Hon. Fernand-E. Leblanc: Honourable senators, I have the honour of presenting the report of the Standing Committee on National Finance on Supplementary Estimates (A) for the fiscal year ending March 31, 1983. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this House.

The Hon. the Speaker *pro tem*: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see Appendix "A", p. 4301.)

The Hon. the Speaker *pro tem*: When shall this report be taken into consideration?

Senator Leblanc: Honourable senators, I move that the report be considered at the next sitting of the Senate.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE
SENATE

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding Rule 45(1)(a):

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at three-thirty o'clock in the afternoon tomorrow, Wednesday, June 9, 1982, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker pro tem: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[English]

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development who, on several occasions last week, disputed my contention that the trend of the value of the Canadian dollar, vis-à-vis the U.S. dollar, was down, down, down.

In view of the fact that the Canadian dollar closed at another all-time low today, may I ask the minister what the attitude of the Government of Canada is in this matter? Is it the view of the government that this is a blessing that will boost our exports? Is it the view of the government, on the other hand, that it is a problem with regard to prices of our imports? The Governor of the Bank of Canada has said that there is nothing magical about the 80 cent figure. Is that the view of the government? Is it the view of the government that the Canadian dollar is over-valued or under-valued vis-à-vis the U.S. dollar? Is it the view of the government that any new policies are needed in order to strengthen the Canadian dollar?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, Senator Murray has asked so many questions that if I were to give a full and accurate reply to all of them it would involve a rather long speech.

Hon. Richard A. Donahoe: It would be the same in each case.

Senator Olson: However, I am sure that the honourable senator understands that. I believe there were five questions, in total, in which he was asking for the view of the government. I suppose that if he asked the questions seriously he does not expect to receive a reply from me to all five of them right off

the top of my head. But I will take them as notice and get serious replies to what I presume are serious questions.

Hon. Jacques Flynn (Leader of the Opposition): Have you decided to change your methods?

Senator Olson: No, it is very consistent with the method—

Hon. David Walker: It's the same old garbage.

Senator Olson: —I have used for a long time. The Honourable Leader of the Opposition will realize that, unless the preamble to a question is of no importance, it is a requirement that it also be dealt with. Otherwise, if there is nothing said in the preamble and it requires no response, then it ought not to have been said. Of course, there was a bit of a speech with regard to this question, and there have been other questions asked with a five-minute preamble.

However, on a somewhat related matter, I am sure that Senator Murray would like to hear, for example, that the trade surplus increased, from March of last year to March of this year, by \$290 million, and that the cumulative trade surplus for the first four months of 1982 is now \$5 billion, or \$3 billion more than it was for the same period last year.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear!

Senator Flynn: You are copying the Leader of the Government.

Senator Olson: Of course, those figures have a certain relationship. The honourable senator should also know that the value of the Canadian dollar, relative to any currency but more particularly the U.S. currency, is the result of a reaction that comes from the market place.

Senator Murray: Exactly. Taking the statements of the minister at their face value, how does he explain the fact that the international money markets are manifestly voting "no confidence" in the Canadian dollar and, I suggest, in the policies of his government?

Senator Olson: Honourable senators, Senator Murray has a bad habit of overstating things—

Senator Perrault: Dreadful!

Senator Frith: Bring that under control.

Senator Olson: —when he says that the money markets have manifestly voted "no" with regard to the Canadian dollar. I think Senator Murray would be somewhat better informed, or more capable of making an interpretation, if he would listen very carefully to what a number of the members of cabinet, including myself, have said many times, not only in this chamber but in a number of other places, and that is that the reaction that shows up in the market place vis-à-vis the relative values of the currency also has something very directly to do with costs and the competitive position of our economy vis-à-vis other economies.

It is a fact that the level of withdrawal of inflation in the United States has been substantially more than in Canada. Indeed, if you want more precision, recently there have been

some month-to-month calculations where the inflation rate in the United States has been down to very near zero. At the same time, our inflation rate—and I admit that our calculations are based on the same month, from year to year—is many points above the rate in the United States, which has a direct relationship to how the market will interpret the relative values of currencies.

We have constantly been attempting to persuade, not only the opposition—

Senator Flynn: Come on; be serious.

Senator Olson: —but also the Canadian people that there has to be a corresponding decline in the rate of inflation in our economy, for a number of reasons, including what I regard as the most important one, that being so that we are in a competitive position to take advantage of the market opportunities that are out there now, and, more particularly, so that we are in a position to take advantage of any upturn in the international market when it occurs.

Senator Murray: Honourable senators, I have a final supplementary question. Because the minister did not mention these factors, may I ask him whether the government excludes the possibility that the national energy policy, the operations of the Foreign Investment Review Agency and the size of the federal deficit, which now looks as though it will be closer to \$20 billion than the approximate \$10 billion forecast last November, are factors in the precipitous decline in the Canadian dollar?

● (2010)

Senator Olson: My honourable friend continues to engage in what I regard as a rather bad habit. He throws in some adjectives related to rhetorical matters when he asks for information to be given in an accurate and responsive way. Of course, one is not compatible with the other, unfortunately.

Hon. G. I. Smith: Not compatible with your answers, either!

GOVERNMENT POLICY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wonder if I could ask the Leader of the Government in the Senate to give us the benefit of the government's view of Canadian policy requirements now that the Versailles summit is over.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that, of course, is a major question. I would think it appropriate to bring to the Senate a post-Versailles statement in order to reply more properly to the honourable senator's question, and I would be prepared to bring to the Senate such a statement.

Senator Roblin: Honourable senators, today in the other place I believe that the Minister of Finance made a statement with respect to the Versailles summit. Among other things, he said that it did not indicate any change in economic policy. He then went on to say that Canada fully supported the findings of this Versailles summit. Does that mean that the government

is not anticipating any changes in its economic policy as a result of the proceedings at Versailles?

Senator Perrault: Honourable senators, I will defer to the Honourable Senator Olson, who has some information with respect to the Versailles summit.

Hon. H. A. Olson (Minister of State for Economic Development): What I have, honourable senators, is a copy of "blues" from the Question Period in the other place this afternoon. I was trying, in vain, to find the statement of the Minister of Finance. He did have the communiqué that was issued after the Versailles summit. In addition to that, he answered a number of questions of the Leader of the Opposition in the other place and one or two other members. I do not see a statement, as such, made by the minister, unless the amalgam of the things I have mentioned is what my honourable friend refers to.

Senator Roblin: Perhaps I can clarify my thoughts on the subject for the minister's benefit.

The minister in the other place cited the terms of the Versailles communiqué, which he said were fully supported by Canada and which did not indicate any change in economic policy from the Versailles point of view. My question is: What does the minister mean by this statement that he supports the communiqué and therefore indicates that we can expect no changes in economic policy? Is that correct, or may we expect changes in the economic policy?

Hon. Jacques Flynn (Leader of the Opposition): He said both things.

Senator Olson: Honourable senators, although I do not have in front of me the exact quote that is attributed to the Minister of Finance, I think that the main thrust of the economic policy as set out in the budget speech of last November—which is an attempt to reduce the rate of inflation in Canada significantly and to endeavour to stay in balance in that regard with our trading partners, particularly the United States—still applies. The minister went on to point out that the statement coming out of Versailles and the thrust of that economic policy are consistent.

What Canada had indicated before, during and after the Versailles summit, however, was the hope that there could be some reduction in interest rates in the United States—and I do not need to go through all of the factors involved in that—so that sooner, rather than later, there could be the beginning of economic recovery in that country, its very size being such that it has a significant influence on the rest of the western world. A number of times we expressed disappointment that the real rates of interest in the United States have now risen to somewhere in the neighbourhood of 8 to 11 per cent. We also expressed the hope that there would be some action taken to bring those interest rates down, which would result in some confidence for investment all over the western world, including Canada, and which would stimulate the private sector to get on with economic recovery.

● (2015)

Senator Roblin: Honourable senators, we are all familiar with the government's efforts to blame everything on the United States.

Senator Flynn: Or on the opposition.

Senator Roblin: The government refuses to accept any responsibility for its domestic dilemma.

Allow me to ask my honourable friend a question on the communiqué from Versailles, the main point of which was a pledge to reduce budgetary deficits. Would my honourable friend relate that pledge—which was endorsed by the Canadian government—to the fact that the budgetary deficit, estimated to be around \$10 billion about eight months ago, is going to be much higher? The probabilities are that it will be somewhere between \$15 billion and \$18 billion. What action is the government taking to put some meaning behind its lip service on this question of reducing the government's deficit?

Senator Olson: Honourable senators, so that there is no misunderstanding about what was asked and responded to in the other place earlier today, I have before me a copy of what was said, and the tenor of the question is the same. The Minister of Finance stated:

Madam Speaker, I am somewhat surprised at the tenor of the question of the honourable member.

In this case I think it was Mr. Wilson.

Is he suggesting at a time of very deep slack in the economy and at a time of very grave and rising unemployment that the government should be taking a more restrictive fiscal policy than the policy that was laid out in the budget? If he is suggesting that, then I think he is recommending a policy that the Government of Canada will not follow, or indeed would not think to be in the best interests of the Canadian people at the present time.

What my honourable friend is aware of, of course, is that the total of any increase that may show up in the budget as different from the projections made in November would be almost entirely on the automatic compensators that we have in Canada on the expenditure side.

If the honourable senator is recommending, as appears from the tenor of the question put by his colleague in the other place, that we reduce the fiscal stance and, therefore, cut off some of those automatic compensators, I think he can take from the answer given by the Minister of Finance that we are not contemplating that kind of action.

Senator Roblin: How circumstances alter cases, because I remember well that, when discussing some point about budgetary deficits with the minister when the budget was fresh in our minds last November, he made a strong point of telling me that it was a good budget because it would bring the deficit down.

At the time he was discussing the budget he said that it was a good thing for Canada. Everyone now knows that it was a disastrous budget in terms of developing the economy of this country. The budget was such a disaster that the deficit is now

going to be many, many billions of dollars more than we were told, and to tell me now, as he apparently is trying to do, that in spite of that admitted disaster, now to be seen on every side, capped off by the non-performance of the Canadian delegation at Versailles—

Senator Perrault: Shame!

Senator Roblin: —he intends to do nothing about it—

Senator Perrault: Shame!

Senator Roblin: What is shameful about that? What did our delegation at Versailles do that justifies the suggestion that they performed to some degree? It was a non-performance.

Hon. Lowell Murray: They inserted one word in the communiqué.

Senator Roblin: If they inserted one word in the communiqué, that was probably one word too many.

Senator Perrault: You asked for a statement on the Versailles summit, seeking information, and now you have made a judgment before you have had the facts.

Senator Roblin: My honourable friend has made a judgment, because he said "Shame!" If that is not a judgment, I should like to know what is. If my honourable friend would just keep his seat while I finish my question—

Senator Perrault: Statements like that destroy confidence in this country.

Senator Roblin: If anyone is responsible for destroying confidence in the Canadian government, it is certainly not members of the opposition—although I wish it were. The government created this lack of confidence by its own wilful acts, and if my honourable friend, the Minister of State for whatever-his-department-is, ever gets into the debate on the national economy, which we were invited to move, and to which no leading government figure has spoken so far, I shall be interested in his statement.

An Hon. Senator: He is hanging his head in shame.

Senator Roblin: Hanging his head in shame? No, I think we will hear from him, and I will be interested in hearing what he has to say. The point is, we went to Versailles and did not get what we thought we were going to get. We—that is, the government—said to the people of Canada, "We are going to do something when we come home." I am now asking my friends opposite if they are going to make a change in policy, and I get a stone wall.

● (2020)

Senator Perrault: Not a stone wall at all.

Senator Olson: Honourable senators, it is amazing. The enthusiasm with which my honourable friends opposite, and particularly Senator Roblin, can display that their hindsight is almost as good as the foresight of the government never ceases to surprise me.

Everyone knows that there has been a downturn in the economy since last November. There were some projections then of that happening—

Hon. G. I. Smith: Yes, we told you.

Senator Olson: Oh yes, you know everything with your hindsight.

Senator Smith: Hindsight? We told you back in November.

Hon. Martial Asselin: What about some good news? You have none.

Senator Olson: I have a file on good news too, but I never get asked any questions that allow me to produce it, so I will have to plant some questions of that kind with my honourable friend.

In any event, to go back to the reply to my honourable friend's inquiry, if that is what it was—"submission" is perhaps a more accurate expression—there obviously have been some changes. He now claims some superior wisdom, I guess, in suggesting that Canada ought to be able to insulate itself from the effects of the international market, and all that is involved therein; but the facts out in the real world are that Canada's economic activity and its gross national product are made up of something like 30 per cent in international trade alone, and when that sector faces the kind of difficulties we have witnessed since last November, effects are produced in Canada which in turn affect the people as to employment levels and all of the other things. It also has an effect on the deficit.

Senator Perrault: They know all that.

Senator Olson: They know also that our revenues are down. The Minister of Finance has indicated that.

It must also be remembered that we have a social system that we can be proud of, at least on this side of the house, having brought it into being with the object of mitigating a great deal of the suffering that goes along with this kind of downturn, but obviously the costs of some of those services have gone up. We do not intend to abandon those people who are in the greatest degree of distress.

Senator Smith: Only because you put them there.

Senator Roblin: I am sure it will comfort a great many of the people who are suffering to know that this government proposes not to abandon them. Since when has the government supported them in this economic downturn? Very infrequently indeed.

My honourable friend says that my hindsight is as good as his foresight. Well, that does not say much for my hindsight, because his foresight is zero. It is below zero. His foresight is a minus quantity. All you have to do is compare that budget statement we got with the facts that have emerged from it.

Senator Perrault: Be fair; don't be so political.

Senator Roblin: I am still asking my honourable friends the same question I started with. Are we going to get some changes in policy on the part of this administration, or is it going to stand with its head in the sand? Can you stand with your head in the sand? Well, ostriches can, so I suppose my honourable friends can. When are we going to get policies that deal with these problems?

[Senator Olson.]

It is no good blaming the problems on the rest of the world. The world has its troubles, to be sure, but we have ours, and those that were self-created by Canadians, and by the government opposite, are susceptible to some improvement and change. When are we going to see some changes in policy?

Senator Olson: Honourable senators, both the Minister of Finance and the Prime Minister, in Versailles right after the summit, and the Minister of Finance since he came back to Canada, have indicated that the Government of Canada is going to look carefully now at the economic situation—

Hon. Senators: Oh, oh!

Senator Olson: —in view of the circumstances that are now even more clear as a result of the Versailles summit discussion, and the Minister of Finance will be bringing a statement to Parliament reasonably soon. I guess that is the answer. I suppose my friend is going to ask me to give him a further definition of "soon".

● (2025)

Senator Asselin: Six weeks.

Senator Olson: Six weeks has been mentioned, but the Minister of Finance indicated in the other place today that that was somewhat of a misinterpretation, and what was said was that it would not be prudent for us to wait until the fall before some action was taken in Canada to adjust even more readily to the economic situation in the real world. My honourable friend can rant and rave—and he does that very well and very often—about how we try to blame other people. Blame it on the Americans—

Senator Asselin: Blame it on yourself!

Senator Olson: —or blame it on somebody else, and so on.

Senator Flynn: Blame it on the opposition!

Senator Olson: No, I do not want to blame it on anybody. I think that it would be more useful if we were to spend a few minutes, or perhaps a few hours, recognizing that that is the real world. We did not create the situation in the international market.

Senator Flynn: You certainly helped to create it.

Senator Olson: We have done as well as any other country in coping with that situation and with our policies, I think, to some extent, better.

Senator Flynn: It is not as bad as all that.

Senator Olson: Therefore, if my honourable friend wants to spend a lot of time making the argument that somehow we created this situation internationally, I think that he might as well do something more useful than constantly spinning his wheels on that one because the people of the country know better than that.

Senator Flynn: You should try to ask for their opinion in an election.

Senator Roblin: My honourable friend knows better than that, too, because he knows I am not blaming him for the

international situation, as he just stated. I am blaming my honourable friend for the national situation. I think it would be a good thing if the honourable gentlemen opposite would sometimes admit that their policies are at fault. I think it would be a good thing if the honourable gentlemen opposite would recognize that their policies have brought about the lowest state of confidence in the economy of this country on the part of ordinary people, on the part of businessmen and on the part of everybody concerned that we have seen since the great depression. That is the fact of the matter, and we are asking my honourable friend if he will kindly do something about it. I am not going to ask him to define the word "soon" because it is perfectly obvious that he does not have the faintest idea of what they are going to do, or when they are going to do it.

Senator Murray: Honourable senators, may I ask the Minister of State for Economic Development whether there has been any change in the forecast rate of economic growth and in the forecast size of the budgetary deficit contained in the November budget of Mr. MacEachen?

Hon. Jack Marshall: "Yes" or "no".

Senator Olson: The Minister of Finance has indicated he will be bringing in a statement about that and other matters related to economic matters very soon, and I am sure my honourable friend would not like me to try to pre-empt the Minister of Finance's responsibility in this regard.

Senator Murray: I am not asking the Minister of State for Economic Development to pre-empt the Minister of Finance; I am simply suggesting to him that it is approximately seven months since Mr. MacEachen brought in his budget, and that the GNP declined during the first quarter of this year by, I think, 1.7 per cent. In view of that, do the ministers have an up-to-date figure on the forecast budgetary deficit and on the rate of economic growth? Are they working on new assumptions, or are they working on the some old assumptions, now completely discredited, brought in by Mr. MacEachen in November?

Senator Smith: Are they working at all?

Senator Olson: My friend has a severe difficulty in relating certain things to other things that he admits himself are so. I can understand that kind of logic. We know that when there is a turndown in the GNP that there is also a related and a corresponding turndown in federal government revenue. He understands that very clearly.

Senator Murray: Then quantify it for us. It has been seven months.

Senator Olson: He also knows and understands that when there is this kind of turndown, there is also a very direct related increase in expenditures for a number of programs including—

Senator Murray: How much?

Senator Olson: —such things as unemployment insurance and many other programs.

Senator Murray: Tell us how much.

Senator Olson: I said earlier the Minister of Finance said—

Senator Roblin: Flying blind!

Senator Olson: —in the other place today that very soon he will be making an updated statement on all those factors that my honourable friend mentioned. I do not have one with me this evening.

Senator Murray: Are you working on one?

Senator Olson: I am sure the Minister of Finance would not have said that unless he was working on one. Of course he is working on one.

● (2030)

Senator Perrault: It will come sooner than you wish.

Senator Olson: If the Minister of Finance said he is going to bring it in, obviously he is working on it.

Senator Perrault: Night and day.

Senator Murray: The Minister of State is in charge of economic development policy. Surely he and his officials are working on some new and updated assumptions with regard to the rate of economic growth in the country. If so, what are those assumptions? Let him give us the figures.

Senator Olson: Honourable senators, Senator Murray knows very well that the Minister of State for Economic Development does not bring in and publish separate and independent statements of what was asked for a few minutes ago—and the honourable senator keeps shifting ground a little. A few moments ago he asked for an update on the size of the deficit. Now he comes back on a little different tack. The honourable senator has to realize that all of those things are related. The Minister of Finance has the responsibility, and he has given an indication that he is going to bring in an update. As soon as I can get my hands on it, I will see that my honourable friend is informed on every one of the questions he has asked.

Senator Perrault: We will rush it into the Senate.

Hon. Richard A. Donahoe: Honourable senators, I have a supplementary question, which is based solely on what I have heard in this chamber tonight. I heard the Minister of State for Economic Development say several things.

Senator Perrault: All intelligent.

Senator Donahoe: One was that in the United States they have succeeded in wrestling inflation to the ground. He has told us that there are monthly reports indicating that inflation is minimal in the United States. He has also told us that in the United States they have very high interest rates, and that because they have high interest rates, we also have high interest rates; and because we have high interest rates, then we have high inflation. We have increasing inflation.

As a rather naive person, from a remote part of the country, I would like an explanation of what the minister is saying. If it is true that inflation has been wrestled to the ground in the

United States, to what policies of the Reagan administration does he attribute that very large measure of success; and if those policies work in the United States, why are they not available in Canada?

Senator Olson: Honourable senators, I want to answer that question seriously, and say quite simply that I did not say any of those things. I never once used the words "wrestled to the ground".

Senator Perrault: You are wrestling the truth to the ground.

Senator Olson: The way I should answer that question is to say that the honourable senator has put his interpretation on what he thought he heard. It is unfortunate that he has a somewhat distorted interpretation of it. I would suggest that he obtain a copy of *Hansard* as early as possible tomorrow and read the replies very carefully. He will then have a full and complete answer to the last part of his question.

Senator Donahoe: Then I will rephrase my question tomorrow, and ask it again.

Senator Flynn: In any event, the minister will recall that the Prime Minister said at Versailles that the policy of high interest rates up to now has only had the effect of wrestling the economy to the ground. Does the minister agree with that?

Senator Olson: I believe I missed one or two words. Would the Leader of the Opposition please rephrase his question, because I want to be precise in my reply.

Senator Flynn: The Prime Minister said that high interest rates, as a way of fighting inflation, has had only the effect of bringing the economy down. Do you agree with that?

Senator Olson: Here again, it is the Leader of the Opposition who is the champion of bringing in slightly different interpretations.

Senator Flynn: If you don't know, say you don't know.

Senator Olson: I recall seeing that press report. I know it is wrong to comment on whether press reports are true or untrue, but nevertheless—

Senator Flynn: Come on!

Senator Olson: I will refer the question to the right honourable gentleman whom the Leader of the Opposition claims made the statement. I believe that what the Prime Minister said was that one of the consequences, if you like, of high interest rates over a long period of time is to wrestle the economy to the ground, and in his view that was undesirable.

Senator Flynn: Then how can you reconcile the government's continuing with the high interest rate policy?

Senator Olson: First, I wish to tell my honourable friend that this government does not have a high interest rate policy. The Minister of Finance said that some time ago. If the Leader of the Opposition is suggesting that we do, then I suppose he is also suggesting that he is in favour of some kind of direct intervention, and, indeed, even foreign exchange control, and all of the other things that go along with setting out a policy concerning interest rates. You cannot have one

without the other, and my honourable friend knows that better than anyone in this chamber.

Senator Flynn: Do we understand that the minister is saying the government will do nothing about the high interest rates that prevail now?

Senator Olson: You cannot make that assumption from what I have just said.

Senator Roblin: Why not? It is a perfectly logical deduction from what my honourable friend has been telling us.

Senator Olson: My honourable friend wants to ignore these things in debate. I guess this is the period for debate rather than the Question Period. In any event, let me say that this government does not have a high interest rate policy. What this government has is a policy of free movement of capital into and out of Canada, and therefore the market, and the factors at work in other countries, particularly the United States, have a direct relationship on all of that. If the honourable senator is going to suggest that we have some kind of high interest rate policy different from that freedom, then I guess what I said a few minutes ago follows—and I am surprised that my honourable friends opposite are supporting that kind of statement.

Senator Roblin: If this free situation really exists, can my honourable friend tell me why it is that the Bank of Canada just finished borrowing \$750 million in Europe to support the Canadian dollar? If it's a free dollar that we have in this country, why is it that several billion dollars have been committed to its support recently, and more billions of dollars are in reserve in case they are required to support that delicate currency? If that is a free market, then it is an odd definition.

Senator Olson: If my honourable friend wants to take the time to read it, there is a committee report in which the Governor of the Bank of Canada indicated the purpose and the extent of the bank's intervention in the market, which is to take off some of the very wide fluctuations from time to time, and that ultimately the market will decide what the level is.

Senator Roblin: That has to be unmitigated nonsense, because the Governor of the Bank of Canada is the man who sets the bank rate, does he not, by his purchases and activities in the market, and that bank rate is translated into the interest rate in Canada? If my honourable friend says that is not controlled by the Bank of Canada and the government, then surely he should think again.

Senator Smith: He had better think just once.

AGRICULTURE

FARM CREDIT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to raise another matter with the Leader of the Government. It has to do with the supply of credit for the agriculture industry in Canada. If I recall correctly the government made a policy announcement the other day that it intended to modify the Farm Credit Act so as

to make it possible for that body to have a wider source of funds, namely, to borrow from the private sector, either in this country or abroad. Can my honourable friend tell me when legislation in respect of that matter will be presented, because I do not believe it has so far been received?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question will be taken as notice.

ASSISTANCE FOR FARMERS

Hon. Martha P. Bielish: Honourable senators, I have a question for the Minister of State for Economic and Regional Development.

Hon. Jacques Flynn (Leader of the Opposition): That is not his correct title.

Senator Bielish: Approximately two weeks ago a delegation of the Canadian Federation of Agriculture, comprising some 60 persons across Canada, made urgent representation to the government for immediate assistance in the form of emergency financing for debt consolidation at 10 per cent interest rates to farmers facing disaster. They were led to believe that something was going to happen fairly soon. My question is: What is going on? Is anything happening to help farmers?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I attended part of the meeting referred to by the honourable senator. I am not sure that I concur in what she claims they were led to believe. That is possibly a matter of perception. In any event, I will refer the question to the Minister of Agriculture, and hopefully the honourable senator will receive a quick reply. As a matter of fact, I believe that some of them had a meeting with the Minister of Finance as well.

• (2040)

I will try to bring in a response indicating what is happening with regard to that representation.

Senator Bielish: I have received a letter pointing out that this is an urgent case for farm credit assistance, on a selective basis, for lower interest money or debt refinancing through the Farm Credit Corporation. This letter is simply to restate the urgency that something be done in this farm credit crisis and to ask that before Parliament adjourns for the summer recess the government make a concrete response to this request by stating what it plans to do to live up to its commitment.

Senator Olson: Honourable senators, I believe the response I gave a few minutes ago will cover part of my honourable friend's question.

FOREIGN AFFAIRS

LEBANON—ISRAELI INVASION—GOVERNMENT ATTITUDE

Hon. Heath Macquarrie: Honourable senators, I should like to ask the Leader of the Government a question concerning the very serious, indeed, grievous, war in Lebanon where the death rate is very high and destruction is increasing. Can he indicate

what the attitude of the Canadian government is in this regard, and how and if it has conveyed its attitude?

I am led to believe that the Prime Minister said in Europe that, while Canada was concerned about this, it would not condemn it because the Israelis were not involved in occupying the country. One might think that killing is at least as serious as occupation.

What has been done by Canada to express our nation's view of this very serious breach of peace.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, before the Israeli ground attack on June 5, a letter was delivered to Prime Minister Begin from Prime Minister Trudeau, which urged restraint in Lebanon. Following the appeal by the Versailles summit leaders on June 6, our ambassador in Beirut conveyed Canadian concern to the Lebanese government about loss of life.

Our embassy at the counsellor level spoke to the PLO in Beirut on June 6 to regret the loss of life, and to call for an end to military activity by all parties.

The Canadian chargé made a démarche in Jerusalem on June 7, conveying the Canadian government's position. He expressed concern at the loss of life and escalation of the conflict. He delivered a copy of the summit appeal and supported Security Council Resolution 509 of June 6, calling for a ceasefire and the immediate withdrawal of Israeli forces from Lebanese territory.

The embassy in Israel has also conveyed our shock and revulsion at the attempted assassination of the Israeli ambassador in London.

We are monitoring the situation closely through reports from our embassies in the region.

Our embassy continues to function normally, and informs us that all staff and dependents in Beirut are safe. Some non-essential personnel and dependents have gone, temporarily, to Damascus and Amman, or to less exposed areas near Beirut.

NATIONAL DEFENCE

THE MILITIA—RUMOURED REDUCTION IN BUDGET

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on May 18, 1982, concerning the rumoured reduction in the budget allocated to the militia. I have some information from the Minister of National Defence.

Honourable senators, since the answer is quite lengthy, I would ask that it be printed as an appendix to the *Debates of the Senate*. Then, perhaps, Senator Marshall and others may wish to comment. I would be most pleased to read it if honourable senators so desire.

Hon. Jack Marshall: The only comment I should like to make is that I asked the question on May 18, and the Minister of National Defence gave the reply during the proceedings of the External Affairs and National Defence Committee. The news release is dated May 19. This is June 8, and the Leader of the Government stands up and gives me an answer now. I

have had this information in my office now for three weeks. What is the good of asking questions?

Senator Perrault: Honourable senators, perhaps Senator Marshall possesses psychic powers. I wonder if he is certain that the reply I have before me is identical to the material he has in his office. If Senator Marshall already has the information, I will withdraw my offer.

Senator Marshall: It is in my file of replies.

Senator Perrault: If Senator Marshall has five pages of detailed information about the militia, and he is satisfied with the information he has, I will withdraw my request to incorporate this document in the record.

Hon. Jacques Flynn (Leader of the Opposition): I think it should be incorporated. Then we can verify that the news release contains the same information as that given by the minister.

Senator Perrault: I might say that the Leader of the Opposition, on this occasion, seems to have a more constructive attitude than does Senator Marshall—

Senator Flynn: Beware!

Senator Perrault: —in his earnest search for information. I shall be glad to provide this information.

An Hon. Senator: It is a duplicate.

Senator Perrault: If it is a duplicate, then no harm will be done.

The Hon. the Speaker pro tem: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of answer see Appendix "B", p. 4303.)

INDUSTRY

DOMESTIC PETROLEUM LTD.—SUGGESTED GOVERNMENT ASSISTANCE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer in response to a question raised on June 1 by Senator Nurgitz relating to Dome Petroleum Ltd.

I am informed that the newspaper account quoted by Senator Nurgitz, suggesting that Dome executives had met with the Minister of Energy, Mines and Resources in the month of May, is unsubstantiated. The minister last met with Dome Petroleum executives on March 23, 1982.

PRIVATE BILL

E.G. KLEIN LIMITED—THIRD READING

Hon. Fernand-E. Leblanc moved the third reading of Bill S-26, to revive E.G. Klein Limited and to provide for its continuance under the Canada Business Corporations Act.

[Senator Marshall.]

[Translation]

Hon. Martial Asselin: Honourable senators, when this bill was considered in committee, I raised several pertinent questions regarding the manner in which company directors tried to explain away certain administrative oversights. I was reluctant to give a blanket approval to the present bill, whose aim was to revive a company that had been declared dissolved by the authorities responsible for administering the Canada Business Corporations Act. The company had been declared dissolved for good reason. Under the Canada Business Corporations Act, all companies must file an annual report on their activities with the Department of Consumer and Corporate Affairs. On the basis of these reports, the federal Department of Consumer and Corporate Affairs prepares statistics that are extremely important in connection with the guidelines to be given to certain companies.

In the present case, the committee heard evidence that for five years the company had never answered requests for information or completed the forms sent to it by the Department of Consumer and Corporate Affairs. Furthermore, we were also told that there was so little interest on the part of the company that its president was, in fact, living in Germany. He was sent the forms but failed to meet the requirements of the act by completing a form which was to be returned to the department. The excuse was that the company did not become aware of the dissolution until five years after the fact, and when it did, it claimed that it had not been informed by registered letter to the effect that it had been dissolved. The department had abided by the provisions of the act, by publishing a notice in *The Canada Gazette* to the effect that the company in question had been dissolved because it had not complied with the requirements of the act. Today, we are being asked to revive this company.

The point I raised in committee is that Parliament should not be used frivolously. In the circumstances, I would have preferred that instead of filing a petition to have it revived, the company had applied for another charter.

An attempt was made to put the blame on the officials of the Department of Consumer and Corporate Affairs. From testimony given before the committee, I received the impression that an administrative oversight had been clearly committed by the company. It is said that we shall have further bills of the same kind in addition to the one we are considering now. I do not intend to let them be passed as easily as before. Fortunately, there is a provision in the new Canada Business Corporations Act which enables the Director of Corporate Affairs to correct an administrative error which until now we have had to deal with through legislation. The new act is now in effect. Thus in future, we shall not have to consider cases such as the one now before the Senate. I therefore have no objection to the third reading of this bill.

Hon. Royce Frith (Deputy Leader of the Government): If I understand correctly, the blame is not always placed at the door of the government. It is possible that companies made mistakes too.

Senator Asselin: That is what I said.

Senator Frith: I got the impression that you meant it was poor management.

Senator Asselin: By the department?

Senator Frith: Not the department, the companies.

Senator Asselin: I wanted to show the committee that the president of the company had neglected his business. When five years are allowed to go by without anyone looking after the administrative side of a business, without reporting to the Corporate Affairs Branch, it means that interest in it is flagging. The departmental director was quite right in saying that if no one is looking after the company, it means that they do not want it to exist. At that time, the decision was made to dissolve the company. I do not think we can blame the director of the department. I think it was the fault of the president of this company.

Motion agreed to and bill read third time and passed.

• (2050)

[English]

DEPARTMENT OF ENERGY, MINES AND RESOURCES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. John M. Godfrey moved the second reading of Bill C-102, to amend the Department of Energy, Mines and Resources Act.

He said: Honourable senators, this bill is part of the original omnibus energy bill and helps to implement that part of the National Energy Program where the government stated that an early increase in the share of the oil and gas sector owned by the federal government was desirable.

Petro-Canada is now participating in the full range of activities of a national petroleum company and will remain the principal direct policy instrument of the Government of Canada in the oil and gas industry. However, as was noted in the National Energy Program, the government is committed to competition. It must ensure that competition is preserved both in the privately owned sector and in the smaller, publicly owned sector. This amendment to the Department of Energy, Mines and Resources Act will give the government, under the control of Parliament, the authority to establish new crown corporations in the energy field.

This power will allow the government to act in two ways: to procure the incorporation of a corporation under the Canada Business Corporations Act; or to acquire federally incorporated companies to become crown corporations. In either case, this may only be done for purposes strictly limited to the energy sector, as described in the bill. Finally, the bill explicitly gives authority to Parliament to reverse a decision to proceed with the establishment of a crown corporation.

The amendment strikes a balance between providing the government with the authority necessary to effectively manage Canada's national energy challenges while, at the same time,

providing Parliament with the new powers to scrutinize and revoke the use of this authority.

It should be emphasized that the provisions provided in this bill to establish such corporations are limited. Corporations to be acquired must be federally-incorporated companies. As I mentioned, companies may only be established as crown corporations for purposes strictly limited to the energy sector, as described in the bill. The bill sets out those purposes as follows: first, to explore for, develop, produce, gather, handle, refine, process, purchase, sell, import, export, distribute, store and transport all types of fuel and energy; second, to produce, distribute and market energy conservation technology; third, to conduct or engage or participate in energy research and energy conservation research; and fourth, to acquire and hold shares or assets in organizations carrying on these activities.

I would like now to focus my remarks on the balance between the powers given to the government and the powers reserved to Parliament.

The first point that could be made in this context is that the power given to the Minister of Energy, Mines and Resources to acquire or create corporations must be approved by order of the Governor in Council. In other words, a single minister is not being endowed with broad powers to establish crown corporations.

The second point is that companies that are acquired or incorporated may only be established as crown corporations for the energy related purposes mentioned in the bill.

The third point is that any order of the Governor in Council made under this amendment is subject to a negative/affirmative resolution procedure in Parliament. Specifically, the bill requires that an order of the Governor in Council be laid before Parliament not later than 15 sitting days after it is made. Pursuant to an amendment proposed by the government at the report stage, the order comes into force on the twentieth sitting day of Parliament after it has been laid before Parliament, unless before that time a motion, signed by a minister, for the consideration of the House of Commons, to the effect that the order be confirmed is filed with the Speaker of that house, or, if no such motion has been filed, a motion, signed by 30 members of the House of Commons, to the effect that the order be revoked is filed with the Speaker of that house.

A motion for a negative resolution can only be filed if no motion for an affirmative resolution has been filed. Where a motion for an affirmative resolution has been filed, if the House does not adopt the motion the order is revoked. Where a motion for an affirmative resolution is adopted by the House, the Senate will have an opportunity to look at the order. If the Senate concurs with the House, the order will come into force. If the Senate does not concur with the House of Commons, then the order is revoked. Therefore, the power of the second chamber is reserved in every respect in connection with the affirmative resolution.

Where a motion for a negative resolution is filed, if the House does not adopt that motion, the Senate has an opportunity to consider the order, if a motion to the effect that the

order be revoked is signed by not less than 15 members of the Senate. If the Senate concurs with the House, the order enters into force. If the Senate does not concur with the House, the order is revoked. It should be noted that the Senate itself cannot initiate a negative resolution; it can only be initiated in the House of Commons. In that respect, there is a departure from the ordinary parliamentary procedure.

It should also be noted that the amendment proposed by the government at the report stage provides for the situation where there is a dissolution or prorogation of Parliament. In this case, an order that has been laid before Parliament but that does not come into force is revoked.

I would like to discuss at this point the question of the negative resolution provided for in this bill. As honourable senators will recall, this matter came up before the Standing Senate Committee on Banking, Trade and Commerce in connection with Bill S-24. That bill, I believe, was the fifth bill in a series of bills confirming approximately 29 tax treaties. That bill also provided for a negative resolution to the effect that to rescind a regulation established by Order in Council, the negative resolution must be passed by both the Senate and the House of Commons. The result of that provision was that if the House of Commons overwhelmingly voted in favour of revoking an Order in Council or regulation, it would still be proceeded with as long as the Senate concurred. I think everybody got mixed up, because they had not realized that, although there should be concurrence of both the Senate and the House of Commons for an affirmative resolution, following the same logic, to revoke it you only need the concurrence of either house. This was pointed out in committee, and I might say that it was really pointed out because of the report of the Standing Joint Committee on Regulations and other Statutory Instruments in July 1981, which specifically drew attention to this problem. I might say that it recommended that all subordinate legislation not subject to a statutory affirmative procedure should be subject to being disallowed on resolution of either house.

● (2100)

As honourable senators are aware, Bill S-24 was reported to this house with recommendations respecting the amendment of the bill to provide for a negative resolution that could be passed by either house. That has since been referred to the Legal and Constitutional Affairs Committee. I must say that, when I look at the terms of reference of the Legal and Constitutional Affairs Committee, I cannot understand why it was so referred; however, that is not under consideration tonight.

Honourable senators, when the omnibus energy bill was first proposed, it contained the same kind of negative resolution provision that we objected to in Bill S-24. The Standing Joint Committee on Regulations and other Statutory Instruments wrote a letter on March 31 to the Minister of Energy, Mines and Resources pointing this out to him and suggesting that the bill should be amended. In spite of the fact that the bill was split up, no attention was paid to the suggestion that it be amended. It still provided for the type of negative resolution

that we had objected to in the Banking, Trade and Commerce Committee.

I can recall that, at the time we proposed an amendment to Bill S-24, the Honourable Pierre Bussières, Minister of State (Finance), appeared before our committee and objected very strenuously to any amendment whatsoever regarding the negative resolution. However, this question was raised at the committee stage in the House of Commons. Still there was no amendment. At the report stage, however, on May 17, an amendment was proposed which substantially took care of the objections which had been raised in our committee regarding Bill S-24. There are two variations: first of all, we had recommended that a negative resolution could be initiated by a petition signed by 20 members in the House of Commons or 10 in the Senate. The original energy bill provided, I believe, that 50 members in the House of Commons and 20 in the Senate must sign such a petition. That was later amended to 30 members in the House of Commons and 15 in the Senate. Why they did not accept our suggestion of 20 and 10, I do not know; I think it was just to be a little contrary. The logic behind the number 20 was that a third party should have the opportunity, if it was made up of a reasonable number of people, to start the ball rolling.

The other objection I have to the amendment is that it provided that the Senate itself could not initiate a negative resolution. This in effect, is contrary to the principle of our bicameral system. Why that was done I do not know, because under the previous provision, which required passage by both the Senate and the House of Commons, either house could sign a petition. Under this amendment, the Senate cannot do a thing unless the House of Commons begins the procedure.

One of the potential uses of the amendments proposed by Bill C-102 is the acquisition of the shares of a federally incorporated energy company in order to establish it as an independent crown corporation and not as part of Petro-Canada. Another potential use arises out of the provisions of the Canada Oil and Gas Act, which was passed by Parliament last year and proclaimed on March 5, 1982. That act provides that a 25 per cent crown share shall be reserved in interests in the Canada lands. Section 31 of the act provides that the Minister of Energy, Mines and Resources may direct that the crown share in any relevant interest be transferred to a designated crown corporation, or that a crown corporation transfer a crown share to another crown corporation.

For reasons similar to those which argue against concentrating all oil and gas acquisitions in Petro-Canada, it may be that crown shares should not be concentrated in Petro-Canada and that one or more additional crown corporations should be established to hold and manage the crown shares of oil and gas interests in the Canada lands.

The third potential use of the amendments proposed in this bill is less hypothetical than the first two. It involves an energy company which already exists as a subsidiary of Petro-Canada. The company is Canertech, the renewable energy and conservation technology investment company. Under this amend-

ment, Canertech could be separated from Petro-Canada and established as an independent crown corporation.

Honourable senators, this bill was the subject of an extensive examination by the Standing Committee of the House of Commons on Energy Legislation. Witnesses who appeared before the committee included the Auditor General and counsel for the Joint Standing Committee on Regulations and other Statutory Instruments. Two amendments were recommended by the committee. First, a new subsection of section 6 was recommended to ensure that no crown corporations established under this bill shall procure the incorporation of a subsidiary corporation to engage in activities other than those referred to in subsection 1. Secondly, another amendment was adopted by the committee that would add a new subsection 8 providing that, when a corporation is incorporated pursuant to subsection 1, the minister shall, not later than the fifteenth sitting day of Parliament after the incorporation is incorporated, give the reasons in the House for the incorporation of the corporation.

Honourable senators, I commend the principle of this bill to the Senate and ask for your support on second reading. I might point out that a pre-study of the subject matter of the bill is being carried out by the Standing Senate Committee on Banking, Trade and Commerce, because it is a matter of some urgency.

As honourable senators are aware, when one moves second reading of a bill, he is often supplied with a speech prepared by officials of the department which, although I find very helpful, I do not usually use extensively. I thought, however, that I would read to you part of the second-last paragraph of this speech, which deals with the negative resolution that I have been discussing.

As a result the government has proposed an amendment at report stage which was considered to be infinitely preferable and which is contained in the bill now before the honourable senators.

If it was so infinitely preferable, I do not know why it took them so long to agree to make the amendment.

It provides for a procedure that more closely replicates the regular legislative procedure.

What I suggest is that the Banking, Trade and Commerce Committee should consider not whether it more closely replicates, but whether it should not closely replicate and therefore permit the Senate itself to institute negative resolution procedures.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I wonder if I might put a question to the sponsor of the bill. I am intrigued by the comparison of subclause 2 of clause 10 to subclause 2 of clause 11, dealing with the consideration of a motion by the Senate in both cases. In one case the Senate has five days to consider the motion, and in the other case it has six days. Why the difference of one day?

Senator Godfrey: I have not the vaguest idea. The honourable senator's eyes are sharper than mine, and I think it is a good question to ask in committee.

Hon. Richard A. Donahoe: Honourable senators, I was about to move the adjournment of the debate, but before I do perhaps my honourable friend has a question he would like to ask.

Hon. G. I. Smith: I thank my honourable colleague. I do wish to put a question to the sponsor of the bill with reference to the provisions of what appears to be the new section 6, as contained in clause 1 of this bill, and combining the meaning of that with the meaning of what appears as subsection (3) of new section 6 on page 2 of the bill. New section 6(1)(b), on the first page of the bill, gives the crown corporation, among its rights, that of acquiring "all of the issued shares of any corporation incorporated or continued under that Act." I take that to mean it is not restricted at all. Any existing corporation, private or otherwise—

Senator Godfrey: Incorporated under the Canada Business Corporations Act.

Senator Smith: Yes—has an unrestricted right to acquire. The use of the word "acquire" intrigued me, and I became more intrigued when I looked over to the next page and saw section 6(3), which states:

● (2110)

A corporation is for all purposes an agent of Her Majesty and its powers may be exercised only as an agent of Her Majesty.

Does the phrase "is for all purposes an agent of Her Majesty" include "expropriation"? Is that why the word "acquire" is used in the other subsection, rather than "to purchase or receive as a gift"?

Senator Godfrey: I do not think that the use of the word "acquire" really has any significance as to what the position is of the corporation after the shares are acquired, bought or whatever.

Frankly, I noticed that in another subsection these corporations can be sued and be subject to all the ordinary liabilities any corporation is liable to. So, I frankly do not know what the significance is of the phrase "is for all purposes an agent of Her Majesty." I suppose we shall have to wait until the committee stage to find that out.

Senator Smith: I am sure that the committee will find that out.

Senator Godfrey: That is a good point, though.

Senator Smith: Thank you.

Senator Donahoe: Honourable senators, I am rising to adjourn the debate, but before doing so, I should say that I heard with interest that a certain committee of this house is pre-studying the bill. I assume that, in due course, we will receive a report from that committee on the bill, and that that report will come before the Senate. It seems to me one should have the benefit of that report before one proceeds with the debate.

I see my leader shaking his head as if he had some doubt on that question, and I fully admit that I am a novice in these

surroundings and that perhaps I am wrong, but it occurred to me that that would be so.

For personal reasons, which are unavoidable, I will have to leave Ottawa early on Thursday afternoon, so if the suggestion I am about to make, that the debate not be resumed until the committee has reported, which seems to me to be totally reasonable—I see my honourable friend the Deputy Leader of the Opposition shaking his head, so it is obvious that I am not on solid ground. If it is felt that the debate should be continued then I shall move that it be adjourned. Perhaps the Deputy Leader of the Government would assist me in this regard.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, from one novice to another, I think the normal procedure, as far as pre-study of bills is concerned, is that the bills are pre-studied on the assumption that they will be referred to the appropriate committee after second reading. It is in order to debate the bill on second reading—that is the debate on the principle of the bill—and then refer it to the appropriate committee, have the committee report to the house, and, with the benefit of that report, possibly have further debate on third reading.

I think it is quite in order for the honourable senator to adjourn this debate, as he intends to do, knowing about the pre-study, but also knowing that at the conclusion of the debate, the bill will be referred to the appropriate committee, which will continue its study of the bill.

Senator Smith: That is on the assumption that it receives second reading.

Senator Godfrey: Honourable senators, there are various reasons for conducting a pre-study of a bill. This pre-study was initiated so we could conduct some study of the bill a week or so before we actually received it, because we knew that the bill would be referred to the committee and that passage before June 30 was requested.

The pre-study so far has really been an education not only on this bill but on other energy bills. The committee's advisors are educating the members of the committee on the contents of the bills so that they can plunge right into the real study of the actual bills after they receive second reading. So, there will be no report from the committee on the pre-study of the bill.

Senator Frith: That is, as Senator Smith correctly pointed out, if the bill receives second reading.

On motion of Senator Donahoe, debate adjourned.

PETRO-CANADA ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Tuesday, June 1, the debate on the motion of Senator Molgat for the second reading of Bill C-101, to amend the Petro-Canada Act.

Hon. Guy Charbonneau: Honourable senators, when the minister introduced this bill in the House of Commons he said that it was fulfilling the Liberal Party's 1980 campaign pro-

[Senator Donahoe.]

mise to strengthen and expand Petro-Canada as an instrument of national policy.

I do not propose at this time to go into any philosophical argument for or against government ownership and intervention in industry. Even the most convincing arguments in favour of private enterprise or co-operative ownership by the people of Canada, as espoused by the Government of British Columbia in 1975, would be redundant at this point.

The Canadian people have now been weaned on the idea of a government-owned oil company, and I suspect that that state of mind has become irreversible. Therefore, I propose instead to look at this bill on its face value as a piece of legislation designed to carry out Petro-Canada's original mandate.

[Translation]

As I recall, when Petro-Canada was established, the then Minister of Energy, Mines and Resources told us that this corporation would be pursuing three major objectives. First, it would help Canada to achieve self-sufficiency; second, it would act as an intermediary in dealings with the governments of producing countries which prefer to negotiate between states; finally, it would keep the government informed about the evolution of the industry, which would enable it to develop more appropriate energy policies.

This bill provides for an increase in the authorized capital of Petro-Canada from \$500 million to \$5.5 billion. This capital will be used for the same exploration activities by Petro-Canada. The government therefore hopes that this accrued capital will allow this crown corporation to meet the objectives set out when it was created.

This \$5.5 billion capital must meet the needs of Petro-Canada for the next six and a half years. This will bring us very close to the end of the present decade, by which time we should be self-sufficient according to the first objective mentioned. Are we asking too much? Could it be that self-sufficiency does not depend on the success of Petro-Canada, which until now has been restricted mostly to acquiring existing reserves? Could it depend mostly on government policies, of which Petro-Canada is the instrument? In other words, could it depend on the major administrative policies of the government?

Even with a capital of close to \$6 billion, Petro-Canada must work in conjunction with other companies in the private sector if we want to become self-sufficient.

Is it wise to say today that the development successes and future projects of these companies can give us self-sufficiency by 1990? On the contrary, everyone tells us that operating capital is becoming scarce and that profits are going down.

Moreover, the November 12 budget has substantially reduced the cash flow of businesses in spite of the incentives provided for by the National Energy Program.

And what about the ongoing conflicts between the producing provinces and the federal government? A surplus of supplies may have slackened the tension between Alberta and Ottawa, but the matter of ownership of offshore resources in Newfoundland is certainly as hotly contested as before.

Moreover, at its last international meeting, OPEC stated that oil prices would once more resume their upward movement. Member countries even noted that the prices had rebounded much more quickly than their own experts had expected. In other words the cutbacks in production are already giving results. Oil supplies are decreasing and prices are on the increase. Are we soon going to be caught once again in a new spiral? I know that some of the projects which have the potential to make us self-sufficient could then be restarted, but I am afraid that the false starts that we have already had will give us still more trouble in the future.

● (2120)

[English]

Therefore, the government's first goal of self-sufficiency seems to be escaping us for reasons other than Petro-Canada's cash flow position.

The second aim was for Petro-Canada to serve as a bargaining agent for our government with other governments for the purchase of imported oil. Here again, I fear that other government priorities interfere with Petro-Canada's mandate. It certainly serves as an agent, but decisions to import oil or use up domestic supplies rest with the government. This is the sort of situation which in the private sector would be tantamount to telling a manufacturer, "You are responsible for signing export contracts, but we will tell you how much of your input will be imported and how much will be available from secure and lower cost domestic sources." It must be difficult to make businesslike decisions when the methods are so unusual and contrary to normal practices.

When looking at Petro-Canada's annual report, we see an item on page 25 which states:

Expenses increased to \$2,286.8 million from \$716.0 million in 1980 reflecting a full year's purchases of Mexican crude oil—

Under the heading of "Revenue", the report expresses with delight that its increase in operating revenue of \$1.9 billion is the result mainly "of including a full year's revenue from Mexican crude oil, imported by the corporation in accordance with Government of Canada directives, amounting to \$680.0 million compared to \$11.8 million in 1980."

By a simple calculation we see that expenses went up by \$1.5 billion, whereas the purchase of Mexican crude amounted to nearly \$700 million. I would say that would leave very little earned on increased sales volumes and prices in the refined oil products segments. The report says that the remaining \$279 million, over this \$1.9 billion, which came from the crude, came from these increased sales volumes and so-called higher prices. I would submit that it was a slight increase in sales volume in proportion to higher prices.

It would appear at first glance that Petro-Canada looked very much like an importer of oil, and not so much like an instrument of national policy, in 1981, unless importing oil rather than finding and producing it here is the ultimate national policy.

Perhaps I am not putting in all the great activities in which Petro-Canada was involved during the year, and that is why its successes in fulfilling its mandate do not look as good as they actually are.

The last objective of Petro-Canada's mandate is to give the government a window on the industry. I would submit that it is now well ensconced in the livingroom, if not in the bedroom, of the oil industry, having come in not by a window but by the back door. Notwithstanding the trampled feelings of private companies, foreign owners and investors, I do not propose to raise the issue of private versus public enterprise, or of discouraging investments as such. Instead, I would like to look objectively at the results Petro-Canada obtained for the government in having this window on the industry.

Is the government better informed about what goes on in the petroleum industry as a result of the creation of a crown corporation? If so, then it must have been known to the government that the National Energy Program would affect the companies' cash flow and hamper the industry's progress. Obviously, they have not listened to PetroCan, because they certainly know of these problems through their partnership with these private companies.

The government must have known that the National Energy Program would make investors and rigs flee down south. It must have also been foreseen that our own investors would be looking for a better return elsewhere, not to mention a climate more favourable to doing business. The uncertainty created by the National Energy Program, combined with the November 12 budget, certainly is not conducive to businesses making plans or taking risks as required in the exploration industries.

The government must have realized also that the brain drain would be accelerated. I would say that it was very much aware of this since it made that arrangement with Imperial to keep Cold Lake alive. This bill requests authority to repay \$50 million to Petro-Canada for the standby fees which were involved. I believe we had until July 1982 before that \$50 million loan was called. I do not see how the project can be revived between now and then, and I ask myself: Will we lose our experts?

It must also have been known that the buy-back movement started by the National Energy Program and the PIP grants to Canadian-controlled companies would unleash an onslaught on our dollar, just at a time when it is in trouble. Yet, when we consider the fact that Mr. MacEachen had to appeal to banks not to lend any more to companies for take-overs, because of the negative effect on our currency, we can only wonder whether the window is, in fact, rather opaque.

Bill Wilson, the national business columnist, commented recently to the effect that Esso Resources' \$600 million deal with a group of smaller companies, some not even in the oil and gas business, is a direct product of the National Energy Program's discriminatory features.

The resulting consortium, Mr. Wilson says, can now qualify for 80 per cent grants, but some of the companies are in the real estate or investment business, with no more gas and oil

experience than filling up a company car at the service station. Mr. Wilson goes on as follows:

Because Esso Resources is the only company in the consortium with the technology and experience to run a project as difficult as this one, it will become the project operator's agent, doing the actual work of the lead company, Home Oil, which does not have the experience.

Mr. Wilson concludes:

This situation illustrates with stark clarity the degree to which Esso Resources and other companies like it are needed in Canada, whether they are ultimately controlled in the U.S. or Timbuctoo. It is not just the company that controls the leases, it is the only one of the lot with any ability to explore them.

Mr. Wilson warns that "before anyone gets carried away by enthusiasm over the Canadianizing aspect of this consortium, it would be just as well to remember that the last burst of Canadianization did much to weaken the dollar by shipping \$10 billion out of the country. It rigidly locked the country into substantially higher interest rates than would otherwise have been necessary, despite Washington's levels... It also helped determine its depth and severity.

With the government having a window on the industry, could it not have foreseen that its National Energy Program would lead to exactly the opposite of what it was aiming for—that is, it would give a weaker dollar and higher interest rates, and put major projects under the control of foreign firms, while leaving weaker, inexperienced or even non-petroleum-related firms as the Canadian element in the exploration? Meanwhile, our expertise and funds are looking for happier climes.

I would advise the government to take a closer look through that very expensive window. If the whole petroleum industry in Canada winds up letting the world go by, it will not be Petro-Canada's fault; it will be the government's fault, for not believing what it sees through that window, or ignoring it so unfortunately.

Bill C-101 also requests that a payment of \$55 million be made to Petro-Canada to fund Canertech, the currently wholly-owned alternate resources company. Rumour has it that Petro-Canada is not too keen on this payment. We can also wonder what the purpose is of this payment, since it is also rumoured that Canertech is about to be spun off as a crown corporation on its own.

From reports on Canertech's performance since its creation a year ago, it would appear that this fledgling corporation has yet to learn how to fly alone. There are grave doubts being expressed in industry circles over its business know-how. Perhaps Petro-Canada does not like to have an offspring that competes with it, but for the good of the people of Canada, a second look should be taken at Canertech and its usefulness, before any further funds are allocated, or it is set up on its own.

[Senator Charbonneau.]

Motion agreed to and bill read second time.

• (2130)

REFERRED TO COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

STANDING RULES AND ORDERS

SECOND REPORT OF COMMITTEE—MOTION FOR ADOPTION— DEBATE ADJOURNED

The Senate proceeded to consideration of the second report of the Standing Committee on Standing Rules and Orders.

Hon. Hartland de M. Molson moved that the report be adopted.

He said: Honourable senators, following on the report of the Standing Senate Committee on Legal and Constitutional Affairs, tabled on May 6, and the Order of Reference to the Standing Rules and Orders Committee on May 12, the Standing Senate Committee on Rules and Orders held meetings at which was discussed the best way to give effect to the recommendations of the Legal and Constitutional Affairs Committee.

As the Senate has a long-standing system of selection at the beginning of each session, it was felt that the same method might be used for the nomination of a candidate for the office of Speaker *pro tempore*.

We are all aware that the Committee of Selection set up at the beginning of the session is appointed by the leaders of the parties in the Senate through the medium of the whips and is, therefore, a suitable body for such nominations. This view led to the amendment to Rule 66, which you now have before you, and the consequent amendment to Rule 10, which is different, but in keeping with the recommendation of the Legal and Constitutional Affairs Committee. I trust that the chamber will find itself in agreement.

I should like to draw your attention to page 2187 of the *Minutes of the Proceedings of the Senate* dated June 3. You will see in the report the recommendations on the changes to those rules. Fundamentally, it is recommended that Rule 66 be amended to provide not only for the appointment of a Committee of Selection, but also for the nomination of a Speaker *pro tempore* and the senators to serve on committees.

Rule 10 is amended in keeping with, but in a slightly different fashion from, the recommendation of the Legal and Constitutional Affairs Committee, so that "Whenever the Senate is informed by the Clerk at the Table of the unavoidable absence of the Speaker, the senator" who has been chosen under Rule 66, as I have just mentioned, shall "preside as Speaker *pro tempore*, or, if he is absent, any senator chosen by the Senate, shall preside during such absence." That last part is not different from the existing procedure, which, is that

whenever the Speaker is absent the Senate elects someone to act as his replacement.

There is a slight modification in Rule 66(2), which reads:

The Committee of Selection shall, within the first five sitting days of each session, present a separate report to the Senate in respect of its nomination of a senator to preside as Speaker *pro tempore* pursuant to paragraph (1)(a).

That is merely to take care of the possibility of having to have the appointment of a Speaker *pro tempore* made immediately after the beginning of a session. The Speaker *pro tempore* holds that position for the duration of the session.

The second item on the agenda of the Committee on Standing Rules and Orders was matter of a suitable method of dealing with the vote when some senators desire to abstain. It was felt that the long-standing method was unwieldy, unnecessary and unsatisfactory. Therefore, paragraph 2 of the committee report recommends an amendment to Rule 49 involving a simple form, in keeping with the parliamentary practice elsewhere, for the taking of the vote when there are some senators who decide to abstain. I trust that this will also be acceptable to the chamber.

In paragraph 2 of the report, dealing with Rule 49, the rule is set out slightly differently. It is broken down into five paragraphs but, essentially, it is the same. The "yeas" are recorded, the "nays" are recorded, and those who desire to abstain are also recorded. Those are the only comments I wish to make on those changes recommended in the rules.

The third item on the agenda of the committee was the matter of the ringing of the bell when a vote is taken. There was considerable discussion on this subject, but no conclusion was reached. Therefore, it was left to be dealt with at a later date, when it may come up again on our agenda. At present, it seems wise to leave it as it is.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I should like to put a question to Senator Molson. If the reply is difficult I will share the responsibility with him, because I was present at the meeting of the Legal and Constitutional Affairs Committee and also at the meeting of the Standing Rules and Orders Committee.

My question deals with the selection of the Speaker *pro tempore*. The rule says, "At the commencement of each session . . ." and normally this will apply only when we have a new session. We certainly are not at the beginning of a session now. This one has been going on for over two years. My question is: Does Senator Molson have a solution if we want a Speaker *pro tempore* right away?

Senator Molson: I will have to take that question as notice.

On motion of Senator Lang, debate adjourned.

THE SENATE

MOTION RE ALLOCATION OF SEAT NO. 15 TO SENATOR MANNING—DEBATE ADJOURNED

Hon. Hartland de M. Molson: Honourable senators, I have a motion which I should like to put to the Senate.

There are today 19 members of the Privy Council in this chamber. Several others have recently left us. We have also five ex-premiers. All of these distinguished colleagues, with the exception of two, have graced the Senate by being seated in the front rows. The two exceptions are the Honourable Jack Austin and the Honourable Ernest Manning. As Senator Austin is a member of the Cabinet, I will not comment on the fact that he sits behind his leader. However, I feel that all of us would be honoured if Senator Manning were persuaded to occupy one of the seats in the front row.

• (2140)

Senator Manning holds the distinction of having been premier for the longest time of any one in the Parliaments of the Commonwealth. He was recognized, in part, by being appointed Companion of the Order of Canada over 12 years ago, and only a few months ago the province which he served so well acknowledged its debt to its former premier by naming him the first member of Alberta's Order of Excellence.

The Leader of the Government in the Senate and the Leader of the Opposition paid great tribute to Senator Manning on December 2 last. Several other honourable senators added their compliments, and all members of the Senate were delighted to lend their support to the congratulations he then received.

I should like to propose that Senator Manning be invited to move down to the front row where seat number 15 is both vacant and available and where he would add further dignity to our chamber. As I am sure this is a non-contentious motion, under rule 46(s) I move:

That the Honourable Senator Manning, P.C., be asked by the Leader of the Government in the Senate and the Leader of the Opposition to occupy Seat Number 15 in the front row of the Chamber.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I hesitate to call the Chairman of the Rules Committee to order, and I am probably wrong in doing so, but I understood that the honourable senator would give notice of his motion and would speak to it in due course. However, he has already moved his motion and spoken to it. If he has already spoken to it, I take it that debate on his motion has commenced. I am not clear about this. I thought he would give notice of the motion, ask leave to proceed with it tonight and then make his comments, but he has already made them.

An Hon. Senator: Give him leave.

Senator Molson: Honourable senators, I would respectfully say to the Deputy Leader of the Government that I assumed that neither he nor the Leader of the Government or the Leader of the Opposition would object to my motion, and that

it would be a non-contentious motion. If that is the case, then rule 46(s) applies. In other words, no notice is required.

Senator Frith: Honourable senators, I must take issue with that assumption. Again, I hesitate to differ from the honourable senator, who has been here longer than I have; but in the short time that I have been here I have not noticed the Senate picking seats for honourable senators. I suppose it is a possible way of doing it. We could debate the seating plan, and have the Senate as a whole deal with it, but I understand that is normally done by the whips.

We shall have to consider the motion and, since it is now before the house, I will move that the debate be adjourned. It seems to me that there is a procedural issue involved that

needs some study beyond the question of the merits of Senator Manning.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, despite the technical difficulties mentioned by the Deputy Leader of the Government, we may assume that Senator Molson has moved his motion and has spoken to it. I do not believe the Deputy Leader of the Government is formally challenging the validity of the motion—

Senator Frith: No, I am not.

Senator Flynn: He is simply adjourning the debate. If that is the position, then we can all agree.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(See p. 4284)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

REPORT ON SUPPLEMENTARY ESTIMATES (A) LAID BEFORE PARLIAMENT
FOR THE FISCAL YEAR ENDING MARCH 31, 1983

JUNE 8, 1982

The Standing Senate Committee on National Finance to which the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1983 were referred, has in obedience to the order of reference of Tuesday, June 1, 1982, examined the said Supplementary Estimates (A) and reports as follows:

The Committee was authorized by the Senate, as recorded in the *Minutes of the Proceedings of the Senate* of June 1, 1982, to examine and report upon the expenditures proposed by the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1983.

In obedience to the foregoing, your Committee examined the Supplementary Estimates (A) and heard evidence from the following: From the Program Branch of the Treasury Board: Mr. D. J. McEachran, Assistant Secretary; Mr. E. A. Radburn, Director, Estimates Division; and Miss D. Spac, Program Analyst.

The Committee met and discussed Supplementary Estimates (A) for the fiscal year ending March 31, 1983 for the Departments of Employment and Immigration, and External Affairs. The supplementary estimates for Employment and Immigration under Vote 15a total \$95,096,000 for 'Employment and Insurance Contributions', and \$19,000,000 under Vote 20a, for 'Immigration—Program Expenditures and Contributions'. For External Affairs, the supplementary estimates under \$1 Votes 1a and 10a involve transfers of funds from Industry, Trade and Commerce to External Affairs as a result of the government's reorganization of the two departments. The transferred amounts are \$346,830,000 for the Canadian Interests Abroad Program's operating expenditures and \$113,159,508 for the grants listed under this program.

The Committee was informed that the supplementary estimates for Employment and Immigration in excess of the main estimates will be covered by envelope reserves mainly from social policy and economic development envelopes. Included in the \$95,096,000 requested under Vote 15a were \$19,000,000 of additional funds for the standard employment program—Summer Canada, which the witnesses considered to be a very

successful program. This program will now cost a total of \$119,000,000 and for the most part provides assistance to municipal and community non-profit organizations for the employment of students on a temporary basis. Part of the program, however, is aimed at providing jobs for students with government departments. This employment could lead to future careers with the department after the students have completed their studies. Another important element of the supplementary estimates is increased payments towards community development and service projects to provide jobs for seasonal workers during the off season. The Portable Wage Subsidy Program is to receive additional funding under these supplementary estimates for the provision of subsidies to employers who employ eligible workers. These subsidies are primarily intended to facilitate the transfer of workers to industries with better prospects.

The Committee was told that these programs are aimed at creating continuing employment, and therefore have established criteria to ensure that the job will be viable after a period of four years, when the subsidy expires. The Committee was informed that the cost of job creation programs will not be much higher this fiscal year than it was during the last fiscal year.

The supplementary estimates for the immigration program under Vote 20a provide for \$1,200,000 for additional operating costs of detention centres and \$17,800,000 for assistance to refugees arriving in Canada. According to our witnesses, these costs have increased primarily due to the longer time that refugee immigrants have to be assisted under present employment conditions. The refugees are now mainly from South East Asia and from Poland and qualify under the unsupported immigrant classification. The total number of refugees to be allowed is limited, although there are no limits on the number allowed entry from any particular country. There is currently only one detention centre being operated in Toronto by the department with a capacity for 400 refugees, most of whom remain in this centre for only a few weeks.

The transfer of funds from Industry, Trade and Commerce to External Affairs, presented in these supplementary esti-

mates, completes the transfers that have been planned to date. However, other transfers may still be made, particularly of support units that may be required by External Affairs. Under Vote 10a the grants and contributions provided under the Canadian Interests Abroad Program are used for the promotion of exports through payments to Canadian corporations

and organizations concerned with the broadening of Canadian export trade.

Respectfully submitted,

D. D. EVERETT,
Chairman.

APPENDIX "B"

(See p. 4292)

NATIONAL DEFENCE

THE MILITIA—RUMOURED REDUCTION IN BUDGET—DELAYED ANSWER TO ORAL QUESTION

NEWS RELEASE

MAY 19, 1982

Ottawa—In response to questions from the Standing Committee on External Affairs and Defence, the Honourable Gilles Lamontagne, Minister of National Defence, confirmed last night that sufficient funds will be available during this fiscal year to permit payment for an average of 60 training days for each of the authorized 15,500 members of the militia.

The figure 15,500 represents the number of militia personnel approved by Cabinet and is generally referred to as the "paid ceiling".

Mr. Lamontagne also noted that the \$58,022,000 allotted for Militia pay for the current fiscal year represents a 19.6 per cent increase over the 1981-82 allotment. These funds are intended for routine training activities.

In his remarks to the Committee, Mr. Lamontagne also stressed that the Militia has been the subject of a revitalization programme in recent years. New armouries have been constructed in several locations and improvements have been made to the land reserve's equipment inventory, most notably through introduction of the new family of armoured vehicles.

Mr. Lamontagne acknowledged that concern had been expressed in some areas regarding the amount of money initially allocated to local Militia Units for pay. He explained that this concern was due to the fact that some militia personnel were unaware that additional funds are held at Area Headquarters and Mobile Command Headquarters. These funds provide training days for centrally coordinated activities such as rank qualification courses, major exercises, etc.

Steps will be taken to ensure that the system governing the allocation of funds for pay is explained more fully to individual members of the Militia.

The Militia's budget is reviewed three times each year—in June, September, and January. In past years these reviews, have provided additional funds for requirements not previously identified or funded.

Mr. Lamontagne concluded his remarks to the committee by restating the government's commitment to continue its efforts to improve its support of the Militia.

STATEMENT BY MINISTER OF NATIONAL DEFENCE

There has been a great deal of publicity on training funds for the Militia, particularly in the west and more specifically in Alberta. I wish to make a statement in this regard.

For FY 1981-82 NDHQ allotted \$48,521K for what are considered normal basic activities. For FY 1982-83 the figure for the same activities is \$58,022K or an increase of 19.6 per cent which is well above the normal cost of living increases. In addition, in 1981-82, \$1,700K was provided for militia participation in the major exercise RV 81 which will not be repeated this year. Finally, there are three cyclical reviews completed each year in June, September and January. These determine if there are new requirements which were not evident or funded before. Last year a total of \$2,962K was provided because of this, so the total funds issued in 1981-82 were \$53,183K versus \$58,022K at this time for 1982-83. Of course, the cyclical reviews will be conducted this year as well but it is too early to say what the outcome of those reviews will be.

The initial allotments which I mentioned for normal activities, \$48,521K for last year and \$58,022K for this year translate into 74.5 and 77.4 average man-days per man for the 15,500 authorized strength ceiling. Of course, these are average figures and do not apply to each and every man. Some will receive more and some less depending on what activities each undertakes.

Several factors may make it appear that militia funds have been reduced. These are:

- Recruiting has been very successful so the strength right now is well above the 15,500 authorized level and this reduces the average days per man;
- Last year was somewhat of an aberration because of the substantial amount of money provided as a result of RV 81 and other needs identified in the cyclical review;
- Funds are yet to be issued by FMC to cover the militia pay raise when it is announced;
- There has been some rearrangement of funding within FMC to cover increased numbers of personnel on centrally managed activities such as officer and trades training. Those mandates will be distributed by FMC and area headquarters.

In fact, however, there has been no degradation in militia funds, and at this point in the annual chain of events they are better off than they were in FY 1981-82.

CHART 1

MILITIA FUNDS ALLOTTED BY NDHQ

(\$,000)

| ITEM | 1981/82 | 1982/83 | Increase |
|----------------------|--------------|------------------------|----------|
| Initial funding | 43,945 | 50,778 | 15.5% |
| Man-day trial | 3,146 | 5,814 | 84.8% |
| SYEP augment | <u>1,430</u> | <u>1,430</u> | — |
| DND allocation | 48,521 | 58,022 | 19.6% |
| RV 81 | 1,700 | (not applicable) | |
| Cyclical adjustments | <u>2,962</u> | (yet to be determined) | |
| DND funded total | 53,183 | (yet to be determined) | |

DND allocation of \$58,022K in FY 1982/83 includes \$50,683K for military pay which for an authorized strength of 15,500 provides for 77.4 average man-days per man.

SYEP (separate TB Funding) provides an additional \$4,129K of which \$4,028K is allocated for military pay which provides a further 6.1 average man-days.

THE SENATE

Wednesday, June 9, 1982

The Senate met at 2 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem*, in the Chair.
Prayers.

QUESTION PERIOD

[English]

THE SENATE

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I see that only one of the four ministers is present, but, of course, he is one of the most important. We also have present the Deputy Leader of the Government who, according to Senator Guay, is the only one who gives appropriate answers to questions. However, I have some questions for the Minister of State, Senator Austin. I do not know how to describe his responsibilities because they seem to be vague and, at the same time, vast. I would ask the deputy leader whether or not we can expect the Honourable Senator Austin to be with us later.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as far as I know, Senator Austin will be here. I believe Senator Argue is out of the country on government business to do with wheat sales.

Senator Flynn: Is there anything else he can do?

Senator Frith: I wish to add nothing at this time. Senator Perrault is also away on government business but he is in Vancouver. As far as I know, Senator Austin will be here this afternoon. I have not heard otherwise.

Hon. H. A. Olson (Minister of State for Economic Development): It should be noted that there are only nine of the total Tory caucus here.

Hon. Jack Marshall: The most important ones.

LEGAL AND CONSTITUTIONAL AFFAIRS

BILL S-24—PROSPECT OF COMMITTEE REPORT

Hon. Jacques Flynn (Leader of the Opposition): I see Senator Goldenberg coming into the chamber. I was wondering whether he can tell us when his committee will consider Bill S-24. I understand that some people are worried about the delay. The only matter standing in the way of passage through this house is a favourable opinion by the committee on the objection I raised.

Hon. H. Carl Goldenberg: With regard to the objection raised, I expect to have an opinion this afternoon or tomorrow. As a matter of fact, there is a meeting on the matter this afternoon with the officials of the Privy Council Office and the Department of Justice.

REQUEST FOR ANSWERS

Hon. Jack Marshall: Honourable senators, perhaps I should await delayed answers, but one of the very capable executive assistants of the Leader of the Opposition has brought to our attention something that we should have noted ourselves. That is the number of questions that are not being answered and that remain outstanding for some time. The reason I raise this point is because many of the answers have been published in newspapers or by other means. I wonder whether there is any point in asking questions if they are going to be taken as notice and not answered, and I wonder where the fault lies. How can we overcome this embarrassing situation?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, that any questions remain unanswered is unsatisfactory. I do think, though, that to refrain from asking questions because there are a number that remain unanswered might be considered overkill.

I would hope that we do not have to suspend Question Period until all previous questions are answered.

As to the matter of responsibility for answers, the information I gave last week was wrong. I said that all questions are referred to the office of the Leader of the Government in the Senate and are then distributed to the appropriate departments. That procedure only applies to those questions that are taken as notice, as distinguished from written questions placed on the Order Paper.

As for questions taken as notice, I think we can promise a substantial catch-up. I say that because we have more control over them.

Written questions placed on the Order Paper are dealt with, as I understand it, by the Privy Council Office and the Prime Minister's Office. As a matter of fact, I think Senator Murray suggested that. In the office of the Leader of the Government, we have what might be called some leverage, but we have less control over those questions than we have over the ones that are taken as notice.

However, I assure honourable senators that it is certainly my objective, and I know it is Senator Perrault's objective, to have as many questions answered as we can before we adjourn for the summer.

Senator Marshall: What I feel should be embarrassing to the government—and I do not say this unkindly—is the fact that a question I asked on February 18 on the McCracken Report was taken as notice, and that report was dealt with months ago by the Standing Senate Committee on Health, Welfare and Science.

The recommendations in the McCracken Report were acted upon by the Minister of Veterans Affairs. Everything has been finalized, yet the question is still outstanding on June 9. Someone can find the answer to that question without even looking for it. That is how I got the answer, but the question is still outstanding as far as the Senate is concerned.

That is just an indication of what I have been saying—that there is a malaise in the system. Somebody does not care, or treats with disdain, the fact that we are owed answers. I point that out so that it will be corrected.

Senator Frith: Honourable senators, Senator Marshall has found the right word; it is exactly that—embarrassing.

As I said, we intend to put on a blitz. I hope we will be able to track down the reason for a question's remaining outstanding after such a long period of time. We intend to determine whether it is, as Senator Marshall implied, only a matter of things not being done or one of attitude.

Senator Marshall's point is well taken, and we will try to rectify matters during our blitz.

CANADA DEVELOPMENT CORPORATION

REDUCTION OF GOVERNMENT'S SHAREHOLDING

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I see that we are blessed with the presence of Senator Austin.

Some Hon. Senators: Hear, hear.

Hon. Jack Austin (Minister of State): Do you mean you are going to ask me a question after several silent weeks, Senator Flynn?

Senator Flynn: I must say that we are a bit tired of putting questions to Senator Olson and getting no answers.

Hon. D. G. Steuart: We are getting a little tired of your questions.

Senator Flynn: You certainly should be, because, in your case, I can understand that you must be getting tired having to support a government in which you do not believe.

Hon. H. A. Olson (Minister of State for Economic Development): It is you he is getting tired of.

Senator Flynn: I know it is tiring when you are always pointed at. Senator Steuart has said before that he endorses everything that the government is doing.

Senator Steuart: I said I thought they were grand chaps, and were doing a great job.

Senator Flynn: But you do not endorse everything?

[Senator Frith.]

Hon. C. William Doody: Why are you not on the front benches? They need someone like you there.

Senator Flynn: In any event, I am satisfied with the bit of doubt coming from Senator Steuart.

Senator Steuart: You made the suggestion.

Senator Flynn: Thank you very much. I am still trying to put my question to Senator Austin.

● (1405)

Among many other things, the minister is responsible for the CDC. Last week he made an announcement, and I wonder if he could indicate what the timetable is for the divestiture of the government's shares in CDC.

Senator Austin: Honourable senators, I thank Senator Flynn for his interest in the continuing saga of CDC. I had the pleasure of making an announcement—

Senator Flynn: Pleasure!

Senator Austin: —along with Mr. A. H. Hampson of CDC on May 27 with respect to the government's policy decisions relating to CDC. The effect of the decision was that the government would make its investment in CDC available for purchase to private investors. Part of the regime for that availability is a change in the restriction presently in the CDC Act of 3 per cent maximum shareholdings to individual Canadians. Of course, there is no right of ownership of CDC shares by foreign investors. The alteration from 3 per cent to a maximum of 10 per cent holdings by Canadians must be authorized by Parliament. It is proposed that after five years the restriction would be removed entirely, which also must be authorized by Parliament. I am hopeful that market conditions will allow us, in the next few months or perhaps in a year or so, the opportunity to reach a reasonable rate of return on our investment.

Senator Flynn: On the government's investment.

Senator Austin: Yes, on the government's investment. The sale of shares will have to await such time as the government can receive an appropriate return for its investment.

I should also like to advise Senator Flynn—

Senator Flynn: You mean "the Senate".

Senator Austin: —and the Senate that the proposal includes the establishment of a holding company to hold the shares of the government in CDC. It is intended that the advice of the directors of that holding company be taken as to the appropriate timing, pricing and circumstances for sale. I know the Senate understands that no minister of the Crown, of whatever government, is in a position to make decisions with respect to marketing equity shares. That is a very specialized field and requires that considerable specialization be brought to the task.

Senator Flynn: Do I understand that the government's decision to dispose of its shares in CDC came as a result of negotiations between the minister and the board of directors of

CDC? I suppose this has been discussed with the board on a regular basis for many months.

Senator Austin: The decision was taken as a result of discussions with the president and chief executive officer, with the committee of the board and, on one occasion, at an informal meeting of the board of directors. The discussions with Mr. Hampson and his committee of directors involved a range of options to the government as an investor and to the present management, the directors and their shareholders. This particular choice was the one that was made by me and recommended to the government and approved by the government.

Senator Flynn: Did the minister have instructions from the government before he began those negotiations?

Senator Austin: There were no pre-conditions placed on my authority. I received no specific instructions. I was asked to bring back recommendations to the government. I was not directed in any way with respect to the recommendations to bring to the government.

Senator Flynn: I am asking that question because, if my memory serves me correctly, the minister told us shortly after he became a member of the board that he was there only as an observer and would do nothing about the direction of the corporation. He now tells me that he was there on his own initiative and that it was without instructions from the government that he began those discussions which led to the decision to dispose of the government's shares in the CDC.

● (1410)

Senator Austin: Honourable senators, I want to clear up a question raised earlier in this chamber. I thought I had made it clear at that time that I am not a director of CDC, and I have not been a director of CDC. The government is represented by two *ex officio* directors, the Deputy Minister of Finance and the Deputy Minister of Industry, Trade and Commerce, who sit on the board.

However, at one stage of the deliberations about the future of the government, as an investor in CDC, I was invited to have a discussion with the board on an informal basis. I accepted that invitation and attended that particular discussion.

In answer to Senator Flynn's previous question, I said that I was in no way given any instructions as to an appropriate policy. I was asked to consider the range of policies and to bring my recommendations to cabinet. That I did.

Senator Flynn: We can probably resolve the obscurity of some of these replies with the ones I obtained previously.

With regard to the new wholly government-owned corporation, which is to hold the CDC shares, am I correct that the government intends to keep the name CDC, or, as it is in full, Canada Development Corporation, for this new organization?

The government will not only hold shares in what will then be the former CDC, but it is my understanding that it intends to acquire shares in other concerns. Can the minister tell us

what those other concerns are and what the prospect is for this succeeding corporation?

Senator Austin: Honourable senators, I think my answers are clear and not at all obscure.

Senator Flynn: You mean, to these questions?

Senator Austin: Honourable senators, continuing the answer concerning the CDC, yes, the government has decided to reserve the name CDC, but has not decided whether to use that name in the future. That question will be considered.

The holding company, Canada Development Investment Corporation, at the moment has only one assigned task, and that is to hold the government's shares of CDC. Any other purposes have not yet been formulated. The announcement I made indicates that, if there are future purposes, those purposes will be brought to Parliament.

Hon. Guy Charbonneau: As a supplementary question, why would the government not just take its investment out instead of forming this holding company, if it has nothing in mind for it? What is the purpose of it?

Senator Austin: Honourable senators, I appreciate the question; I tried to answer it, in part, in a previous answer to Senator Flynn.

The purpose is to put between a minister of the Crown and the financial marketplace an intermediary that can provide expert advice on technical questions: questions regarding the financing of CDC itself; questions of pre-emptive rights of purchase in the case of voting dilution or equity dilution; questions relating to the orderly marketing of the government's position so as not to injure the investment value of the shares held by private investors in CDC; questions relating to the appropriate market size and the appropriate market number. As Senator Charbonneau knows, in these matters there are times when offers can be made and remain on the table for two or three hours.

I submit that a minister of the Crown cannot make these decisions and cannot have on staff, as public servants, the kinds of people who can make these decisions with respect to such an important commercial entity and an important commercial investment as is the CDC.

Therefore, the holding company is required, and has been created by the present board of CDC, in order to provide a place where expertise and guidance from appropriate people in the private sector can be given to the government in terms of this range of decisions and others that are of a purely commercial nature.

● (1415)

Senator Charbonneau: We do hope they are not the advisers who advised the government to pay 19½ per cent last November for the Canada Savings Bonds.

Senator Olson: What does that have to do with the question?

THE ECONOMY

INCREASE IN BUSINESS BANKRUPTCIES

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Minister of State for Economic Development. He seems rather gloomy today at being forgotten; it is obvious that he does not like to be ignored.

The Department of Consumer and Corporate Affairs announced yesterday that, in the first five months of the year, business bankruptcies in Canada are up 36 per cent to 4,429, with liabilities up by 107 per cent to \$817 million. Further, analysts say that actual bankruptcies represent only a relatively small portion of business failures.

Would the minister tell us whether this is an illustration of what the Prime Minister meant when he said that the present policy of the government was wrestling the economy down?

Hon. H. A. Olson (Minister of State for Economic Development): No, honourable senators, that would be an incorrect interpretation of what the Prime Minister said. I do not believe there is any relationship between the two statements at all.

Senator Flynn: No relationship at all?

Senator Olson: No. Any attempt by the Leader of the Opposition, who has a great deal of skill in this regard, to suggest that the Prime Minister indicated that wrestling the economy to the ground is a desirable thing is absolutely incorrect.

Senator Flynn: I did not say that.

Senator Olson: What the Prime Minister said is that that is one way to deal with inflation, but he did not approve of it.

Senator Flynn: I did not say that that was the objective. However, the Prime Minister seems to say that the present policy of high interest rates has that result. The minister says that the increase in the number of bankruptcies has no relation to that. To what cause, then, does he attribute this high rate of bankruptcies, which is probably the highest that we have experienced, even during the depression of the 1930s?

Senator Olson: Honourable senators, I would rather not try to relate some of the arguments that my honourable friend endeavours to put in the so-called preamble to his question, because even he is rather confused about any linkage between them. The fact of the matter is that there has been a severe downturn in the economy on an almost worldwide basis, and certainly in the economies of the nations of the western world. That does cause some difficulty for a lot of companies and individuals. We regret that as much as, and I would suggest even more than, the honourable Leader of the Opposition.

If my honourable friend wants me to give him a brief, precise answer, I will do so. It is the downturn in economic activity and in our export markets, in some cases in our domestic market, along with higher debt service charges which causes a great deal of difficulty in this country.

GOVERNMENT POLICY

Hon. Lowell Murray: Honourable senators, accepting that there is a severe downturn in the Canadian economy, will the minister not agree that it justifies the withdrawal of the MacEachen budget of last November and the presentation of a new budget? I ask the question in view of an editorial that appeared recently in the prestigious American business and financial publication, *Barron's*.

After discussing the reports that wage and price controls might be imposed, and the attitude of the Canadian Labour Congress to that, *Barron's* says:

If Labour's love's lost, the government of left-leaning Pierre Trudeau—along with the country it has perennially misruled—must be in trouble. So it is. Thus, in a sweeping if self-defeating effort to achieve self-sufficiency in oil and gas, Canada launched an ambitious National Energy Program which to date has merely succeeded in curtailing domestic exploration and development, triggering a flight of capital and pushing chosen instruments like Dome Petroleum to the brink. Foreign exchange reserves have dwindled, to the point where, in order to keep the currency from sinking like a stone, Ottawa has borrowed heavily in the Eurodollar market. Owing to unbridled government expenditure, Canada is suffering from double-digit rates of both unemployment and inflation, yielding a misery index that would have made Jimmy Carter look good. The Prime Minister may cut a dashing figure at the summit, but his policies are the pits.

• (1420)

The question I put to the Minister of State for Economic Development is this. Now that the government has taken the step of raising our expectations by announcing that an up-date of its economic policies is coming, will the government not agree that a necessary first step is to withdraw what is left of the disastrous budget brought in by Mr. MacEachen last November?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I hope you have taken note of what I consider to be an example of the most flagrant disregard for the rules of this house that I have ever seen. I am referring, of course, to the reading into the record of the contents of editorials that suit the purposes of my honourable friend, followed by the pretence that they are the preamble to a question. In this regard, my honourable friend has gone farther than has ever been the case before. If that is the way the opposition wants this house to function, that is up to them; but what is happening is that we no longer have a question period conducted according to the rules, in terms of which members on both sides, but particularly the opposition, have an opportunity to seek information. Question Period is not for the purpose of giving information, but for the purpose of receiving it.

Senator Murray: I thought you might be interested in that, though.

Senator Olson: There are many more effective ways of communicating that sort of thing to me, but if you want to do it that way, go ahead.

I must say, however, that I completely disagreed with the preamble to the question, and wondered what the question was going to be, although I realized early on that my honourable friend's main purpose was to get the preamble on the record.

So far as the actual question is concerned, it seemed to me that my honourable friend answered himself.

There is also this contradiction. Senator Murray asks first of all whether or not there was to be some consideration of the economic situation as we know it now, and requested that the government come forward with a statement or up-date on economic policy, and that sort of thing. If that is to be done, there will certainly have to be consultation with the caucus, and, indeed, with the government, before we produce such a statement. At the same time Senator Murray says, "Would you agree to give us the result of that consultation first, namely, to disregard the budget?" My honourable friend knows very well that he answered his question before he asked it.

Senator Murray: Well, let me ask a supplementary question, which I hope will elicit a more direct reply.

Hon. Royce Frith (Deputy Leader of the Government): How about another editorial from the *Toronto Sun*? Try that.

Senator Murray: The minister's colleague, the Honourable Minister of Finance, has said, within the last 24 hours or so, that in the discussions that are to take place in cabinet, and in caucus, everything will be on the table. I take it that he means all the policies of the government will be on the table. If that is the case, are the budgetary policies brought in last November to be on the table, and if so, is Parliament, including the committees of this chamber, not wasting its time by solemnly considering some of the tax bills that arise from the November budget? Will the government not agree to put all of this on hold until we have the promised up-date from the Minister of Finance?

Senator Olson: Honourable senators, as I said yesterday, I am not now going to try to usurp the functions of the house leader in the other place. My honourable friend is asking if we will give a commitment to put everything on hold until an up-date on economic policies comes up. I do not have the authority to do that, and I would not expect the house leader in the other place to cease all consideration of the matters that are before that house, pending the up-date.

The other part of Senator Murray's question is, is everything going to be on the table? Senator Murray must realize that he is asking me to divulge to him in advance what the agenda of the meetings of both caucus and cabinet are going to be. He knows better than to expect an answer to that.

THE CABINET

HONOURABLE JACK AUSTIN—MINISTERIAL RESPONSIBILITY

Hon. C. William Doody: Honourable senators, I have a question for Senator Austin. I apologize for not giving him his ministerial title, but it is from that that the question really arises. Perhaps the minister will tell us exactly what his

ministerial responsibilities are. The CDC seems to have diminished in scope. I wonder if the minister could tell us exactly what his terms of reference are and what his responsibilities are in Cabinet. I look forward to asking him questions from time to time. I do not want to leave him out. I have so much respect for him, from my trips to Ottawa when he was a deputy minister and I was the supplicant for a province. I would very much like him to tell us exactly what it is that he does so that I can honour him with questions from time to time.

• (1425)

Hon. Jack Austin (Minister of State): Honourable senators, I am extremely grateful to the honourable senator for his inquiry. There are a number of things I do—

Hon. H. A. Olson (Minister of State for Economic Development): And do very well.

Senator Austin: Some of them include responsibility for the federal presence of Expo '86 to be held in Vancouver from May to October, 1986. As honourable senators know, that year is the one hundredth anniversary of the incorporation of the City of Vancouver. We intend to hold an exposition there on the subject of transportation. I know that all honourable senators will want to attend what will be a magnificent demonstration of Canadian technology in the form of the transportation mode, and also of foreign technology. The federal government is building a host pavilion. The announcement was made on April 1 by Senator Olson, Senator Perrault and myself, and also by Premier Bennett and some other provincial ministers, that we will build a Canadian host pavilion which will be turned into a trade and convention centre in the City of Vancouver. That is a project having considerable support in my city, and it is occupying a good deal of my attention.

The subject of the Canada Development Corporation will continue to be an important part of my responsibility. The federal government remains an equity holder of approximately half of the shares of that company, and a continuation of the wellbeing of our investment, and, of course, of its marketing over time is a matter that I expect will engage me.

The Prime Minister has also assigned to me responsibility for advice in terms of the constitutional evolution of the Governments of the Yukon Territory and the Northwest Territories. I have been engaged in assisting the Honourable John Munro in that respect—

Hon. Jacques Flynn (Leader of the Opposition): Did you have anything to do with the election?

Senator Austin: —as well as for the economic development of those two territories. I have also been assigned a participatory role in the First Ministers' Conference on Aboriginal Rights. I am assisting Mr. Munro and other ministers in that particular field.

In a general way, I share with my colleague, Senator Perrault, regional responsibility for the province of British Columbia, with my assignments essentially being to assist Senator Olson in his responsibilities, and also the Honourable

Herb Gray in his responsibilities for the economic development package in the province of British Columbia.

Those are some of the things that I am doing. I sit on the Economic Development Committee and the Social Policy Committee of Cabinet, as well as on Treasury Board.

Senator Doody: I thank the minister for his explanation and his long litany of responsibilities. I still do not know what his title is. Is it "Minister of State responsible for the Big Carnival on the West Coast," or "for Ongoing Constitutional Matters which may from time to time disrupt the affairs of the nation"; or are we to say that the minister is responsible for the state of the political situation in the Yukon and other developing parts of Canada; or is he just "Minister of State"?

Senator Austin: Honourable senators, my title is "Minister of State." It is not capable of a short additional summary, but I am pleased to share with the honourable senator information on the role that I play. I take collective responsibility, with other members of the Cabinet, in terms of the events that take place in these particular areas and in matters of government policy generally.

I wish to say to Senator Doody that I hope to further the federal government's interest in those areas in a co-operative and collegial way with the territorial governments and with the provincial governments with which I interface. I have had very good relations with the present Leader of the Government in the Yukon, Mr. Pearson. We have had quite a number of discussions about the constitutional evolution of government in that territory.

● (1430)

Senator Flynn: Do you claim responsibility for the fact that no Liberal was elected in the recent Yukon election?

Senator Austin: That is a political question. I do not take credit, liability or responsibility for those things that are particularly political.

Senator Flynn: I will grant you credit.

Senator Austin: I say to Senator Flynn that I will work very hard for the increase of the credibility of my government in the Yukon Territories.

Senator Flynn: You will have to.

Senator Doody: I thank the minister for his answer, and I shall now attempt to find some areas that I can research and ask him questions on. The fact that the minister is going to attempt to establish some credibility for his government in the west, certainly gives him lots of room and lots of scope, and starting from ground zero, there is no where to go but up.

ENERGY

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. C. William Doody: Honourable senators, I wonder if the minister of state responsible for the economy in Canada can tell me whether or not he is prepared to table the report that the consultants who advised the Government of Canada

[Senator Austin.]

on the price to pay for the Petrofina stock submitted some months ago. At the time I asked the minister to provide us with that information there were many people in Canada who felt, and I think justifiably so, an outrageous price was paid by the taxpayers of Canada for that stock. The price was way in excess of its valuation on the market and in the commercial world of Canada. The only justification given at that time was that that price was paid on the advice of a reputable group of consultants—and I have no doubt that they are reputable. I wonder if the minister is prepared to table that document so that we may share his knowledge in that area?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, if that study is to be made available, I will try to obtain a copy for my honourable friend and, if not, I will provide him with the answer.

INDUSTRY

GOVERNMENT AID—GUIDELINES

Hon. C. William Doody: Honourable senators, I wonder if the deputy government leader would accept a question on behalf of the government leader. The answer is one that will have to be deferred. In June 1981, I asked the Leader of the Government if he could outline for us the policy of the government in terms of aid to industries that are in difficulties. At that time the Leader of the Government said that he would be pleased to do so. He also said that the minister's office would be contacted, and that he hoped that a clarifying statement could be made in the chamber.

Up to this point in time, there is still no definite policy of which I am aware, and there are more and more companies in Canada getting into greater and greater difficulties. There are still no guidelines which we can apply, or to which we can refer the business people of this country in the event that they are in difficulty. I wonder if the honourable senator would undertake to get that information for me.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, of course, I do not accept that there are no policies, but I understand that the questioner wants specific information about those programs. I shall certainly put out a tracer to find the information as soon as possible.

BUSINESS OF THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, excluding the legislation which may flow from the presentation of a new budget or budget measures—and I say that because there are rumours of declarations that have been initiated by the Prime Minister—would the Deputy Leader of the Government tell us what legislation we can expect to receive before the summer adjournment and possibly the practical end of the session with a new session beginning some time in the fall?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am advised that there is a real possibility that the energy package—that is, the package of individual energy bills—will be passed in the other place as early as the end of this week. That is well in advance of the outer limit placed by the House Order and the agreement reached between the parties in the other place. So we can expect to receive a good deal of that legislation next week. There will, of course, be supply bills, but according to the information I have, I do not expect them much before the third week in June.

Senator Flynn: In two weeks' time?

Senator Frith: I expect that next week they may very well be adopted in the other place, so we should receive that legislation in the following week.

I believe that the bill on Enerco, C-116, which is, in a sense, part of the energy package but not a part of the eight bills, will be dealt with by the House of Commons perhaps as early as Friday of this week. Then there is talk, as there always seems to be at this time of year, about the Canada Day legislation. If the schedule I just mentioned is achieved, then such bills as those dealing with Canagrex and so on may come to us.

The only legislation that I feel quite sure about is the energy bills and the borrowing bill and, perhaps, the Canada Day Bill. There could be more if the legislation I referred to receives speedy passage in the other place.

Senator Flynn: What about the freedom of information legislation?

Senator Frith: I only know what I hear on the radio and read in the newspapers about that. From what I read and hear from those two sources, that legislation may come over as well. I will inquire about it.

Senator Flynn: And what about the sex offences amendments to the Criminal Code?

Senator Frith: I have no information on that legislation, but I shall add it to my list of inquiries.

REQUEST FOR ANSWERS

Hon. Richard A. Donahoe: Honourable senators, I was unfortunately detained, and thus am late in arriving, but I am advised that we are still in Question Period. I do not have a question, but I want to remind those senators opposite, particularly those who are responsible, that the law says a senator must retire when he reaches the age of 75. I have addressed some questions to ministers opposite, and have not yet received replies. In the hope that the replies will be forthcoming before old age catches up with me, I would renew them today and draw them to the attention of the deputy leader, at least, and ask if he would have them answered.

On January 27, 1981 I addressed a question to the Leader of the Government in the Senate dealing with the procedure of payment and collection of student loans in Nova Scotia. As it is reported at page 1574 of *Hansard*, his response was:

Honourable senators, information will be sought on that point and brought to the Senate as soon as it is available.

That information does not appear to be available, and I am trusting that the date of availability may be advanced so that it may beat my removal from the Senate.

The second question is one I asked on April 14, 1981, and it was addressed to the Minister of State for Economic Development. This exchange can be found at page 2283 of *Hansard*. I asked the minister whether he accepted the view of the Canadian Energy Users Council that energy prices should rapidly and substantially decline. The minister gave as his reply that he would try to find some confirmation on that. I ask this afternoon if his efforts have been rewarded or unrewarded, because I have no information as to what luck he has had.

My third question was asked on May 21, and again addressed to the Minister of State for Economic Development. In substance the question was: Is the government prepared to reconsider its decision to refuse an exemption to Canadian shipowners with respect to the surcharge levied on marine diesel oil. As reported at page 2431 of *Hansard*, the minister's answer was:

—I cannot answer that question directly, but I will refer the matter to the proper authorities.

If he knows who those authorities are and if he can, in fact, direct the question to them, I will ask him to be good enough to see if an answer can be given at a reasonably early date.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I want to be the first to join with the deputy leader in acknowledging that questions that seek information ought to be answered, and that the shorter the time lag the better.

● (1440)

I think we are trying to do that, but I am afraid I have to object a little to the criticism contained in Senator Donahoe's questions. He asks whether he is going to get an answer to some kind of perception by a council. I am not sure what he means by all of that, but in any event I really do not regard that as having a high priority. I do not think we are going to read somebody else's report and give an opinion on it.

If there are other questions that the honourable gentlemen opposite have in which they think they are entitled to some factual background information that they have been seeking, I should like them identified, but there are two or three categories. The ones that Senator Donahoe just outlined do not impress me.

Hon. Lowell Murray: Perhaps the minister will be more impressed with his own undertakings given in the Senate to me on a number of occasions, which I shall now cite.

On November 17, 1981, at page 3007 of *Hansard*, under the general heading of "Economic Development—Reduction in Expenditures," the minister replied to a question of mine as follows:

I will bring you a statement.

At page 3008 the minister stated:

Honourable senators, I think I had better bring in a complete compilation of what was put in the budget last year, what was in fact spent, and what is projected for the fiscal year 1982-83. I think it would be helpful, because it would completely devastate the validity of the calculations made by the Honourable Senator Murray.

Well, honourable senators, I am still waiting to be devastated by these facts. I have not seen them yet.

Senator Olson: I probably did bring in a statement.

Senator Murray: The minister probably did not bring in a statement, because if he had, I would have a record of it.

Again, on February 3, 1982, at page 3547 of *Hansard*, the minister undertook to obtain information for me on the so-called negative spread, the difference between the cost of money to the Export Development Corporation and the rates at which the Export Development Corporation lends moneys. The minister replied:

I will take all of these factors into consideration and try to provide an answer—

On March 2, 1982, at page 3725 of *Hansard*, when I reminded the minister of his previous undertaking concerning the Export Development Corporation, I stated:

The second matter concerns the respective roles and responsibilities of the representatives of the Minister of State for Economic Development in the provinces, and those of the agents of the Federal-Provincial Relations Office in those provinces.

The Minister of State for Economic Development replied:

I will take note of my honourable friend's expectations.

On March 25, 1982, at page 3878 of *Hansard* the minister stated:

I do not believe I ought to try to give reasons for the action of the Bank of Canada without first making some inquiries.

Further down the same page the minister stated:

I will obtain an opinion from those involved in that.

Hon. Jacques Flynn (Leader of the Opposition): An opinion?

Senator Murray: Yes.

Senator Flynn: He refuses to give opinions.

Senator Olson: All these questions ask for expectations, opinions, and so forth.

Senator Murray: The minister undertook to obtain—

Senator Olson: I was asked a question requesting information. I am not any more impressed with the second request than I was with Senator Donahoe's.

Senator Murray: It is a matter of the greatest indifference to me whether the minister is impressed or unimpressed. When a question is asked of the minister and the minister undertakes

[Senator Murray.]

to provide information, I think he should do so within a reasonable period of time.

On May 26, 1982, at page 4192 of *Hansard* I asked a question concerning the Ontario Provincial Treasurer's budget—I was talking about Mr. Miller's budget—and income tax incentives for people to buy common stock. I asked the minister whether the federal government would consider entering into a program with the Government of Ontario on that matter, and the minister stated:

I will make inquiries to find out whether such an initiative has been taken.

I simply place those requests on the record in the hope and expectation that the minister will obtain the information which he undertook to obtain, and bring it to the Senate.

FISHERIES AND OCEANS

NEWFOUNDLAND—SUBSIDIZATION OF FISHING INDUSTRY—GOVERNMENT POLICY

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State responsible for economic and regional development, I think it is. I wonder whether the minister could undertake to bring to this house a statement on the policy relating to the subsidization of the fishing industry and fish plants in the province of Newfoundland.

Recently a plant located in the community of St. Anthony, which employs approximately 800 people, was reactivated—to the joy of the people of that community—by the Government of Canada through a wholly-owned crown corporation, a subsidiary of a group for whom I think Michael Kirby is responsible, but that is of no significance.

There are many other plants in difficulty in the province of Newfoundland, so I wonder if the minister could tell us if this is a policy of general application, or whether it is just an isolated case in what is certainly an isolated area—and most of them are located in isolated areas.

This is a matter of grave concern to a great many people in Newfoundland, because of the obvious economic impact on the communities and the social implications, as well as the general direction of the fishing industry itself in the province of Newfoundland.

In the eyes of the Government of Canada, will this, in the future, become a crown corporation type of operation?

I know that that industry is experiencing a tremendous number of difficulties. I also know that private industry has had a hard time trying to operate those plants, so I wonder if the minister could clarify this for the benefit of myself and the many other people interested in these types of operations.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, an announcement was made, I believe on May 27, by the Minister of National Revenue to the effect that the federal government was taking more positive action with respect to the plant located at St. Anthony, but I do not have any notes on that statement before me.

My honourable friend knows far better than I that there were special considerations with respect to that particular plant located at St. Anthony. I say that because my honourable friend knows that it is the only plant located in an area surrounded by large fishing grounds.

I do not think that I can give my honourable friend a commitment now that I will bring a report or initiate a study with respect to the subsidization of the fishing industry. A task force has already been appointed to look into that matter, so I think we should await the report, findings and recommendations of that task force.

Senator Doody: I thank the minister for his answer, but in giving me his answer he really anticipated part of the problem.

The plant in question is indeed in the riding of the Minister of National Revenue, and while one must congratulate him for his concern for his constituents, and be grateful for that help, nevertheless there are, as I say, many other plants located in many other parts of the province which are in grave difficulty, and some are located near St. Anthony.

I ask why the rest of the province should have to wait for the results of the task force headed by Mr. Kirby while that particular plant, which is in the Minister of National Revenue's riding, gets immediate assistance. This is one of the concerns really being raised in the province of Newfoundland.

I appreciate the fact that people should wait until the task force has reported, but I also appreciate that people are in need of immediate help. If the minister can reconcile the two for me and the other people interested in this, I would be in his debt.

Senator Olson: Honourable senators, I am not sure that it is possible to reconcile that for my honourable friend's biased analysis, so I will not even attempt to do so, but I can say that the people connected with the plant located at St. Anthony are good fishermen, good Canadians and good Newfoundlanders, and they would be in great difficulty had the plant not been re-opened. There are probably 1,100 or 1,200 fishermen who would have had no alternative but to sell their catch at other plants, and there are great distances involved.

I am not here to make an argument that there is no other single fishermen who may be in similar difficulty in other locations in Newfoundland, but I understand that generally speaking, at least, even though all the plants are not re-opening, there is no other geographical area in the kind of difficulty that can be ascribed to St. Anthony.

Senator Doody: Once again, and with respect, I have to correct the minister. He is absolutely right in his description of the people who live in the St. Anthony area. They are, indeed, very capable people, expert fishermen, with a great deal of tradition and background in the fishing industry, and they certainly deserve all the help and assistance they can get. The same description applies with extreme accuracy to fishermen and fisherwomen living throughout the province of Newfoundland.

• (1450)

St. Anthony is not in the isolated condition, in terms of the rest of the province, that it was a few years ago. There is an excellent paved road that runs all the way to the plant, up to the northern peninsula and so on. As a matter of fact, it has an advantage over many of the communities on the coast of Labrador and on the south coast of the island which have no road connections at all and are completely dependent on that one plant. That is not to minimize the problem of the people of St. Anthony because when a plant closes the economy collapses. It simply serves to demonstrate that that is exactly the same thing as is happening in many other communities in Newfoundland which are just as isolated as the St. Anthony plant, but perhaps they do not have the same sort of advocate working for them in the Government of Canada. That is why I asked the minister to clarify the policy so that the people in other parts of the province can take advantage of the generosity and largesse of the Government of Canada in terms of their survival during the coming year.

Senator Olson: Honourable senators, I did not intend to widen the discussion—

Senator Doody: But you did.

Senator Olson: —to all of these things, but I did. I thought a few moments ago we were talking about accessibility for the purposes of marketing fish. If my honourable friend, who knows the island and the coastline around it far better than I do, claims that there are other fishing areas where the same distances are involved to get to a plant that could buy their fish, perhaps that is so. On the basis of my limited knowledge, I am led to believe that there were special circumstances surrounding St. Anthony.

Senator Doody: I should like to have left this particular subject after the first question, because I simply asked the minister to bring in a policy direction for the rest of the province, but he insisted on telling me about the special circumstances in St. Anthony and, with great respect, as I said to my colleague, Senator Marshall, both of us know a great deal more about the area than the honourable minister. What the minister does have at his disposal, however, is the inside knowledge of the policy direction of the Government of Canada in terms of the fishing industry in Newfoundland. I simply ask him to bring forward a statement so that the rest of the people in the province will know exactly what they are doing. St. Anthony is looked after for at least a year. What is going to happen to the rest of the province?

Senator Olson: I understand that there has been a great deal of comment with respect to the St. Anthony situation, and that it is not only a matter of the people living in and adjacent to the St. Anthony fishing plant. There is also widespread support for seeing that that plant gets opened, for the reasons I explained a few moments ago.

Senator Doody: So, the minister will bring in a policy statement for us.

HOUSING

GOVERNMENT POLICY

Hon. Guy Charbonneau: Honourable senators, I have a question for the Minister of State for Economic Development. As the minister no doubt knows, housing starts in May, on a seasonally-adjusted basis, were 116,000 units. This is the lowest rate since last October. That works out to actual starts in urban areas being down 51 per cent, and single detached dwelling units being down 63 per cent. I might point out that in 1976, which is six years ago, 400,000 more people were employed in residential construction than there are today. I have asked the minister about this problem before and he answered, quite correctly, that Bill C-89 would probably generate 30,000 starts, or is supposed to generate 30,000 starts, but this seems like very little.

My question is: Does the government have any plans to promote even more the housing industry, which is a great engine for the development of this country?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, if there are to be further announcements, the minister directly responsible will make them. I think that my honourable friend wants to be fair, and it is entirely possible that the number of initiatives that have already been announced by the minister responsible have not become fully effective and, therefore, are not in place. It may be that additional units will reach the "start" position as a result of the initiatives that have been announced.

Having said that, it is regrettable that the downturn in the economy and, therefore, the demand for new housing, has been such that it has left some slack in the number of people who are involved in that sector. We acknowledge that, but we also realize that the level of housing starts has to be related to the number of sales made.

ORAL QUESTIONS

JUDGMENT AS TO VALIDITY

Hon. Richard A. Donahoe: Honourable senators, I have a question I have been yearning to ask ever since the minister made his comments on my questions to which I sought answers which had been too long delayed.

My question is: Does the Minister of State for Economic Development intend to continue to be the sole judge as to whether questions emanating from this side of the house are too frivolous to deserve an answer or are, in fact, meant in a serious manner?

Further, if he does so consider that he is to remain such a judge, does he intend to answer the frivolous questions with an undertaking to seek further answers, which he has no intention whatever of complying with?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the simple answer to all of that is "no."

Hon. David Walker: The minister was coached.

Senator Donahoe: I can appreciate and understand that kind of answer.

NOVA SCOTIA

SYDNEY STEEL CORPORATION—INELIGIBILITY OF LAID-OFF EMPLOYEES FOR UNEMPLOYMENT INSURANCE BENEFITS—QUALITY OF PRODUCT—ALLEGED COMMENTS BY MINISTER OF TRANSPORT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have one delayed answer in response to several questions posed by Senator Muir. I am giving the response now so that when he reads this he can write "Answered" alongside a great number of them. The questions related to the Sydney Steel Corporation in Nova Scotia.

On the question of whether workers laid off at Sysco qualify for unemployment insurance benefits, I am pleased to confirm that they do qualify. They will receive their benefits in accordance with the applicable regulations and without delays.

On the issue of the quality of the rail produced by Sysco, the Minister of Transport did indeed make reference to problems encountered by Canadian National in this respect. There have been discussions between CN and Sysco to ascertain if the company is able to produce the type of rail CN needs. I understand the two companies have concluded that an independent assessor should be appointed to resolve the uncertainties regarding quality.

I would draw honourable senators' attention to the answer provided in the house by the Minister of Transport on June 7, which states:

First, with regard to honouring the contract, the contract is indeed at the 88,000 ton level for 1982-83. CN would like to reduce that because it will have to store light rail. However, a contract is a contract. Having made the commitment, I am willing to press CN to honour it.

With regard to the advance production, the possibility is there. It is estimated that it would cost \$1.4 million more to begin producing sooner, instead of in August. The Minister of Finance is willing to pay one half of that if the government of Nova Scotia or Sysco is willing to pay the other half.

I should like to repeat that that was a reply to a long list of questions that were asked.

Hon. Robert Muir: Honourable senators, I have a supplementary. I apologize profusely for not arriving in the chamber to hear all of the answers, but part of the latter answer contained the words "a contract is a contract is a contract." I believe the minister said that if the provincial government would pay a portion of the cost, the federal government would pay a portion in order to proceed with the contract for the rails. Am I correct in that assumption?

Senator Olson: My understanding is that the contract calls for some of this that would otherwise have to be taken in advance to begin production in August.

Senator Muir: May I ask the honourable gentleman if, during the period that uranium was stockpiled and during the period that coal was stockpiled over the years, the provincial government of that day—whatever government was involved—had to pay part of the costs of stockpiling?

● (1500)

Senator Olson: I understand my honourable friend's question, in that there is a relationship between the two, but I think he has to understand that in many respects we are dealing here with a provincial crown corporation.

Senator Muir: I thank my honourable friend. I look forward to reading his response in *Hansard* tomorrow, and then, perhaps, we can proceed further.

QUEBEC

CONSTITUTIONALITY OF CERTAIN PROVINCIAL STATUTES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Asselin on May 20 as to whether the government intended or intends to refer the question of the validity of Quebec Bill 62, the Charter of Rights override, to the Supreme Court of Canada.

Honourable senators, at this moment, the federal government has no intention of referring the question of the constitutional validity of Quebec Bill 62 to the Supreme Court of Canada for determination.

Quebec Bill 62 exempts every law of that province from the constitutional protections of fundamental freedoms, legal and equality rights provided in the Canadian Charter of Rights and Freedoms.

Contrary to Senator Asselin's assertion, the Minister of Justice, Mr. Chrétien, and the Minister of State, Mr. Joyal, never stated that they would ask for a ruling by the Supreme Court of Canada on the constitutionality of Bill 62. Mr. Joyal stated only that a reference was one of the options available to the federal government.

EMPLOYMENT AND IMMIGRATION

ADVERTISING CAMPAIGN

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to questions asked by Senator Nurgitz on May 5 concerning the billboard advertising campaign of the Department of Employment and Immigration.

Senator Nurgitz's first question was: What specific program was this in aid of?

Honourable senators, the billboards were used across Canada as a support medium and image transfer vehicle from the more detailed messages appearing on television and in print. Image transfer—in this case, the illustration and the theme—is recommended advertising industry practice. As such, the billboards were part of the overall multi-media mix

prescribed by the English agency. The advertising campaign was designed to promote the training opportunities offered by CEIC and to advertise the new national training program.

Senator Nurgitz's second question was: How does an unemployed person, with those words in his head, obtain a job or obtain re-training so that he can be qualified for another job?

Honourable senators, the new national training program will provide training and re-training opportunities for Canadians. These opportunities will be in the skill areas where workers will be required in the eighties. CEIC's training budget has risen from \$836,000 for 1981-82 to more than \$1 billion for 1982-83. A new occupational projection system is being put in place to help Canadians gain employment.

In response to Senator Nurgitz's third question, as to what "this Madison Avenue wording does for unemployed persons," it is my information that the campaign theme "Helping Canada Work" was researched by Goldfarb Consultants. Those interviewed felt the message of the campaign was "an important and timely message in people's minds with the current high level of unemployment." Even in difficult times, it is important to recognize the necessity for training for the jobs that will need to be filled in the future.

PUBLIC WORKS

NOVA SCOTIA—NORTH SYDNEY—DILAPIDATED STATE OF FEDERAL BUILDING

Hon. Robert Muir: Honourable senators, since the Deputy Leader of the Government is talking about high unemployment, I would pose a further question.

Hon. Royce Frith (Deputy Leader of the Government): Talking about what?

Senator Muir: High unemployment and employment. I would appreciate it if he would take notice of this question which, to some of you, may seem to be a trivial matter. The federal building in the town of North Sydney, Nova Scotia is leaking badly and is falling apart because no repairs or renovations have been done on it since it was built during the Diefenbaker regime.

Would the honourable gentleman look into this matter to ascertain whether something can be done to repair and renovate the building so that it will look a little better than a slipshod mess? A project of this type would provide some employment.

Senator Frith: Honourable senators, someone more partisan than I might be tempted to make a comment about this government's skill in fixing up the deficiencies of the Diefenbaker regime. Of course, not being partisan, I would not make such a comment.

I will certainly pass this specific question along to the Department of Public Works and try to obtain some information in answer to the question asked.

Senator Muir: As a supplementary question, I would point out that the building was constructed in 1958 to replace a

building which had existed for more than 50 years until it was torn down by the Liberal administration.

I would ask my honourable friend if he is in as good shape now as he was in 1958. His response, of course, will apply to the state of this building.

Senator Frith: My response would depend on the criteria. I certainly feel in as good shape as I was in 1958.

Senator Muir: My honourable friend looks pretty good too.

DEPARTMENT OF ENERGY, MINES AND RESOURCES ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Godfrey for the second reading of Bill C-102, to amend the Department of Energy, Mines and Resources Act.

Hon. Richard A. Donahoe: Honourable senators, I should like to begin my remarks on this bill by stating that I am requested to address myself to the questions raised by the bill, and I hasten to assure all of you that the mere fact that I do so indicates that I am willing to co-operate; it does not, in any sense, indicate that I hold myself out as a financial or economic expert.

On the other hand, I was in the chamber last night when its second reading was moved by Senator Godfrey, and while I regret that I have not had the opportunity, for other reasons, fully to peruse everything he said on that occasion, I listened to him with great interest and I made certain notes on his statements to which I will refer in my speech this afternoon.

I should like to begin by displaying to my colleagues this red book. I do not know how many of you have been in receipt of a similar volume. It is entitled: "The Energy Security Bills C-101 to C-108. House of Commons. Speeches by the Honourable Marc Lalonde, Minister, Energy, Mines and Resources."

Insofar as I found them applicable to my immediate task, I perused the speeches. I certainly read the one that the minister gave in moving second reading of Bill C-106 in the other place. I will not bore my friends, who may have read it for themselves, by repeating it in full, but there is one paragraph—and I hope I will not be accused of taking what he said out of context—that appeals to me immeasurably. It states:

The legislation follows a commitment made by the leader of our party, the current Prime Minister (Mr. Trudeau)—

I suppose that is just in case anybody did not know who the current Prime Minister is, but I suggest we all have plenty of cause to know.

The paragraph goes on to state:

—in a speech in Halifax—

This caught my eye because Halifax is mentioned in the paragraph, and that is where I live. To conclude:

—during the last election campaign.

[Senator Muir.]

Honourable senators, these are not my words; these are the words of Mr. Lalonde. He said:

It was during that speech—

That is, the speech of the Prime Minister.

—that he unveiled the National Energy Program, including the promise of a petroleum pricing and auditing agency. The agency was to keep a watch on industry costs, profits and operations. We followed that by referring to the agency again in the last Speech from the Throne—

"Last" is a good description of something that came so long ago. It is more than two years since we had that speech; it is about time we had a new one. Every effort we make to find out when we may expect one is turned aside, and we get meaningless answers.

At any rate, Mr. Lalonde continued:

—as a device not only to monitor industry revenues and expenditures but the levels of Canadian ownership as well.

Now, honourable senators, you may say, "What is there in that speech that would cause Senator Donahoe to read it?" You will tell me, "It sounds all right to me." I cannot disagree with anything that is in it, and I am sure that Senator Godfrey does not, but it is not what is contained in the speech that I disagree with; it is what is not contained in the speech. We are always accused of taking things out of context, but there my honourable friend is quoting from a speech made by the Prime Minister during the election campaign in Halifax, in which he said all of the wonderful things which were to follow as a result of the National Energy Program. The honourable senator fails to repeat, however, that in that same speech, the Prime Minister of Canada gave his unequivocal word that the price of gasoline at the pumps would be less than the 18-cent increase the Conservatives had promised. The people of Nova Scotia are uninformed; they are gullible sometimes, and they believed him. He got substantial representation in the House of Commons, made up of members who were elected on the sole promise that they would act, when in Parliament, to see that the price of energy—the price of gasoline at the pumps—was less than that which the then Prime Minister, the Right Honourable Joe Clark, had promised it would be and which Mr. Trudeau himself had told them they might well expect.

• (1510)

I will not go into details about the price of gas. I will not make comparisons between what we pay at the pumps in Halifax and what we pay at the pumps in Ottawa. Nor will I mention what the Americans pay, or the cause of any such difference. However, we might readily have believed that Mr. Clark was an optimist. We might readily have believed that the offshore price of oil would increase to an extent such that he would find it difficult to hold himself to his promise of 18 cents. He did hold himself to his promise of 18 cents and was never called upon to put it to the test, because everybody on the other side of the house and all those members of the public who listened to Mr. Trudeau said, "We won't give you the chance. We won't wait to find out whether you can make 18

cents stick. We will listen to Mr. Trudeau, who says that whatever his price will be, it will be less than 18 cents."

Honourable senators, I will not go to great lengths. I simply ask everyone who is listening to my voice to honestly ask themselves the question: Did Mr. Trudeau keep his promise, or was it a pure figment of his imagination?

Hon. C. William Doody: It was an election ploy.

Senator Donahoe: I listened carefully to Senator Godfrey. As I said, I have not yet had a chance to read yesterday's *Hansard*.

Hon. John M. Godfrey: It is not out yet.

Senator Donahoe: I did, however, copy down what he said, and I hope it is accurate. He said that the act will give the government, under the control of Parliament, the power to form new crown corporations. The honourable senator is listening to me. If I am misquoting him or if I have not repeated what he said accurately, I stand to be corrected right here and now. I do not hear anything from the honourable senator.

Senator Godfrey: That is exactly what I said.

Senator Donahoe: I congratulate the honourable senator upon his willingness to take the responsibility for what he said, because he said that the creation of the crown corporations would be under the control of Parliament. If that means that Parliament has some say about whether or not there should be a crown corporation, and if that is what he means to say, then he does not fully understand, in my opinion, the true meaning of the English language.

While it is true that everything is under the control of Parliament, in the sense that everything flows from acts passed by Parliament, Bill C-102, which we are discussing, will provide the machinery by which crown corporations may be established. If that is so, and if you are Senator Godfrey, it is possible to say that they are established under the control of Parliament.

Senator Doody: Hold your nose!

Senator Donahoe: In my opinion, honourable senators, that is far from being the truth. The act really provides the machinery by which crown corporations may be established, not by Parliament—not by the House of Commons or the Senate—but by order in council.

I am only a greenhorn in this matter, but I was taught that orders in council are actions of the executive branch of the government; that the executive is a branch of the government separate from Parliament—the House of Commons and the Senate—which constitutes the legislative branch of the government. Therefore, the executive branch is to be empowered, under this act, to create crown corporations.

Senator Godfrey: That is exactly what I said.

Senator Donahoe: Honourable senators, to reiterate, the honourable senator said that crown corporations would be established under the control of Parliament, in the sense that the act gives the authority to constitute crown corporations. However, I know, and the honourable senator knows, if he

would only admit it, that once the act is passed, the authority rests not in Parliament—not in the House of Commons, nor in the Senate—but in the order in council. I may come back to this in another context, but do not think it makes much difference that the authority is given by order in council.

I have heard it advanced as an argument by the supporters of the bill that we need not be afraid of this, because, after all, the authority granted to create crown corporations is not vested in a single minister: it is vested subject to being approved by order in council; therefore, all of the ministers will be consulted. Nowhere did I hear an argument that a legislative branch of the government was to have any further or any direct say in whether or not a crown corporation is to be created. That was the first thing that Senator Godfrey had to say.

Senator Godfrey: You obviously were not listening to my speech.

Senator Donahoe: It is perfectly obvious that I was listening to the honourable senator's speech because I quoted from it, and he admitted that I quoted from it exactly. I then gave honourable senators my understanding, as an ordinary boy from the country, so to speak, of what he said. Apparently, it was entirely different from what these great money collectors from Upper Canada conceive the words to mean; they mean, to him, something different from what they mean to me.

I am of the opinion that this bill is an abdication by Parliament of its authority to create crown corporations. From now on, the order in council—the executive branch of the government, or Mr. Trudeau, if you like—will be able to say, "This will be a crown corporation. We do not have to ask anybody's permission; we only have to put it in an order in council." If those who sign the orders in council are as ready to give their consent to what Mr. Trudeau wants on this occasion as they are on most occasions, then it is a pure formality to say that an order in council is required.

I return to what the honourable senator had to say. He said the power of the minister needs approval by order in council; in other words, the executive must approve and "to hell with the House of Commons, to hell with the Senate. We do not need anything from them. From now on, boys, once that bill is passed, we are home free. We will pass that bill and we will create as many crown corporations as we want."

The honourable senator then said that we are always to bear in mind that, if we read the bill carefully, we will find that the authority vested in the executive branch—in the orders in council—only applies to the field of energy. All I can say in reply is that if it is wrong in every other field, it is wrong in the field of energy as well. The principle under which crown corporations can be created by a mere order in council is certainly a poor principle and is one that ought not to be approved by affirmative vote of this house.

The honourable senator then went on to speak about the negative resolution which is required by Parliament. I admit now that I am on dangerous ground.

Senator Doody: Oh, oh!

Senator Donahoe: In case anyone may have forgotten, Parliament consists of two houses: it consists of the Senate and of the House of Commons. It must be as clear as daylight—it is to me, though perhaps I see things that others cannot see—that if a negative motion is required from both houses, and if one house passes an affirmative motion while the other passes a negative motion, the condition established has not been met: there has not been a negative motion; both houses have not said, “No, we will not have a crown corporation.” Therefore, if the House of Commons were to vote negatively and say, “No, we will not have a crown corporation,” and the question was then put to the Senate as to whether or not we should have a crown corporation, and we said, “Yes, we will”—in other words, if we voted affirmatively—then it would be perfectly clear that the condition had not been met; one of the two houses would have failed to give a negative vote on the matter, we would have a negative and a positive vote, not two negative votes, and would therefore not have fulfilled the condition of the act, so that what had been decided in the other place would follow. In other words, a bill is approved by virtue of a vote taken in the Senate.

● (1520)

This bill is a bill to create crown corporations. The thing which disturbs me most about the fact that crown corporations can be created by the executive, without reference to the legislature, is the fact that such crown corporations may, in some cases, be either agents or agencies of the federal government. If they turn out to be agents of the federal government, they are in the position of having the authority to borrow money and to impose obligations on the taxpayers of Canada. In other words, without any reference whatever to Parliament, without any reference either to the elected representatives or even to the appointed representatives of the people, or their opinion being asked for in any way, we find that new obligations are imposed upon the taxpayers of Canada by an arbitrary action of the government of this country.

There is one bright spot with regard to this bill. It is not in exactly the same shape as it was in when it was presented. I do not intend to go into the question, as my honourable friend did, of the 15 votes in the Senate and the 30 votes in the House of Commons. I just remind him, however, that if he wants to read *Hansard* he will find that there was a very serious slip-up in this bill, and that when the bill was presented in the first instance to the House of Commons it did not say 30 and 15, or 20 and 40; it said 50 and 30. That is the bill they put forward. The minister had to say, abjectly, “I do not understand it. There must have been an error. I will gladly withdraw the bill and substitute a new one.”

When I read about this, I thought, “Thirty votes in the Senate? The official opposition in the Senate has 27 votes.” Well, then I said to myself that if only the opposition wished to have the matter thought about, or rejected, they would be unable to present such a petition because at the moment our membership does not equal the number originally provided for in the bill. It is true that today it reads 15, and not 30, and that we could conceivably present the appropriate petition and

have our views considered; but it would appear that was an afterthought on the part of the minister.

That reminds me. I am talking about what the minister had to say, and though I know you cannot rely on what you read in the newspapers, and that some commentators are biased, here are some remarks by a columnist who was at one time a member of the House of Commons. His name is Fisher. I know from my experience in public life that if you assume that the headline to an article was put there by the author, you are likely to be told that it was not the author who put it there but somebody else in the employ of the newspaper. I therefore do not place the responsibility for the title on the shoulders of the author. Somebody, however,—and I do not know who it was, perhaps someone unknown to any of us—entitled this article, “Shoddy Speech.” Who made the shoddy speech? Was it Senator Donahoe, or Senator Flynn, or anybody on this side of the house? Was it a member of the official opposition in the other place? It was not. It was Marc Lalonde, the Minister of Energy, Mines and Resources. He devoted a very substantial portion of what he had to say to what this article describes as a mean and nasty diatribe directed in personal ways at people who are opposed to his views. I do not intend to quote the speech, but there is comment on the situation to which the minister was referring in this column by Mr. Fisher. Since it is relevant, and since it is relatively brief, I am going to read it to you.

All around the federal scene the purposes and plans have gone awry. The budget is in worse disarray than living memory can recall. Mega-projects have been blown away by the winds of recession. Federal-provincial relations are abysmal, rife with distrust. Unemployment is staggering. Inflation hangs on with few signs of flagging. The leadership question of the Liberals seems insoluble in the short run. Trudeau must stay, if only as a lightning rod for massive discontent.

If Lalonde has been responsible for much of the thrust, then one may read his inept drivel as evidence the toughest man on the team is cracking.

That is a series of comments made on the situation in which the Minister of Energy, Mines and Resources introduced this bill. It may or may not be strictly relevant, but it seemed to me that it was material that might well be taken into consideration by an objective person who is endeavouring to decide what his stand on the bill should be.

I began my speech by saying that I do not purport to be an economist or any other kind of expert on this matter, but there are people who understand the bill far better than I, and some of them are those members who were present when the bill was considered in committee in the other place, and although I am not going to quote everything that was said on that occasion, there are a few questions and answers that I think are worth repeating in that they give food for thought to those who have to decide what to do about this bill in this chamber.

The first question was asked of no less a person than the Auditor General of Canada. It is important to remember that

never before in the history of the office of Auditor General has the person occupying that position been called to come before a committee to give evidence unless that committee was dealing directly with matters concerning his department. In this case, however, the committee was dealing with energy, and the Auditor General was called. He was asked about the accountability of crown corporations. He was told that certain corporations may be established under this bill. I read in the report of the committee that he acknowledged that the bill did not require that new crown corporations that are being created be scheduled under the Financial Administration Act, and hence be made subject to certain accounting and accountability requirements. He also acknowledged that no requirement existed that the mandate of a new crown corporation be spelled out to Parliament in advance of its being set up. There is one of the most responsible officials of the federal government expressing his view on the responsibility of the executive. He has made it perfectly clear that there is no requirement for the matter to be referred to the legislative branch. In his opinion, it is solely and unquestionably a matter for the determination and establishment of the executive.

• (1530)

It was noted that the broad powers granted under the bill to the minister are not restrictive since the corporation established under the Canada Business Corporations Act has the powers of an individual and would not be limited to the energy field, but in fact could range into positions beyond energy.

I draw that question to Senator Godfrey's attention, because it seems to cast considerable doubt upon a contention that he was making when he spoke, in which he said that the authority given by this act was solely and purely restricted to the field of energy. It may be, and is intended to be, but it is very questionable as to whether or not it is so restricted. This would apply equally to subsidiaries incorporated under the CBC Act.

The answer to the question is most interesting, and I ask all honourable senators to listen to it and to think about it. The question was:

What do you see in C-102—

That is the bill we are considering:

—that meets the criterion you desire for sufficient Parliamentary direction in the incorporation of new Crown Corporations?

The Auditor General's answer was:

I do not see as much as I would like to see. If it meets the requirements of the private sector investor investing in a corporation offered publicly that is quite different from the needs of parliamentarians.

I have had to sit here and listen to the bill's being introduced, and be told that it is done under the authority and control of Parliament. I do not accept that statement, and if the honourable senator is as objective as I believe him to be, even though I know him to be partisan—despite the disavowals by some honourable senators—I feel that he can only come to the same conclusion as I have and agree with me—

Some Hon. Senators: Hear, hear.

Senator Donahoe:—that, like me, he knows it is a misstatement to say that Parliament has any control over the crown corporation—certainly once it is established under the authority of this bill.

An Hon. Senator: You could vote against it.

Senator Donahoe: There was worry because if the government used the clauses creating the Canadian Ownership Fund without going through the regular estimates process it might find that that fund was a non-budgetary fund outside the estimates, and it was possible that money would be found and expended in regard to a crown corporation without its appearing in the estimates. If that is outside the estimates process, then I believe even the most partisan would admit that they are funds which can be deployed or placed into action without any reference whatsoever to Parliament.

On April 27, Mr. François Bernier, legal counsel to the Standing Joint Committee on Regulations and other Statutory Instruments—I would ask Senator Godfrey to listen to this carefully; that is the name of a committee we hear advanced quite often in this chamber—Mr. Bernier acknowledged—and he was legal counsel, and I assume he knew what he was talking about—that there would be little parliamentary participation in such a gamut. The same gentleman was asked:

Assuming that Parliament were to be setting up a new \$2 billion crown corporation, how much time would be allotted for debate in Parliament?

He did not have to hesitate about that. He knew exactly what the answer should be—

An Hon. Senator: None.

Senator Donahoe: My honourable friend says "None". The honourable senator is wrong. There was some time, but it was equivalent to nothing. On a matter that might cost taxpayers billions of dollars, the entire debate was limited to three hours. All they had were three hours, and if, when the three hours were over, there were still those who were opposed, still those who were in opposition to the bill, they would, in the customary Liberal manner, be cut off from speaking. Perhaps the Liberals did not have to invoke the closure rule; perhaps they did not have to say, "We will stop you talking somehow or other." They had it already set up. It was right there in the rules of Parliament: "Three hours and it's over, boys, and don't try to make the public understand that liabilities may be saddled on them, and that the people they elected to check those liabilities will never be informed, never be consulted. They will have shot their bolt and the deed will be done."

An Hon. Senator: "And forever hold your peace!"

Senator Donahoe: My honourable friend says "And forever hold your peace!" I wish I had thought of those words, because they are so apt.

It was noted that the bill grants parliamentary approval for the future creation of crown corporations and provides for a negative resolution. I shall not deal with that aspect concerning the negative resolution. I have indicated that the Constitution of this country says that this chamber is limited in what it

may do. One thing that it may or may not do is initiate bills, the effect of which will be that public monies will be spent. They may be initiated in the other chamber and we may approve them. We may even do more than that: we may even delay them, and we may even alter them. I guess, under the new Constitution, which I am proud to say I voted against, we now have only a suspensive veto. I must admit that I was confused about the changes that were made. I know that if it is now a suspensive veto, it was not that in the beginning. In the beginning it was intended to be a true veto. It was to change the entire character; and if anyone says to me, "We have not done anything but change the veto from a true veto to a suspensive veto, and that is all we have done in the new Constitution", then all I say is: Don't get me started on that!

Senator Frith: We won't.

Senator Donahoe: I realize you won't, because you cannot bear to hear the truth. You cannot stand to realize the effects of what you have done—

Senator Frith: That is not the reason.

Senator Donahoe: —because when we tried to point out the changes to you, you were oblivious to our arguments; you went cheerfully ahead and you followed your leader, the Pied Piper—

An Hon. Senator: Of Mount Royal.

Senator Donahoe: I was going to say, "of Sussex Drive," and you voted like lambs being led to the slaughter. I am not sure whether that is a good simile, but you certainly pushed us into the ground. You made us feel that anything we said about the Constitution was said for improper reasons. You tried to make us—

Senator Frith: Now get back to Bill C-102.

Hon. G. I. Smith: When he is ready.

Senator Donahoe: I just want to say this. I know that nothing I can say, no matter how cogent, how true, how compelling, will affect the mind of the Deputy Leader of the Government. He will back the bill, and I would not mind that, because I have learned to expect that from him; but, as I look around the chamber, I do not see present all of those senators who backed the bill, but if the bill ever came to a vote they would be here, because the time we see them most is when they come in to vote us down, to register a vote, to comply with the demands of the Prime Minister that they peacefully and calmly endorse his actions.

I have almost finished on that theme, but I just want to say this one thing. When we vote in this house, some of us vote with our minds closed; others vote perhaps out of partisanship; but when anyone on this side is accused of opposing the patriation of the Constitution of this country, then I throw the lie in that person's teeth, because on this side of the house we were in favour of patriating the Constitution. There were some who voted for it, and there were some who voted against it. There were some who had one reason for so voting, and there were others who had different reasons, but, invariably and inevitably, all of us, no matter what our reasons, were in

favour of patriation. There were some like me who said, "It is a gesture. We can repatriate or patriate the Constitution and the constitutional position in this country will not change one iota; it will be exactly the same, but we will have succeeded in placating those who think the Constitution should rest in Canada."

• (1540)

I see an honourable senator laughing, and he may laugh at me and think I am foolish, but I hope that I am expressing a point of view—

Hon. Maurice Lamontagne: That is not what I said.

Senator Donahoe: —that is shared by many people in this country, that the patriation of the Constitution was something that was desirable, not because of the effect that it would have but because of the beliefs people would have concerning the meaning of it. The people of Canada were encouraged by Mr. Trudeau to think that in patriating the Constitution they would cut off the last links of colonialism, they would be re-establishing or establishing the sovereignty of Canada.

Canada was a sovereign nation before we brought the Constitution home. In fact, it is less a sovereign nation now because by bringing it home with an entrenched Charter of Rights—and this is an argument I did not intend to make—we have deprived the elected representatives of the people of this country of the exercise of powers that had previously been given to them by the Constitution of this country. What we patriated, what we brought to this country and what the Queen signed on Parliament Hill was not the Constitution of Canada, but a constitution of Canada revised à la Trudeau and supported and approved by those who voted for it when it came before us.

I am not going to say any more about that subject because I did not intend to speak about it at all, but this is a good opportunity to put my views forward, and it is a good opportunity for the people of Canada to realize that as much as certain people might preen themselves over the benefits that accrue from what they have done, there are those in this country who think that they are far from having accomplished a very wonderful gesture; that they have, in fact, prostituted the responsibility of the Queen in this country. The Queen was brought to Canada to take part in a function and in order that the people might be attracted to that function and come in their relative hundreds to witness it.

It is true, you know, that the CBC paid the fares of a few people to come to Ottawa and that they deceived the public by having it believe in their television coverage that these people were here to express their opinions on the merits of what was being done. I do not know, but I suspect that even the speeches that those persons made when they were on national television were not their own thoughts at all, but were probably supplied to them by the people who paid their fares from their home in their respective part of the country.

I am as loyal a Canadian and as loyal to the Monarchy as any person in this house, but I still want to say that when I received an invitation two days after the event took place, and

when I later received an explanation that the invitation was tendered to me so that it would serve for me as a memorial of what took place on the Hill, I breathed a sigh of relief. I said "Now, the invitation will serve no real purpose at all and I can discard it in the waste basket." That is exactly where it went. I thank those who gave me that relief and allowed me to act accordingly.

Honourable senators may have wondered, but we are talking about Bill C-102.

Senator Frith: Phew!

Some Hon. Senators: Oh, oh!

Senator Donahoe: It was noted that the bill grants parliamentary approval for the future creation of crown corporations and provides for a negative resolution. I have already dealt with that, but it might be of interest to hear the comment of the Auditor General in response to the attitude that was taken. He said:

Our office would like to stand by its criteria that there should be control by Parliament over the creation of corporations.

That is an excellent criterion, one to which I subscribe, one to which the Auditor General subscribes, one to which everybody who sits in his seat on the opposite side should subscribe, and one to which even Senator Godfrey should subscribe. But then he will so misread a clause of the bill that he will decide that his needs are satisfied when, in fact, the very reverse is true. This is a long speech, and I really should bring it to an end.

Bill C-102 has a variety of aspects. In case anybody is interested, I am reading from a compilation of the clause-by-clause criticisms in the committee. I am being very careful, first, to pose the questions that were asked as a result of the framing of the bill and, secondly, to reply in the words that were used by those who were questioned.

It was said that there should be a clear statement of objectives for new crown corporations and a clear requirement for the submission of corporation plans for revenue, as well as a clear provision for plans for borrowing and for reporting to Parliament on the activities of crown corporations. The Auditor General was asked if any one of these criteria was met by the bill, to which he said:

You would normally expect to find those criteria residing in a special bill incorporating a (crown) corporation. On first reading, it is not apparent to me that any of those criteria are met or reside in this bill.

I am kind of glad that Senator Lamontagne has found it necessary to withdraw. It was a little disconcerting to have him smiling at me every time I made a point. It made one feel that one was stupid or ignorant. But I would have him and everybody else know that these points are not points made by me. They are points made by knowledgeable, intelligent and educated witnesses who appeared before the committee. What is more, I do not believe that anybody who listened to those responses was a bit pleased to get them, because none of them was in accord with what it was hoped would be the answer. All

of them were in accord with the opposition questions that were asked.

I have been careful not to say who asked the questions, because somebody might say that I am being partisan. However, I can admit now that the questions were asked by an opposition member, but, by the Lord, it was not opposition members who answered them. It was independent officials, the Auditor General and others of his ilk.

If there is anybody who does not want to listen to what I say, and if somebody thinks they should smile at what I say, or if somebody even thinks they should smile and then leave the chamber, as some have done, then I say to those honourable senators, "Don't forget, you are not leaving the chamber because of what I am saying; you are leaving the chamber because you cannot stand what other people who know what they are talking about say."

Hon. Jack Marshall: The truth hurts.

Senator Donahoe: I think I have said enough. If I have not done anything else, I have made the audience realize that I am opposed to Bill C-102. I propose to vote against it. The reasons I have cited are numerous and compelling and should appeal to everybody.

Senator Marshall: They are convincing reasons.

Senator Donahoe: But I would not want everybody to leave this chamber, or I would not want to finish my speech without making it abundantly understood that there are many other criticisms of the bill which were made directly and which were answered just as devastatingly by those who were asked to express their opinions. So, not because I have run out of arguments, not because I do not think it is worthwhile to make the argument, but merely because I am an old man and I have been a long time on my feet, I am about to bring my speech to its conclusion.

I do want to say that I listened with the greatest of interest to the learned senator who introduced the bill. Whether I failed to understand him because of my own shortcomings or because he fails to understand the English language is something for you to decide. All I can say is that he may take whatever view of the bill he elects. He may construe the words used any way he likes, but I much prefer to construe them in the form in which they were construed by the Auditor General of Canada who was called, not by the opposition but by the government to support its case, and who, unlike some people, felt obliged to tell the truth. When he told the truth it was devastating, and he showed that the bill is not what it is represented to be. It contains defects; it contains all those defects that I have elucidated, as well as other defects which I have had the mercy not to bring before you.

● (1550)

When I spoke last evening I tried to have this debate deferred until consideration had been given to the bill by the Standing Senate Committee on Banking, Trade and Commerce. I understand that it has been referred to that committee for pre-study, and I was informed and accept the fact that I was wrong on the procedure when I said that the bill should

be referred to the committee, and that the study given by that committee should be a true study of the bill and not a pre-study. I was further informed that the pre-study would be merged with the study on the bill when it is referred to that committee. The pre-study will disappear, in fact, because truly the bill is then before the committee.

I had hoped—and this was a sincere hope—that the wisdom of that committee would be available to me and others who might feel impelled to speak on the bill before being called upon to speak in this debate. I was informed that this would not be the case, that I must speak from my own limited understanding of the bill. I have relied, to a great extent, upon the views of people who, it might be said, know the meaning of the questions being asked, who know the meanings of the answers being given, and in every case those meanings are of a quality and of a kind that would prevail upon anyone who wishes to allow himself to be prevailed upon, who wishes to open his mind, to vote against the bill. I intend to vote against the bill, and I invite my honourable colleagues to join me in doing so.

Hon. John M. Godfrey: Honourable senators—

The Hon. the Speaker *pro tem*: Honourable senators, I wish to inform the Senate that if the Honourable Senator Godfrey speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Godfrey: Honourable senators, I should like to refer to two matters raised in yesterday's debate. One was to the effect that in one clause of the bill it refers to six sitting days of Parliament, and in another it refers to five sitting days of Parliament.

This morning I tried to find out why that was, but was unsuccessful. However, I have been told by officials of the department that they will research the matter and will be prepared to answer those questions when they appear before the committee.

Another point was brought up by Senator Smith relating to the meaning of section 6(3), which states:

A corporation is for all purposes an agent of Her Majesty and its powers may be exercised only as an agent of Her Majesty.

I spoke to an official of the department this morning, and he gave me a legal opinion on the effect of subsection 2 and subsection 3 combined, and I must say that I was not any the wiser after hearing what he had to say. His opinion really referred to the effect of subsection 2, which says that the corporation shall be under the direction of the minister. When I told him that I was not satisfied with his opinion, he told me that he would look into the matter further and would be prepared to answer when he appeared before the committee.

As to Senator Donahoe's remarks today, I must say that I am a little concerned as to what I should say. I must say that at one time I was embarrassed for Senator Donahoe. I was embarrassed for him because, obviously, he is unaware of the fact that on May 17 amendments were proposed at the report

[Senator Donahoe.]

stage in the House of Commons which took care of many of the specific matters to which he objected in his speech.

However, I became rather—

Senator Donahoe: Will you permit a question?

Senator Godfrey: Yes.

Senator Donahoe: Does the honourable senator refer to the fact that the bill was amended to include the so-called sunset clause?

Senator Godfrey: No, I am referring to the question of a negative resolution. For example, Senator Donahoe said that even though a corporation was turned down by the House of Commons on a negative resolution, as long as the Senate did not concur, it had no effect. That was the situation before May 17.

As Joint Chairman of the Joint Committee on Regulations and other Statutory Instruments, as I pointed out in my speech, I wrote to the minister objecting to this on March 31. We brought this concern to the Standing Senate Committee on Banking, Trade and Commerce and thrashed it out there, and, finally, on May 17 they saw the light and brought in the amendments which substantially—and I used the word "substantially" in my speech—take care of the objections made.

Now, I must say that I am more embarrassed for myself than for Senator Donahoe, because I only started preparing my speech yesterday morning, so a great deal of my speech had to be given extemporaneously and, obviously, I did not make it very clear. In other words, had Senator Donahoe been listening, and had I made it clear, it would have been quite obvious to him that what he referred to was completely irrelevant in view of the fact that the amendments were made on May 17.

I do not think I need say any more than that, except to commend to Senator Donahoe the re-reading of what I said yesterday, and if he reads it two or three times, he may understand it, because I was not very clear. If he does that, he might be able to understand my poor attempt to explain the bill.

If there is any further question on that matter, it can be put to the officials of the department when they appear before the committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Godfrey moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

[Translation]

MOTOR VEHICLE FUEL CONSUMPTION STANDARDS BILL

SECOND READING—DEBATE ADJOURNED

Hon. Maurice Riel moved the second reading of Bill C-107, respecting Motor Vehicle Fuel Consumption Standards.

He said: Honourable senators, before giving you my comments on this bill, I would like to congratulate Senator Donahoe. He was very eloquent in his comments on various bills, and although we do not necessarily share his opinion, what he says is always most interesting and, I find, most educational. I would like to thank him for his speech, and I may say that his apologies for having taken up so much of our time were entirely unnecessary, because what he had to say was very interesting. I know that my colleague, Senator Godfrey, also has considerable experience, and I appreciated this opportunity to listen to the senator defending his point of view and engaging in lightning exchanges with the opposite side. I have always found this kind of debate entirely fascinating, and it is always a pleasure to listen to the senator on such occasions.

With your leave, honourable colleagues, I shall continue in English, and make use of my constitutional right to use either official language of this country in this House, as I would anywhere else in this country.

[English]

I am pleased to address honourable senators on the second reading of Bill C-107, respecting motor vehicle fuel consumption standards. This bill, as you may recall, is an important part of the National Energy Program. It is a key conservation measure aimed at reducing the consumption of fuel by motor vehicles in Canada. I wish to remind honourable senators of the magnitude of the oil savings which we believe can be achieved by this program. These savings have been estimated at 300,000 barrels of oil per day by 1990, compared to the fuel that would be required by vehicles maintained at a 1979 level of fuel consumption performance. This represents a sizeable reduction in transportation energy use—the largest sector of oil consumption in Canada.

● (1600)

The government's commitment to this program dates back at least six years, and has embraced a history of discussions with the motor vehicle producing industry, as well as numerous Canadian government agencies, and those in other countries. The result has been a successful voluntary fuel consumption program, supported by Bill C-107. The importance of this bill, and the large measure of agreement on its role, was evident in its successful consideration in the Standing Committee of the House of Commons on Energy Legislation. The performance of industry under this voluntary program provides further evidence of success. The targets for fuel consumption performance have not only been met but have also been exceeded by industry to date, and it is expected, based on this experience, that the trend will continue. This willingness and expressed

commitment of industry to co-operate in a voluntary program makes a good case for retaining the voluntary nature of the program.

Honourable senators, as a means of enhancing this voluntary program, industry and the federal government will work together in many areas. Industry is certainly willing to participate beyond the current program levels, and the government intends to harness this co-operation—participating fully ourselves—in order to co-ordinate all interests affected by the Motor Vehicle Fuel Consumption Standards Act, including, for example, the fuel producing industries. The government hopes to focus this effort through industry-government working groups to be established in the numerous areas that the act encompasses.

The proposed Motor Vehicle Fuel Consumption Standards Act will authorize the Minister of Energy, Mines and Resources and the Minister of Transport to continue the voluntary fuel consumption program.

The first part of the act will provide for the assignment of a fuel consumption number to every vehicle sold in Canada. These numbers will appear on the information sticker affixed to each vehicle, and will be included in the data contained in Transport Canada's Fuel Consumption Guide. These figures will also be used in the Minister of Transport's calculations of the fuel consumption of vehicles sold by all manufacturers in Canada.

The categories of vehicles covered by the act are deemed to be general. For example, all passenger automobiles constitute one category.

The existing voluntary program sets average fuel consumption standards for the vehicles of corporations for each year up to 1985. Corporations may reduce fuel consumption by selling a larger number of their more economical vehicles, or by upgrading the fuel consumption of each model at the design stage. The government expects that this program will remain voluntary, unless corporations ignore it.

The authority to set standards and to impose penalties is contained in the act, but the government does not intend that these provisions should be proclaimed. Just having written these sections into the law, it is hoped, will be enough to accomplish the government's goals. Detailed information is needed for the consumer and for the government. For now, the practice of setting voluntary fuel consumption standards will continue, along with an improved flow of information.

The primary beneficiary here is not, in fact, the government, but the consumer. We expect automobile manufacturers and dealers to prominently display energy consumption ratings and to give the consumer the chance to make intelligent, informed decisions when in the vehicle marketplace. The government will compile the data to monitor the accuracy of the ratings and the progress made in getting more kilometres out of every drop of fuel. It can also get a better idea of what is happening by way of research and how the new technology is performing. Such information is crucial to developing government policy.

As the situation now stands, we cannot be sure that such complete information will be supplied.

The consumer will also benefit by having the attention of automobile manufacturers focused on Canadian needs, Canadian conditions and our supplies of gasoline or alternative fuels.

Nothing in this bill should cause undue hardship to the industry, which we all know is hard pressed these days. We are really asking for very little additional information beyond what the industry now supplies. This act merely ensures that the information will, in fact, be forthcoming. The expense will be minor and the benefits potentially great.

On motion of Senator Macquarrie, debate adjourned.

STANDING RULES AND ORDERS

SECOND REPORT OF COMMITTEE ADOPTED

The Senate resumed from yesterday the debate on the motion of Senator Molson for the adoption of the second report of the Standing Committee on Standing Rules and Orders.

Hon. Daniel A. Lang: Honourable senators, I did not adjourn Senator Molson's motion with the intention of prolonging the debate but, rather, to amplify some of the remarks he made. I certainly do not oppose this motion, but while I am still in order I should like to make a remark because it pertains to the question of our rules.

I think we must consider—and I hope there will be some such initiative in the Senate—limiting the time spent on Question Period. I believe that in the other place the time limit is one hour. Our Question Period this afternoon went on for approximately an hour and twenty minutes or an hour and a half. It is overly long and uninformative and, speaking personally, I find it excruciatingly boring.

I would hope that I would not have to try to initiate such a move in the Standing Rules and Orders Committee because I am not a member of that committee, but perhaps some honourable senators who have more influence than I do in this chamber, such as my colleague on the opposite side, would be prepared to sponsor such a move. Such a time limit would prevent the undue prolongation of our proceedings such as has been the case in the past few years. What I have just said is by way of an aside.

The motion we have before us, by Senator Molson, contains two important sections. One is in regard to the appointment of a Speaker *pro tempore*. I think that it is perfectly clear and that there is no controversial aspect to it.

The other, if adopted, would remove from the rules section 49(1)(c), which, as all senators recall, states:

● (1610)

a senator who declines to vote shall assign his reasons therefor, following which the Speaker shall submit to the Senate the question, "Shall the senator, for the reasons assigned by him, be excused from voting?", which shall be decided without debate.

[Senator Riel]

Honourable senators, this issue has quite a historical background. In speaking today, I am not indirectly but, rather, directly paying a tribute to Senator Bosa. He and I disagree on many points. Of course, I do agree that we should change all our cartographical references from "Cabot" to "Caboto." I believe that would be part of the logical evolution of our country. However, apart from that agreement, most of the time I do not share his views.

How he recognized this problem as early as he did gives me an idea of his prescience in a matter as obscure as this.

Historically, what happened was this: A reference was made to the Standing Senate Committee on Standing Rules and Orders, and on November 13, 1979, a report was presented by the committee. Thereafter, Senator Bosa asked that the report be amended to include the elimination of the paragraph that this motion now proposes to eliminate. At that time, I do not think many of us were very concerned about whether it should remain in the rules or be eliminated.

Senator Bosa had some interesting comments on the matter. I do not think many of us understood what the retention of that paragraph might lead to. He moved an amendment to include the elimination of this paragraph. That was done on November 14 of that same year, 1979.

At that point my honourable colleague, Senator Frith, intervened and spoke to Senator Bosa's amendment. I refer to his speech of November 27, 1979, when, in his usual eloquent and articulate manner, he stated why he was opposed to the amendment; in other words, why he would be opposed to this motion today. He said:

I like the present rule. That is why I am suggesting that we vote against this proposed amendment. I am proud that we have a rule that requires us to stand up and be counted. If we do not wish to vote on a question, we can sneak out of the chamber, but if we stay we have to explain our reason.

He went on to state:

I would stand and say, "Honourable senators, I am not going to sneak out of this chamber. I am a Liberal—That is, "Liberal" with a capital "L".

Hon. Jacques Flynn (Leader of the Opposition): It was corrected in the "blues"!

Senator Lang: He went on to say:

—I am against this legislation, but it is before us in fulfillment of a mandate granted by the people—

I will comment on that in a moment.

He also said:

—"It has been passed by the House of Commons. Although I am against this bill, I am going to decline to vote because I do not think it is my place as a senator to vote against the will of the people, as exemplified by a vote and by passage in the House of Commons of a bill in specific fulfillment of a clear mandate."

That is a pretty compelling although fallacious argument, and one, I think, that goes to the root of the function of this chamber.

Senator Frith went on to deal with Senator Bosa's contention that this rule was an anomaly in most parliamentary chambers around the world. Senator Frith dismissed that argument, saying:

—the honourable senator has said... the Senate of Canada is an anomaly and, therefore, not in step with everyone else.

Honourable senators, I think we should regard this matter as something not completely uncontentious, but I could not be more strongly in favour of the elimination of this paragraph.

What may have revived interest in this matter was the fact that I felt bound by the mandatory words of that paragraph to rise and explain why I had differed from the government position in the final vote on the Constitution resolution in December of last year.

Notwithstanding that, I know perfectly well that any senator can give reasons for his abstention in the course of the debate; he does not have to do it at the point of the vote. I do not think any senator is going to lose anything by this proposed deletion. In fact, I think it may make it more incumbent upon him to explain his reasons for his abstention at the proper time, which is while the debate is in progress.

I hope honourable senators will support this motion, and I hope my honourable colleague, Senator Frith, will be prepared to reconsider his previously well articulated and recorded opinion on this matter in 1979.

Senator Flynn: He was in opposition then. He was prolonging the Question Period at that time.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before the question is put, I was invited by my colleague, Senator Lang, to make my position clear in the context of the comments I made in 1979.

I attended the meeting of the committee at which the decision was taken to recommend this change in the rules, and I was persuaded by what was said there, that is, that there is merit in changing the rule. I also became convinced that most senators are in favour of this change. I am persuaded by that fact—the Senate, of course, being the master of its own proceedings on a matter of this kind—as well as by the arguments put forward in the committee. I can now, in clear conscience, support the report of this committee.

Hon. G. I. Smith: Honourable senators, not having been privy to the discussions before the committee, I have not been

privileged to be made aware of all the material which was so powerful and convincing as to cause the Deputy Leader of the Government to change his mind.

Perhaps Senator Lang would not mind stating the reasons which lead him to the conclusion that this is a bad rule and that it should be changed.

Senator Lang: Any senator has the opportunity to explain his abstention while the debate is in progress. If he has to do so when the vote is in progress, it creates a mechanical problem of the first order. That is really all I am saying.

Senator Smith: The deputy leader is very easily convinced on a matter of mechanics.

Senator Lang: In reply to Senator Smith, I would point out that law is bound up in the interstices of procedure.

Senator Smith: Sometimes the intricacies of procedure compel someone to publicly state his reasons for doing something or for abstaining from doing something. Nothing the senator has said in answer to my question seems to deal with the merits of the powerful arguments referred to by the Deputy Leader of the Government which have brought him to favour the abolition of this rule.

Motion agreed to and report adopted.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-THIRD MEETING—REPORT OF CANADIAN DELEGATION—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Hicks calling the attention of the Senate to the Twenty-third Meeting of the Canada-United States Inter-Parliamentary Group, held at Key Largo, Florida, from 4th to 8th March, 1982, and to the Report of such meeting.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators will remember that there have been interventions by Senator Hicks and Senator Roblin in this debate. Since it appeared at the end of Senator Roblin's speech that no other senator wished to speak on the inquiry, I moved the adjournment of the debate to ensure that all senators were given a chance to participate.

If by tomorrow no other senator has indicated his desire to intervene in this debate, I shall suggest that it be considered debated.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 10, 1982

The Senate met at 2 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem*, in the Chair.

Prayers.

[Translation]

PARLIAMENT

TWENTY-FIFTH ANNIVERSARY OF ELECTION OF DIEFENBAKER GOVERNMENT

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, 25 years ago today, on June 10, 1957—this brings back memories for Senator Lamontagne but not as unhappy as those of March 31, 1958—elections were held in Canada, and among those elected were four of our colleagues who subsequently continued their careers here in the Senate, and far more peacefully, I should say, than in the other place. I thought it was appropriate to mention this. The colleagues in question are Senators Walker, Muir, Phillips and Macquarrie, and all four belong to the class of 1957.

As far as I am concerned, I have to admit that I was a candidate and I lost by a narrow margin of 8,000 votes! So, I might as well admit, since we are on the subject—

Hon. Maurice Lamontagne: You were elected in 1958 and then—

Senator Flynn: The hard time we gave you in the riding in Quebec East did not do me any good. There were some Liberals who wanted to take this out on me.

In any case, during my campaign in 1957, I told my wife: "All you have to do during the campaign is tell me every day that I am going to be beaten. And so she did. On the morning of June 10, she said: "I hope you will not lose your deposit." I told her that this was going a bit too far.

I must say that the initial results were such that I was afraid of losing my deposit, which I managed to keep by several hundred votes.

[English]

THE HONOURABLE PAUL C. LAFOND

INVITATION TO ADDRESS THE NAVAL OFFICERS ASSOCIATION OF CANADA

Hon. Daniel A. Lang: Honourable senators, I rise to draw to the attention of the Senate the fact that tomorrow Senator Paul Lafond will be addressing the main meeting of the Naval Officers Association of Canada. As a life member of, and because of my interest, concern and almost nostalgic association with, that organization, I must say I am delighted that Senator Lafond is being so honoured. Of course, he is being asked to speak because of the significance of the Subcommittee on National Defence, which he has so ably chaired over the

last year-and-a-half, and particularly because of the significance of its recent report.

That committee has performed a function which far transcends its anticipated effect upon the general public of Canada, and has served a real need. The Senate owes a great debt of gratitude to Senator Lafond for the work he has done, and for the quality and substance of his subcommittee's report.

In asking Senator Lafond to be the main speaker at the meeting in Vancouver, the Naval Officers Association of Canada has bestowed on him an accolade which is most deserved. I hope we in the Senate recognize the achievement that that represents.

Hon. Senators: Hear, hear!

PETROLEUM ADMINISTRATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-103, to amend the Petroleum Administration Act and to enact provisions related thereto.

Bill read first time.

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

PRIVATE BILL

THE GRAND LODGE OF THE BENEVOLENT AND PROTECTIVE ORDER OF ELKS OF THE DOMINION OF CANADA—REPORT OF COMMITTEE

Hon. H. Carl Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, June 10, 1982

The Standing Senate Committee on Legal and Constitutional Affairs to which was referred Bill S-27, intituled: "An Act to amend the Act of incorporation of The Grand Lodge of the Benevolent and Protective Order of Elks of the Dominion of Canada", has, in obedience to its Order of Reference of Wednesday, June 2, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

H. CARL GOLDBERG,
Chairman

The Hon. the Speaker pro tem: Honourable senators, when shall this bill be read the third time?

Senator Goldenberg moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

[Translation]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Tuesday next, June 15, 1982, at eight o'clock in the evening.

The Hon. the Speaker pro tem: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, just a few words about the adjournment, to recall what we said previously regarding next week and the week after.

Hon. Jacques Flynn (Leader of the Opposition): The next two weeks?

Senator Frith: Exactly. Next week the Senate will be sitting as usual, that is, Tuesday evening at eight o'clock, but the week after, we shall be sitting at eight o'clock on Monday, two o'clock on Tuesday and two o'clock on Wednesday. The Senate will adjourn for Saint-Jean-Baptiste Day, until the following Monday, and that week we shall also be sitting at eight o'clock on Monday, and two o'clock on Tuesday and Wednesday. After that, it will be Dominion Day or Canada Day.

Motion agreed to.

QUESTION PERIOD

[English]

ENERGY

JUNIOR OIL COMPANIES' PRODUCTION—PROPOSED PRICE

Hon. Guy Charbonneau: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. A lobby on behalf of junior oil companies producing less than a thousand barrels a day claims to have the support of the chairmen of the Ontario and Atlantic Liberal caucuses for a proposal that such companies receive the world price for their production.

● (1410)

Is the minister, who represents Alberta in the Cabinet, prepared to lend his support to that proposition?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not quite sure that I understand the purport of the question because a large proportion of the NEP update announced on June 1 has that thrust.

Senator Charbonneau: The minister has said that Cabinet was prepared to offer the New Oil Reference Price to wells that had been suspended for three years, but not to others. In other words, there seems to be discrimination.

Senator Olson: Honourable senators, I shall have to look into that very specific matter.

The new-oil price has, of course, been offered to production that was brought in prior to the 1981 discovery requirement that was in there before, going back to 1974—I am not sure of the exact date; it was either 1973 or 1974. Obviously, all the junior oil companies involved in that will benefit from it.

There is more, of course, but if it is only on that one specific matter that some wells have been shut down, no matter when the discovery was made, that is somewhat different. That makes the question somewhat different, obviously.

Senator Charbonneau: We would appreciate knowing the exact reference because, as I read it, it appeared that it was only for those that had been suspended for three years.

Senator Olson: I will look into that. I should advise my honourable friend that I have in front of me—and I do not want to be guilty of what Senator Murray does all the time—an editorial from the *Edmonton Journal* with a headline that says the junior oil companies are jubilant over the announcement that was made.

THE ECONOMY

INCREASE IN BANK RATE

Hon. Lowell Murray: Is the Minister of State for Economic Development in a position to advise the Senate as to what level the bank rate was set at today and whether anyone is jubilant about that?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I believe the bank rate was set at 16.20 per cent at noon today, which is an upward revision from last week, when it was 15.89 per cent. I am not sure that there has been time for people to indicate whether they are jubilant about it.

Senator Murray: While the dollar goes down, down, down, the bank rate goes up, up, up.

In view of the statements by Mr. MacEachen to the effect that all the government's economic policies will be on the table for reconsideration by caucus and Cabinet, I would ask the minister whether monetary policy will be on the table in these discussions?

Senator Olson: Senator Murray knows as well as I do that the Bank of Canada has a responsibility for managing monetary policy in this country. Is he advocating that we put it on the table so that we change the kinds of directions and authority that Parliament has given the Bank of Canada?

Senator Murray: The Right Honourable the Prime Minister had a great deal to say at the Versailles summit, and since, about real interest rates in the United States—the difference between the rate of inflation and the prime rate. Is it the position of the government, in view of this latest increase in the bank rate, that these high interest rates fight inflation or contribute to inflation?

Senator Olson: Honourable senators, that debate has been going on for a long time. I know that an argument can be made for either side. Let me tell you some of the factors that must be taken into account before arriving at a conclusion, which Senator Murray seems to be asking me to do.

• (1415)

Before a committee of the other place, for example, a number of bankers have described bank profits and other elements of the question in a certain fashion, and have also pointed to the negative effect of high interest rates upon businesses. There is no question about that effect. Then Mr. Mulholland, who is, I believe, the chairman of the board of the Bank of Montreal, said that the proportion of pre-tax cash flow of industry going in interest payments in the fourth quarter of 1981 was up very significantly to 66 per cent, according to his calculation. A representative of the Bank of Commerce said that any arbitrary lowering of interest rates below those of the United States would cause "severe weakening in the strength of the banks," and a weaker dollar. He indicated—and this is his statement, not mine—that about \$130 billion could shift with little more than a phone call.

I think, when this kind of question is asked, that all of these things must be taken into account in order to avoid an uninformed conclusion.

Senator Murray: I thank the honourable minister for putting that information on the record. Might I ask him, then, whether the government and the Bank of Canada are following an anti-inflationary policy or an exchange rate policy?

Senator Olson: Both.

FISHERIES AND OCEANS

BRITISH COLUMBIA—INDIAN TRIBES—PURCHASE OF FISHING FLEET

Hon. George van Roggen: Honourable senators, I have a question for the Minister of State, Senator Austin. Those of us from British Columbia are all aware of the importance of the fishing industry as a form of employment for the Indians on the west coast. This is an area in which they are particularly skilled.

Has the government yet made a decision regarding support for certain northern British Columbia Indian tribes that are anxious to purchase the small boat fishing fleet of B.C. Packers based at Port Edward for their own use there?

Hon. Jack Austin (Minister of State): I thank the honourable senator for his question, which is of considerable concern to the economic affairs of our province, British Columbia.

[Senator Olson.]

The government this morning made its decision to support, financially, at a cost of \$11,730,000, the purchase of the B.C. Packers' small boat fleet of 246 vessels on behalf of the Northern Tribal Council of British Columbia.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Austin: We will be assisting in the formation of a northern native fishery corporation and will be providing an infusion of capital. The natives themselves will be providing \$24 million of the total capital and operating costs required. It is our belief that, through this investment, we will provide a sustained economic basis for a substantial community of people in British Columbia, with more than 250 people involved in the fishery itself and more than 1,000 on shore assisting in the development of that particular industry.

Senator Perrault: An excellent question.

Hon. Jacques Flynn (Leader of the Opposition): Bien orchestré!

Hon. Martial Asselin: Bien orchestré!

FOREIGN AFFAIRS

LEBANON—ISRAELI INVASION—GOVERNMENT ATTITUDE

Hon. Heath Macquarrie: Honourable senators, before we proceed to delayed answers, I should like to ask the Leader of the Government in the Senate a question with reference to the continuing military conflict in Lebanon, with its appalling and growing loss of life and the increasing disturbance, not only to that area but to the whole world. I note that the Prime Minister has, on behalf of Canada, added an ingredient of condemnation and has labelled the activity as fueling the flames of violence and hatred in the Middle East. Could the minister tell me whether there has been any reply to the Canadian overtures which were outlined by the Prime Minister, and, if so, what is the nature of those responses?

Hon. Raymond J. Perrault (Leader of the Government): The Honourable Senator Macquarrie has made reference to a message that was sent by the Right Honourable the Prime Minister to the Prime Minister of Israel on June 9. Of course, the Prime Minister's communication was a balanced one. In addition to his remarks concerning Israeli actions, he deplored and condemned as "heinous crimes" acts of terrorism against targets in Israel and elsewhere. I can say, however, that I have not as yet been advised by the Secretary of State for External Affairs that a reply has been received from the Government of Israel.

• (1420)

If honourable senators would like to have the text of the Prime Minister's letter to the Prime Minister of Israel incorporated in the text of today's *Hansard*, I would be pleased to see that that is done.

Hon. Robert Muir: Honourable senators, I have a supplementary question for the Leader of the Government in the Senate.

In light of the views expressed by the Secretary of State for External Affairs, to the effect that the Palestinians are entitled to a recognizable homeland, on the West Bank or in the Gaza Strip, for example, can he advise as to whether we regard the current military invasion as a serious deterrent to the realization of that goal? I also wonder if the Government of Canada realizes the seriousness of the situation in the Middle East and the conflagration it may lead to.

Senator Perrault: Honourable senators, we do not underestimate the gravity of the situation in the Middle East. It certainly carries with it the possibility of even more widespread conflict, which is of serious concern not only to Canada but also to many other countries.

Perhaps I can help to answer the honourable senator's question by reading that short letter from the Prime Minister to Mr. Begin. It is as follows:

With Israeli air-raids in Lebanon and rocket attacks on northern Israel already in progress, my letter to you on June 5 counselled restraint to avoid the dangers that further military action would bring. In that same letter I said we deplored and condemned as heinous crimes acts of terrorism against targets in Israel and elsewhere; but I also said that it was important to avoid actions which fuel rather than dampen the flames of violence and hatred in the Middle East.

I am dismayed by the subsequent escalation of the conflict represented by the massive movement of Israeli forces into Lebanon. Great human suffering is being caused, and the rapid northward expansion of Israeli operations is posing an increasing risk of a wider war. We in Canada understand your natural concern for Israeli lives in the Galilee, and believe that acts of violence against Israel and its citizens as well as against all others in the area must cease. But we cannot accept the proposition that the present military activities are justified or that they will provide the long-term security which you seek for the Israeli people.

I appeal to you to respond positively to the unanimous Security Council resolution by agreeing to a cease-fire and withdrawing immediately and unconditionally from Lebanese territory so that the difficult but necessary task of working for reconciliation in the area can begin again.

Canada's position is one of basic support for the United Nations and the position taken by the Security Council.

Hon. Martial Asselin: Are there no copies of that available?

Senator Perrault: I would be glad to provide for the Honourable Senator Asselin a copy of the statement by the Right Honourable the Prime Minister. I will have it copied for him, hopefully within a few minutes. I regret that the message was not available in both languages for me to distribute to the opposition earlier this afternoon.

Senator Asselin: Is that the only reason?

Senator Macquarrie: Honourable senators, I hope Senator Muir will not mind my asking a supplementary question.

I am not quarrelling with the content of the letter at all—in fact, it is, in my judgment, far better than what the Prime Minister is reported to have said two days ago—but the government leader indicates that this was a letter. What is the estimated time of delivery?

Senator Perrault: It is a message.

Senator Macquarrie: You used the expression "letter".

Senator Perrault: Honourable senators, let me state that the heading on the document provided to me from the Office of the Prime Minister, is: "Text of Message of June 9 from Prime Minister Trudeau—"

Senator Macquarrie: My honourable friend understands, I am sure, why I reacted as I did to his use of the word "letter". What we are talking about here is a blitzkrieg, where things are happening in a matter of hours, not days.

Senator Perrault: The honourable senator makes a good point, which I have been pleased to clarify.

Hon. Jack Marshall: Honourable senators, I wonder if the Leader of the Government would advise us if a similar message was sent to any other country, for example, Syria, Lebanon and the PLO?

Senator Perrault: That will be made the subject of a question, which I will address to the Office of the Prime Minister.

• (1425)

Senator Marshall: Would the Leader of the Government indicate what Canada's position is with regard to the PLO, whose direction in life is to destroy Israel? It has disregarded the lives of individuals by locating its defence headquarters in a civilian area. What is Canada's position in that regard?

Senator Perrault: In the past the government has condemned violence of all kinds, including violent acts by those who purport to be acting on behalf of the PLO. As honourable senators are aware, there was the recent assassination attempt against the Israeli ambassador in London. The Canadian government expressed its shock to learn of the attack on the life of the Israeli ambassador. We stated that it was a heinous crime which we strongly condemned. Canadians of all parties have deplored violence, and anyone who has visited Israel and the Galilee area realizes the vulnerability of the people of that area to violent attack from the heights above. Life would be intolerable without some degree of security for the people of those northern settlements in Israel.

Senator Marshall: You do not have to explain.

Senator Perrault: I know that the Honourable Senator Marshall is aware of the situation. I have been there, as have other honourable senators. All of us understand just how serious the problem of security has become in northern Israel.

On the occasion of the assassination attempt, the Canadian government commented further:

We are concerned lest this action—
That is, the attempted assassination.

—provoke retaliatory action by the Israeli government which might lead to the outbreak of major hostilities in the area. We urge all concerned—

We indicated this to the other governments.

—to exercise restraint.

So, when that assassination attempt took place, Canada immediately said that there was a danger of retaliation and that the action which had been attributed to the PLO, whether or not it was an officially sanctioned act, could lead to precisely the sad and unfortunate events that did occur within a few hours.

Hon. Peter A. Stollery: Honourable senators, I have a supplementary question. I have not been to Israel, but I was in Beirut at Easter. The Canadian embassy staff are within half a mile of the PLO sector of Beirut, and, therefore, I ask the Leader of the Government, in view of the fact that at this point in time the embassy must be in the midst of heavy fighting—there was fighting going on when I was there at Easter—has any thought been given to getting the Canadian staff out of the city of Beirut and beyond what appears to be a major battleground?

Senator Perrault: Honourable senators, I am able to report that our embassy has been contacting Canadians in affected areas by phone, wherever possible, to inquire about their situation and to recommend that they move to safer zones, if possible. Those who are in safer areas do not need to leave. Our embassy in Lebanon continues to function. Our ambassador informed us on June 9, yesterday, at 1315 hours Ottawa time, that all staff and dependants in the Beirut area were safe. Non-essential personnel and dependants had gone temporarily to less exposed areas, and a small skeleton staff was still in Beirut.

The general situation with respect to Canadians is described in this message which has been received from the Secretary of State for External Affairs. Other inquiries will go forward and hopefully at the next sitting of the Senate an updated report can be provided.

Senator Muir: Honourable senators, I have a supplementary question for the Leader of the Government. Does he realize that those of us who ask these questions are not taking sides? We are hopeful that the Government of Canada, with its good record as, shall we say, an honest broker, will try to do its utmost to prevail upon both sides of the conflict, the PLO and Israel, to cool it a little, because we do not know what may transpire. The situation could well develop into a world conflagration. I speak for myself alone and no one else, and I am not taking sides either way when I say that I hope we shall use our good offices, through the Secretary of State for External Affairs and through the Right Honourable the Prime Minister, to make known how serious and sad we regard the situation to be.

● (1430)

Senator Perrault: I think the honourable senator can feel assured that this is indeed the position of the Canadian government. It is a position which, I think, enjoys the general

[Senator Perrault.]

support of all the political parties represented in this chamber and in the other place.

Hon. Richard A. Donahoe: Honourable colleagues, I would like to address a question to the Leader of the Government. It has largely been pre-empted by what Senator Marshall has asked. I appreciate what Senator Muir has just said, that these questions are not to be construed as taking sides in the conflict. One, of course, has certain sympathies, but very often one is like myself, a novice in the field of international affairs and not even a very keen observer of them. Yet, I am struck by the fact that communications of the kind that the Leader of the Government says the Prime Minister has directed to Israel are discussed, talked about, and so on, but I have never heard of criticism of any kind, written or oral, directed toward Syria for its occupation of Lebanon. What I would like to ask is: Has there been any overt act on the part of the Canadian government to criticize what appears to me to be the occupation of Lebanon by Syrian forces?

Senator Perrault: Honourable senators, I would be pleased to provide evidence to indicate that Canada has deplored the violation of human rights in the Middle East and in other parts of the world. That has been our consistent position. At one point in my time in Parliament, I served as the Canadian representative on the Palestine refugee question at the United Nations. Then, as now, in a balanced way, Canada consistently deplored acts of violence and the restriction of human rights.

With regard to the suggestion that somehow Canada is singling out Israel for special criticism, we are not, and it is not correct to say that we are condemning one country and somehow excluding others. For example, during the seventh emergency special session of the United Nations to discuss the question of Palestine we expressed our revulsion at the tragic loss of life and the desecration of the holy site of the Dome of the Rock in Jerusalem.

However, Canada voted against the resolution which emerged because of its contentious nature. Among many other things which we could not support there was a paragraph which questioned the *bona fides* of Israel as a member of the United Nations. That provision could be employed as a ground to limit Israel's participation in the General Assembly. As such, it was contrary to Canada's firm support for the universality of participation in the United Nations.

The Canadian record is one, I suggest, which will stand extensive scrutiny.

Senator Donahoe: I thank the honourable leader for what he has said. I have only one addition to make to my supplementary question. I trust that he will regard the question put to him as a specific question and not a general one, and not one which can be determined by somebody's determination of what are human rights. I ask the following question specifically, passing no judgment on what took place: Has any criticism ever been directed by the Government of Canada toward the apparent occupation of Lebanon by Syria?

Hon. Royce Frith (Deputy Leader of the Government): The Government of Lebanon invited Syria to come in.

Senator Perrault: I was going to suggest to the honourable senator that the Syrian forces are there on the basis of some sort of invitation from Lebanon, but I do not want to get into the details of that particular action. I would rather take the question as notice and bring a statement to the Senate. I think that at this time of crisis those who speak for the government should not speculate. Rather, they should exercise special care that they speak on the basis of facts and with a sense of responsibility.

Senator Donahoe: With the help of the deputy leader, that comes very near to the kind of answer I desired.

Senator Macquarrie: If everybody else is satisfied, I would like to come back to the question which the government leader answered before Senator Stollery made his useful inquiry. Listening very carefully, I began to wonder if it was the view of the Canadian government that the PLO was responsible for the tragic shooting of the Israeli ambassador in London, considering that Prime Minister Thatcher has indicated that the chief of the PLO in Britain was on the same hit list as that unfortunate man. If the government has that information, I think it should be divulged.

Question Period is not the time for revelations of conscience and preferences. I never have too much difficulty in making my own preferences known when I think of the millions of people who are losing their homes forcibly, but that is not the issue today.

Senator Perrault: Honourables senators, I have no information. I have no evidence with me this afternoon which indicates that the Canadian government believes that the PLO is responsible for the assassination attempt in London. However, the question will be taken as notice.

Senator Marshall: Honourable senators, I rise on a point of order. The representative to the United Nations on *Canada AM* this morning, when faced with that question, indicated that it is a sector of the PLO that has broken away from the main organization that claims responsibility for that action. These facts are known, and I would think that the people should stop sitting on both sides of the fence.

Senator Perrault: The question was whether we had any information on the matter here. I do not have any information here, and an inquiry will be made.

Senator Macquarrie: Meanwhile, I will believe Margaret Thatcher.

Senator Marshall: Bloody hypocrisy.

VETERANS AFFAIRS

MCCRACKEN REPORT—STATUS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on February 18, 1982 Senator Marshall asked a question concerning the status of the McCracken report. This report was prepared by Mr. McCracken, a special adviser to the Minister of Veterans Affairs. As such, the report in question was not tabled in either house. At the time Senator

Marshall asked the question, the Minister of Veterans Affairs was awaiting the report which was in the final stage of preparation.

On April 1, 1982, Senator Marshall implied that the McCracken report had been distributed to the members of the other place before it had been distributed to honourable senators. We have ascertained the facts, and this is not the case. The minister, after having studied the report, made it available as a courtesy to honourable senators as well as to members of the other place. The minister has assured me that the distribution was made on the same day to members of the Standing Senate Committee on Health, Welfare and Science and to members of the Standing Committee on Veterans Affairs of the House of Commons.

The reason why the answer was so long in coming, honourable senators, is that the Minister of Veterans Affairs thought that he had responded fully to Senator Marshall's concerns through the distribution of the McCracken report to the Senate Standing Committee on Health, Welfare and Science and through the consideration of that report by the same committee.

Hon. Jack Marshall: Honourable senators, it is not a serious situation, but those are not the facts. I read the proceedings of the other place, and the Minister of Veterans Affairs had replied to the Veterans Affairs critic of the Progressive Conservative Party indicating just what had happened with McCracken report. While I was at the meeting of that committee, which deals with matters of Veterans Affairs, the minister tabled the McCracken report and, upon being questioned, gave the same information that the Leader of the Government has just given. So he need not tell me stories out of school when the facts are right there. They are in the proceedings of the Veterans Affairs Committee of the House of Commons and in the proceedings of our committee. If the honourable senator wishes to read the facts I will bring them to him.

Senator Perrault: I regret that Senator Marshall has stated that we are distributing facts "that are out of school" and that he has inferred that there is a deliberate effort to deceive him.

Senator Marshall: I am not suggesting that it is deliberate.

Senator Perrault: That is certainly not the case. A conscientious inquiry was undertaken, and I have given the information that has come back from the minister.

Senator Marshall: Honourable senators, I have every respect for the Minister of Veterans Affairs, and I am sure he is saying what he thinks is the case, but I am telling you what I know is the case.

EMPLOYMENT AND IMMIGRATION

ADVERTISING CAMPAIGN

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to a question, asked by Senator Nurgitz on April 27, 1982, concerning the advertising campaign of the Department of Employment and Immigra-

tion, which has been discussed from time to time in this chamber. The cost, over two fiscal years, of the advertising campaign—I think it could be better described as an informational campaign—was \$4.6 million, including all production, research and service charges.

Advertisements appeared in the print and electronic media. Image transfers on billboards were also part of the overall multi-media mix. The purpose of the advertising campaign was to emphasize training opportunities available for Canadians. The conducting of such a campaign to heighten awareness of the Department of Employment and Immigration training programs was recommended by an all-party committee on Parliament in its task force report, *Work for Tomorrow*.

● (1440)

The all-party committee recommended the program; the program was brought into being; and we felt a responsibility to inform Canadians of some of the details of the program.

[Translation]

REQUEST FOR ANSWERS

Hon. Martial Asselin: On a point of order, honourable senators. Between April 1980 and May 1981, I have had five questions taken as notice by the Leader of the Government or the ministers sitting opposite. I have as yet to receive any answers. Could this be taken care of so that I could be given the answers before the end of the session?

[English]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, every effort will be made to answer the questions on the Order Paper. There is a great deal of work, as honourable senators know, involved in preparing replies, and a great deal of expense in a time of restraint.

Some Hon. Senators: Oh, oh!

Hon. Heath Macquarrie: Ignorance is no way to balance the budget.

Senator Perrault: A meeting was held today to review those questions which, as yet, have not been answered and, hopefully, those answers will be provided before the Senate adjourns for the summer.

BUSINESS OF THE SENATE

LEGISLATIVE PROGRAM

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wish to add something by way of a delayed answer to a question asked by Senator Flynn yesterday concerning the status of Bill C-53, an act to amend the Criminal Code in relation to sexual offences and the protection of young persons and to amend certain other acts in relation thereto or in consequence thereof.

I asked whether the information I gave in answer to a question yesterday, and my impression about the legislation we would be receiving, was more or less accurate, and I was told that it was, but you will remember—

[Senator Perrault.]

Hon. Heath Macquarrie: Which is it? More or less?

Senator Frith: It is neither more nor less, but exactly. The honourable senator is quite right.

Honourable senators, I did undertake to ask about Bill C-53, and the following is what I have been informed.

Bill C-53 is still in committee in the other place. The House of Commons Standing Committee on Justice and Legal Affairs has spent over 27 hours studying Bill C-53 so far. It is, therefore, difficult to say when we might receive the bill here.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, my question was whether the government intended to try to have it passed before the end of the month.

THE HONOURABLE JACK AUSTIN, P.C.

PRIVILEGE

Hon. Jack Austin (Minister of State): Honourable senators, I should like to raise a point of personal privilege and one that affects all rights and responsibilities of honourable senators.

An Hon. Senator: All the rights?

Senator Austin: All the rights, because it affects our dignity, and it affects our reputation.

There are serious matters that occupy us in both domestic and international affairs, but our balance requires a sense of humour about our being in the world if we are to be the purveyors of "sober second thought".

I should like to bring to the attention of the Senate a letter which I have written to Messrs. John Gray and Doug Small, co-captains of the Parliamentary Press Gallery Softball Team, after due consultation with honourable senators. The letter, which is dated June 9, 1982, reads as follows:

Dear John and Doug:

It has been noted by the Senate that there exists a remoteness of galactic quality between the Red Chamber and the Press Gallery, which is due largely to a preoccupation of the latter with the minutiae of the moment rather than with the sterling and substantive issues of our times, which engage the former. It is believed among some senators that there are some in the Press Gallery, mainly of younger vintage, who have never seen a senator, let alone talked to one.

In order to sample the vigour and adversarial spirit, which is the "high" of the Press Gallery's day, the Senate has instructed me to issue this challenge to the Press Gallery to a trial of softball strength on the parliamentary lawn, commencing at precisely 6:00 p.m. on Wednesday, June 16th, 1982.

The name of the team representing the Senate, chosen after careful and due deliberation, and following a review process which included committee meetings in camera, is "The Sober Second Thoughts". We will have a line-up of 15 senators ready to go at the appointed moment. May I suggest in order that the game come to an appropriate

termination before sunset, that the game be called at 8:00 p.m., if nine innings have not, by then, been played. May I also suggest that, should either team lead by a total of 20 runs, then at that point the game be called.

A former member of the Press Gallery has asked me to suggest that your usual roster of fat and over-forty gallery members be included on your team. This I think is ungenerous and I want you to feel free to include only fat and over-forty members if you wish.

Yours for the House of Commons windows,

JACK AUSTIN

Hon. Peter Bosa: Name the Senate players.

Senator Austin: In the interests of competitive spirit and our underlying threat, I do not think we should name the potential power of the Senate until the exact moment of the game.

Hon. Jacques Flynn (Leader of the Opposition): As long as you include the Speaker *pro tem*, that is fine.

Hon. Jack Marshall: Will the St. John's Ambulance be standing by?

Senator Austin: I hope no honourable senator, even out of a sense of humour, will depreciate any member or the collectivity of this chamber.

Senator Flynn: It is very difficult to do that.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on supplementary estimates (A) laid before Parliament for the fiscal year ending 31st March, 1983, which was presented June 8, 1982.

Hon. Henry D. Hicks moved that the report be adopted.

He said: Honourable senators, the report of the Standing Senate Committee on National Finance covers the reasons for the four votes contained in supplementary estimates (A) and explains their significance quite adequately.

Perhaps it would not be amiss for me to spend a few minutes in pointing out to honourable senators what these votes are for. They are in two categories. The first two votes relate to the Department of Employment and Immigration, and the last two votes relate to the Department of External Affairs. Vote 15a, which is the first vote relating to the Department of Employment and Immigration, increases by \$95.096 million the moneys available to employment and insurance contributions, bringing the total up to something over \$618 million. This \$95-million-plus, including \$90 million for additional resources for Community Project Stream of Summer Canada, largely relates to the summer employment of students and brings that vote up to a total of \$119 million.

• (1450)

We were agreeably impressed with the success of the program for summer employment of students. Granted, a lot of

the money is spent to provide temporary employment but, in a good many instances, we were told—and I can verify this, having participated in the work of one or two of these offices in the Halifax area—that very often students were directed to permanent lines of employment as a result of commencing their summer occupations there.

The remaining \$76 million goes to supplement the community development projects, the community services projects and the portable wage subsidy, all of which programs the members of the Treasury Board, who appeared before us, seemed to feel were working very well.

The second vote, relating to the Canada Employment and Immigration Commission, had to do with the immigration program. It added additional operating costs of detention facilities of \$1.2 million, and additional assistance for refugees arriving in Canada of \$17.8 million, adding a vote of \$19 million to the vote of over \$76 million contained in the main estimates.

The reason for the increase in the cost of detention facilities is because the economy of Canada has slowed down and it is taking longer to remove immigrants from the so-called detention facilities to valid or viable employment in Canada. At the moment, there is only one detention facility left, and it is in Toronto. It houses some 400 people at the present time. Most of these immigrants are from southeast Asia and Poland. This additional vote, vote 20a, amounts to \$19 million.

There are two votes under the Department of External Affairs, vote 1a and vote 10a. I can deal with them very quickly because both are \$1 items transferring votes in the main estimates from the Department of Industry, Trade and Commerce, vote 1, and Industry, Trade and Commerce, vote 10, to the Department of External Affairs, consequent upon the re-organization of those departments which the government recently announced.

The sums of money transferred are something approaching \$347 million in vote 1a, and something over \$113 million in vote 10a. They do not add anything to the overall budget set out in the main estimates.

In dealing with the Department of Industry, Trade and Commerce, I should also have said that the additional funds required for contributions to employment and insurance are all available from the envelope reserves, mainly from the Social Policy and Economic Development envelopes, so they too do not add to the sum total of the main estimates.

I do not think it is necessary for me to say any more, honourable senators. The facts to which I have briefly referred are set out completely in the report which was presented the other day by Senator Leblanc.

[Translation]

Hon. Arthur Tremblay: Do I have Senator Hicks' leave to ask for some information before the report is adopted? I have no objections to the report, but I do have a question.

If I understand correctly, a number of votes will be transferred from the Department of Industry, Trade and Commerce to the Department of External Affairs, in line with the

announcement on the administrative reorganization of these two departments. As far as I know, it has not yet taken place. Will or will not legislation be necessary to do so? If legislation is necessary, will whether what we are discussing is in effect or not depend on whether legislation has been passed?

Have I made myself clear?

[English]

Senator Hicks: Honourable senators, my impression is that legislation will not be required, but I would not like to be categorical about this, in that it is an administrative matter and within the competence of the government of the day to re-arrange within the departments concerned.

The transfer of funds from the Department of Industry, Trade and Commerce to the Department of External Affairs presented in the supplementary estimates (A) completes the transfers planned to date. However, other transfers may still be made, particularly to support units that may be required by the Department of External Affairs.

Under vote 10a, the grants and contributions provided under the Canadian Interests Abroad Program are used for the promotion of exports through payments to Canadian corporations and organizations concerned with the broadening of Canadian export trade.

It is my view, in consequence, that if we adopt this report and these supplementary estimates are approved, that is all the legislative activity that will be required.

Hon. Jacques Flynn (Leader of the Opposition): You do not suggest that a mere approval of the report has that effect.

Senator Hicks: No. I short-circuited the process. There would have to be adoption of the budget, of course.

Motion agreed to and report adopted.

VISITORS IN GALLERY

PARTICIPANTS IN MANAGEMENT FOR CHANGE PROGRAM

Hon. Royce Frith (Deputy Leader of the Government): I ask honourable senators to recognize the presence in the south

gallery of members of and participants in a program called the Management for Change Program, a co-operative effort between the senior public officials of the Caribbean states and some of their counterparts in the province of Manitoba. The program was recently conducted in Manitoba. The members and participants have been in Ottawa since yesterday and will be here until tomorrow.

The membership includes representatives from various Caribbean states; that is, Anguilla, Dominica, the British Virgin Islands, Montserrat, St. Kitts, Nevis, Grenada, and St. Vincent.

I ask honourable senators to join me in welcoming them to the Senate of Canada.

Hon. Senators: Hear, hear.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTY-THIRD MEETING—REPORT OF CANADIAN DELEGATION—DEBATE CONCLUDED

On the order:

Resuming the debate on the inquiry of the Honourable Senator Hicks calling the attention of the Senate to the Twenty-third Meeting of the Canada-United States Inter-Parliamentary Group, held at Key Largo, Florida, from 4th to 8th March, 1982, and to the Report of such meeting.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators will remember that I moved the adjournment of this debate in order to give other senators, in addition to Senators Hicks and Roblin, an opportunity to speak to it. However, it seems that no other senator wishes to speak to it and, therefore, I suggest that it be considered debated.

The Hon. the Speaker pro tem: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned until Tuesday, June 15, 1982, at 8 p.m.

THE SENATE

Tuesday, June 15, 1982

The Senate met at 8 p.m., the Honourable Gildas L. Molgat, Speaker *pro tem*, in the Chair.
Prayers.

THE SENATE

MISS KRYSZYNA OLSZEWSKA—FELICITATIONS ON
RE-ELECTION AS PRESIDENT OF THE CHARTERED SHORTHAND
REPORTERS' ASSOCIATION OF ONTARIO

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I know that you will be pleased to learn that Miss Krystyna Olszewska, one of our *Hansard* reporters, was re-elected President of the Chartered Shorthand Reporters' Association of Ontario, at its Ninety-Second Annual Meeting held in Gananoque on Saturday last.

The Chartered Shorthand Reporters' Association of Ontario is the oldest association of verbatim reporters in Canada, and the second oldest on the North American continent. I am sure we all wish the association another successful year under Miss Olszewska's leadership.

Hon. Senators: Hear, hear.

EDUCATION

CONCERN FOR FUTURE OF POST-SECONDARY INSTITUTIONS—
CORRECTION OF STATEMENT

Hon. Henry D. Hicks: Honourable senators, may I rise on a point of personal privilege?

On February 18 I participated in a debate, initiated by the Honourable Senator Macquarrie, having to do with the support of post-secondary education in Canada. In the course of that debate I asked that certain tables be appended to *Debates of the Senate*. Those tables showed the relative contributions to post-secondary education by the federal government and the provinces, and I said that they had been prepared from provincial sources for submission to the Council of Ministers of Education.

On the last day of May I had a letter from Lucien Perras, the Executive Director of the Council of Ministers of Education, saying that these tables had never been considered at any meeting of the education ministers, and that they were never included on the agenda of any such meeting. He continued:

Furthermore, we have checked with education ministry officials in several provinces who disclaim any knowledge of the tables attributed to them.

In the light of this, I am sorry I said that the tables were prepared for submission to the Council of Ministers of Education. They were apparently prepared by federal officials, but

were never considered by the Council of Ministers of Education.

The important thing, however, is that the tables, and the accuracy of the data contained therein, have not been impugned or questioned by anyone, including the Council of Ministers of Education. Nevertheless, I am sorry for referring to them as having been on the agenda of the Council of Ministers of Education, when they never were.

PETROLEUM INCENTIVES PROGRAM BILL CANADIAN OWNERSHIP AND CONTROL DETERMINATION BILL

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-104, respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[*Translation*]

NATIONAL ENERGY BOARD ACT

BILL TO AMEND (NO. 3)—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-108, an Act to amend the National Energy Board Act (No. 3).

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) moved, with leave of the Senate and notwithstanding rule 44(1)(f) that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

CRIMINAL CODE

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-117, to amend the Criminal Code.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) moved, with leave of the Senate and notwithstanding rule 44(1)(f) that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

[English]

FOREIGN AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO STUDY CANADIAN RELATIONS WITH COUNTRIES OF THE MIDDLE EAST AND NORTH AFRICA—DEBATE ADJOURNED

Hon. George van Roggen, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Foreign Affairs be authorized to examine and report upon Canadian relations with countries of the Middle East and North Africa, namely Morocco, Tunisia, Algeria, Libya, Egypt, Sudan, Israel, Lebanon, Jordan, Syria, Iraq, Saudi Arabia, North and South Yemen, Oman, the United Arab Emirates, Qatar, Bahrain, Kuwait and Iran;

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination and consideration of such legislation and other matters as may be referred to it, at such rates of remuneration and reimbursement as the Committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, if required, in such amount as the Committee may determine; and

That the Committee have power to sit during adjournments of the Senate.

The Hon. the Speaker pro tem: Honourable senators, is it your pleasure to adopt this motion?

Hon. Jacques Flynn (Leader of the Opposition): No. I have no problem if the sponsor wishes to explain the motion. Perhaps we can digest what he says overnight. Certainly, the list of countries is quite impressive.

Senator van Roggen: Honourable senators, perhaps I might take a moment to explain the motion tonight. I have a possible problem tomorrow afternoon because of a commitment here in Ottawa. The steering committee of the committee, upon the conclusion of our study of Canada-United States relations and the publication of Volume III of that report some months ago, gave a good deal of consideration to what the committee could most suitably study next. We considered areas previously studied by the committee—the Caribbean in 1970, the Pacific Rim countries, including certain Asian countries in 1972, and, as you will recall, our study of relations between Canada and the European community in 1973. Of course, since then we have completed a long study on Canada's relations with the United States.

Effectively, of the areas of the world where Canada has major interests, there was left Latin America and the Middle East. The Standing Committee on External Affairs and National Defence of the House of Commons, as you know, has

been dealing with Latin America, which left us, in large measure, with the Middle East as the remaining major area of Canadian concern in trade and foreign policy to be looked at.

We were naturally concerned that nothing in this proposal be interpreted by members of the committee, the Senate, or, for that matter, the Canadian public at large, as being some sort of effort on the part of the committee to conduct a second Camp David. We are not launching upon this particular study on the basis of trying to arrive at a solution to the serious problem that exists between Israel and the Arab states. That is not our objective. Naturally, this topic will be part of our study, but we wish to address ourselves to the overall relationship between Canada and the Middle East from the points of view of trade, diplomatic representation, immigration and other matters involving the countries in that part of the world, countries with which Canada is developing ever more trade and other relations.

The reason for the long list of countries which we have put forward in the motion is that we do not want any doubt to exist in people's minds as to the area involved. Basically, it is the area of the Middle East, but we thought it unfortunate to conduct such a study without including the Moslem countries of North Africa. So, for our own guidance and because we did not want anybody to think that we would be wandering astray, north to Turkey, east to Afghanistan or into Pakistan, we decided to put some geographic perimeters, if I may use that term, on the Middle East by listing the many countries encompassed in that area. It is a study which, I can assure you, the committee will approach on the basis of Canada's broad interests in that area, and not in the narrow context of the Israeli-Arab conflict, which is an ongoing problem.

I do not think there is anything further I can add, unless honourable senators have specific questions.

Hon. Frederick W. Rowe: Honourable senators, I have one question. I am not sure whether the list of countries included what are referred to as the Mediterranean countries of North Africa. Morocco and Egypt, I believe, were listed, but are all the countries in North Africa bordering on the Mediterranean Sea included? Perhaps the honourable senator could inform us.

Senator van Roggen: Honourable senators, all those countries are included, or are intended to be included. To repeat, they include Morocco, Tunisia, Algeria, Libya and Egypt.

Senator Flynn: Honourable senators, in case there are some members of the Senate who would like to read the list of countries tomorrow in *Hansard*, I move the adjournment of the debate.

On motion of Senator Flynn, debate adjourned.

[Translation]

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(a):

That the Standing Senate Committee on Health, Welfare and Science have power to sit at three o'clock in the afternoon tomorrow, Wednesday, 16th June, 1982, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker pro tem: Is leave granted, honourable senators?

Hon. Martial Asselin: Could we please have an explanation?

Senator Frith: We ask to be authorized to meet during the sitting of the Senate because the Standing Committee on Health, Welfare and Science is making a preliminary examination of Bill C-115, an act to establish a national program for occupational training. A week ago, we had agreed that the Minister would appear before the Committee tomorrow afternoon at 3 p.m. This is why we ask to be authorized to meet while the Senate is sitting.

● (2010)

[English]

Hon. Orville H. Phillips: Was the deputy leader not aware a week ago that normally the Senate is sitting at 3 o'clock on Wednesday afternoons?

Senator Frith: Of course.

Hon. G. I. Smith: Honourable senators, although I suppose the answer to my question must be yes, I wonder whether the deputy leader, in thinking about this particular matter, considered the meeting of the committee chairmen and others that will be held tomorrow afternoon when the Senate rises?

Senator Frith: I thank the honourable Senator Smith for raising that question. I did think of that meeting, to be held tomorrow when the Senate rises. That is one of the reasons I moved this committee meeting to 3 o'clock, the original request having been to meet at 4 o'clock. I have advised Senator Bonnell, the chairman of the relevant committee, of the other meeting. We hope that no conflict will arise.

Motion agreed to.

NORTHERN PIPELINE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Special Committee of the Senate on the Northern Pipeline have power to sit at 3 o'clock in the

afternoon on Tuesday next, 22nd June, 1982, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

He said: Honourable senators, by way of explanation, I am told that this committee had made arrangements for the attendance of witnesses on the afternoon of June 22, not realizing that the Senate would be sitting at the same time. Normally, this permission would not have been required, because the Senate would not be sitting on a Tuesday afternoon. In view of the change in our schedule, however, this request is being made.

Motion agreed to.

● (2015)

THE HONOURABLE JACK AUSTIN, P.C.

PRIVILEGE

Hon. Jack Austin (Minister of State): Honourable senators, may I address the question of privilege I addressed in this chamber last Thursday afternoon, to advise you that our invitation to the Parliamentary Press Gallery to participate in a baseball game on the front lawn of Parliament Hill, tomorrow has been declined by the Parliamentary Press Gallery.

Hon. Martial Asselin: Softball, not baseball. You are not in shape for baseball.

Senator Austin: That just shows the problem that exists with syntax.

I very much regret that the Parliamentary Press Gallery will not face our challenge, but I believe we have to accept their explanation that they had a prior engagement to attend a rain-swept garden party to be offered by the Right Honourable the Leader of the Opposition in the other place. That is their bonafide reason for not meeting us tomorrow afternoon.

Senator Asselin: They will lose by default.

Senator Austin: We, of course, will seek another opportunity.

Hon. Jacques Flynn (Leader of the Opposition): We win by default.

QUESTION PERIOD

[English]

THE ECONOMY

POSSIBLE STATEMENT BY MINISTER OF FINANCE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I direct my question to the Honourable Minister of State for Economic Development. Am I correct in understanding that the Minister of Finance indicated in the other place today that he will be making a statement on the state of the economy and, perhaps before Parliament rises for the

summer, will give an update on the government's perspective of, or program with regard to, the economic evils besetting the country?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there is a quick, full, ready and accurate reference with respect to what the Minister of Finance said in the other place today. I do not have with me a copy of their "blues," or however you wish to describe them, but the minister has indicated a number of times that he may be making a statement on the economy before this session either adjourns or prorogues, or whatever else happens to it.

Senator Flynn: Will that statement take the form of a mini-budget, or something of that nature?

Senator Olson: Obviously, the Minister of Finance will have to give those finer shades of interpretation my honourable friend is now seeking, and I am sure my friend realizes that.

Senator Flynn: If the question were put on Senator Phillips' motion calling for a new budget, would the minister intervene in the debate and invite the Senate to vote in favour of that motion?

Senator Olson: No, I do not think he would.

Hon. Duff Roblin (Deputy Leader of the Opposition): Would he intervene at all?

[Translation]

FOREIGN AFFAIRS

LEBANON—ISRAELI INVASION—GOVERNMENT ATTITUDE

Hon. Martial Asselin: My question is directed to the Leader of the Government. On several occasions, at least twice, the Prime Minister of Canada made a statement addressed, among others, to the Prime Minister of Israel urging him unconditionally to withdraw his troops from Lebanon. Yesterday the Soviet Union sent a similar request to Israel, in practically the same terms as those of the Prime Minister of Canada, warning the Israelis that they must withdraw their troops from Lebanon. We are told that the Secretary of State for External Affairs has apparently made a similar statement.

Can the minister tell us what is now the attitude of the government with respect to that Middle East conflict?

[English]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a situation report with respect to Lebanon. It bears today's date, and is from the Secretary of State for External Affairs. I will read the statement:

We deplore the use of force in Lebanon.

We oppose all acts of terrorism, but we do not believe the present Israeli military activities are justified or that they will provide long-term security for the Israeli people.

We are encouraged to see that the ceasefire between Israel and Syria is holding.

There have, however, in recent hours been some reports that there has been sporadic gunfire.

[Senator Flynn.]

● (2020)

We urge these parties to do everything in their power to maintain this ceasefire.

We were concerned about the breakdown of the ceasefire between Israel and the Palestine Liberation Organization and the renewed fighting in Southern Beirut and hope that the present calm will prevail.

We continue to support the Security Council resolution of June 6 calling for an immediate ceasefire and unconditional and immediate Israeli withdrawal.

[Translation]

Senator Asselin: I have a supplementary. The Leader of the Government should explain, among other things, how the Canadian government would seem to support both the state of Israel and the Palestinians. Has the government not made up its mind yet? Would it like Israel to withdraw its troops unconditionally without any guarantee?

At the same time does Canada not also condemn the actions of Palestinians abroad, even against the people of Israel? Has a decision been made? Does Canada support Israel or the Palestinians?

[English]

Senator Perrault: Honourable senators, the Canadian government deplores violence of all kinds. It has condemned terrorism on many occasions and deplores the wanton attacks on civilian populations in Israel and other areas and violence in other forms in the Middle East. That has been the consistent Canadian record. We have used our good offices time and time again to attempt to achieve peace in the Middle East. We have dedicated a great deal of effort and have contributed troops, as honourable senators are aware, to peacekeeping assignments in the Middle East. We are fully in support of those measures which, in the long term, are going to provide security for the people of Israel and other nations in the Middle East.

Hon. C. William Doody: Honourable senators, may I ask a supplementary question? When the Leader of the Government speaks of security for Israel and the Middle East, is he saying that he is asking that the boundaries of Israel be guaranteed in return for the withdrawal of their forces from Lebanon? My understanding is that Iraq, Libya, Syria and other countries have pledged themselves to the extermination of Israel; that they have said that they are going to sweep the Israeli people into the sea and so on; and that there still exists a state of war. Is there any guarantee of the integrity of the Israeli borders, if they do withdraw, or is that part of the request?

Senator Perrault: As long as any nation in the Middle East states that its ultimate objective is to destroy or to throw into the sea the Israelis, or any other peoples in the Middle East, then, of course, there will never be peace in the area. I do not want to go beyond the statement I have made this evening on the current situation in Lebanon. Honourable senators asked a broader question relating to Canadian policy with respect to other nations there—

Senator Asselin: It is very important.

Senator Perrault: Of course, it is very important, and I think it would be more appropriate for me to bring to the Senate further statements from the Secretary of State for External Affairs, rather than to extemporize on this subject at this time.

Hon. Jack Marshall: Honourable senators, while the Leader of the Government is getting those statements, will he try to determine what the Soviets' interests are in Lebanon, and why they are getting into the act?

Senator Perrault: Obviously, this is a situation where we are not in full possession of the facts. It is difficult to obtain information even about the current situation of Canadians in Lebanon, let alone current information concerning the initiatives and the motives of major nations such as the Soviet Union.

Regarding the damage in Israel, Lebanon and the Middle East, the Secretary of State for External Affairs has provided this information:

The Canadian Government is concerned about the displacement and suffering of the people in Lebanon as a result of the present hostilities.

Canada is prepared to respond, as it has in the past, to appeals from recognized international organizations for emergency humanitarian assistance for all people affected by the fighting.

We have just been notified that the International Committee of the Red Cross has launched an urgent appeal for medical teams to be sent to Lebanon.

That is the kind of intervention on our part that I know all Canadians would like to see in order to help with that great humanitarian work. We are exploring the possibility of supporting this Red Cross request. The Red Cross is expected to launch a major appeal in a matter of days.

● (2025)

That is all the information I have of an official nature from the Secretary of State for External Affairs today. If honourable senators would at some point like to have a debate on the subject of the Middle East and Canada's role in the area, that would be welcome.

[Translation]

Senator Asselin: Is it not a fact that the Canadian government's attitude is exactly the same as that of the Soviet Union on that Middle East Crisis? Is there any difference? As far as I am concerned, I do not see any. Canada, just like the Soviet Union, is asking Israel to withdraw its troops. Is this government's policy identical to that of the Soviet Union on the Middle East crisis?

[English]

Senator Perrault: Honourable senators, I do not accept that Canadian policy with respect to Israel and the Middle East is identical to that of the Soviet Union. I think that is an unfortunate statement by Senator Asselin.

Anyone who has visited Israel and who has talked to the Israeli and the Arab people know that there have been tragic

incidents throughout the area for both populations and that Canadians have consistently used their good offices to help all people who are and who have been so adversely affected.

Canada's role has been a peaceful one. We have not armed any of the combatants in that area. Our contribution has been one designed to reduce hostility. Our role has been a humanitarian one, an effort to try to bring about peace and security for all. This Canadian policy has gone beyond any one political party in Canada. This has been a united Canadian position.

When Canadians visit that part of the world, they are the recipients of expressions of gratitude from the people of that area who know the constructive contribution Canadians have made. To suggest that our policy in the area is the same as that of the Soviet Union, I think, is rather reprehensible.

We do not believe that long-term solutions are to be found in one nation occupying the territory of another. That does not mean to say that the inhabitants of certain regions of Israel, who have been under constant attack by the terrorists, did not have a right to ask their government to take some action to preserve their lives and provide security for them.

I speak now only as an individual senator and not on behalf of the government. There may have been considerable provocation which necessitated some kind of action against the continuing terrorism. This is my view. I have visited the area, and I have talked to both Israeli and Arab people. Others have been in the same theatre and have seen what has been going on. Mistakes have been made on both sides.

With regard to the widespread devastation in Lebanon and the extent of the attack, I can only say again that we deplore violence and terrorism from whatever source, and we would like to see the Israeli army withdraw to its own frontiers.

Senator Doody: What is the Canadian government's attitude respecting the Israeli request that an arms-free buffer zone be created in south Lebanon to prevent the kind of shelling and harassment of the Israeli settlements which has occurred over the years? Does the Canadian government support the request that an arms-free buffer zone be created?

Senator Perrault: This interesting proposal has been under discussion. The idea would be to place the territory of Israel beyond the range of missiles and long-range artillery.

To this point, the government has not provided me with information as to its official position with respect to that idea, but it is a very interesting concept.

Senator Doody: For the sake of the record, I would point out that my question related to missiles and artillery being moved out of the range of Israeli settlements rather than the Israeli settlements being moved out of the range of missiles and artillery.

Senator Perrault: Honourable senators, perhaps it would be very helpful if the antagonists in the area were beyond the range of each other's missiles and artillery.

UNEMPLOYMENT INSURANCE

CURRENT STATUS OF FUND

Hon. Richard A. Donahoe: Honourable senators, I have no desire to change the subject, but it is obvious that we shall get little or no information on the international situation, so I shall turn my attention to a matter which is domestic in nature.

● (2030)

I read the other day that the March pay-out from the unemployment insurance fund was the largest in the history of the fund. When I read it I was reminded that on June 2 last I directed a question from my seat here in the Senate to the Minister of State for Economic Development concerning unemployment insurance, in response to which he undertook to bring back to the Senate a report on the current status of this fund, including projections for the remainder of 1982. I am not aware that any reply was ever made to that question, and perhaps it is just as well, because when I read about the largest pay-out in history I also read that statistics now show that the unemployment payments in March were \$786 million. That is very serious. This figure is up 21 per cent from the figure for February, and up 48 per cent from March of 1981.

The surplus for last year was only \$320 million, and considering the depleting effect which a large number of work-sharing programs must have had on the fund, when contributions for 1982 were calculated on the basis of an unemployment rate of 7.6, and not the 10.2 per cent rate that we have now, my question is: In the light of these facts, is the government expecting to have to top up the fund for 1982? If so, to what extent? On the other hand, is it planning to recoup the entire deficit through increased premiums in 1983?

Let me add that I was interested to learn that we are to have the minister before one of the committees of this house shortly, that he is going to deal with matters relating to unemployment, and that we may expect to hear great things from him. I would expect that if the minister is going to give us some hope, it will cost more money than has already been referred to here.

As a further question, therefore, added to the one I have already asked, may I inquire from the minister whether the decisions taken with regard to the fund include provision for the new programs that are to be advanced by the minister?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, we recognize and respect the seriousness of the question that has just been posed. I am sure, however, that my honourable friend will understand that announcements of the nature he refers to obviously would be contained, if anywhere, in the statement that the Minister of Finance may make, because certainly unemployment levels, and increases in the amount of money paid out in connection with automatic compensators, including the unemployment insurance fund, are significantly affected by changes in the economy. If an announcement is to be made that the fund may be topped up either by the federal government or by means of other revenue-increasing devices, it would be made by one or the other of the ministers directly involved.

Senator Donahoe: Honourable senators, I thank the honourable senator for what he has had to say. I choose only to remind him that all I ask is that we receive an update with regard to what it is proposed to do with the unemployment insurance fund. Such a report was promised to me, and it has not yet been forthcoming.

Some of what I have had to say applies only to circumstances surrounding that update, with the object of giving an indication of what I expect it to contain. I do hope that the question that I asked, will still be answered.

Senator Olson: I understand that.

EMPLOYMENT AND IMMIGRATION

ADVERTISING CAMPAIGN

Hon. Nathan Nurgitz: Honourable senators, I was about to congratulate the Leader of the Government in the Senate for providing a delayed answer to a question I asked on April 27. Rather than offering congratulations, however, I would like to provide the Leader of the Government with an opportunity to correct his reply.

Hon. Raymond J. Perrault (Leader of the Government): At what page of *Hansard* was that reply given?

Senator Nurgitz: The reply dealing with the advertising campaign, can be found at page 4331.

I am suggesting that the reply given by the Leader of the Government implies all-party support for the government's "helping Canada work" advertising campaign. The leader said:

The conducting of such a campaign to heighten awareness of the Department of Employment and Immigration training programs was recommended by an all-party committee of Parliament in its task force report, "Work for Tomorrow."

I am sure most honourable senators have read the entire report, though I myself have not. All I have read are some of the conclusions.

I should like to point out to the Leader of the Government that in chapters 3 and 13 of the report the committee condemned, as insufficiently communicative, existing informational programs. I am suggesting that a billboard with the words, "Helping Canada Work," would in no way be adequate to meet that complaint. Furthermore, in its eight conclusions in chapter 13 on planning, information and forecasting, the committee called for an elaborate program to make previously unaware unemployed Canadians aware of specific job opportunities available. In its 24 recommendations to that end it elaborated upon the need for far more specific programs.

What I would like to point out to the Leader of the Government is, that in recommendation No. 180, on page 124 of the report, it says:

Pamphlets, bulletins, radio, television, cable facilities and community billboards in shopping centres and other heavily populated areas in which the government should publicize job vacancies and career possibilities without

regard to any political reasons for which the government may have embarked upon this billboard campaign.

The answer is contrary to the recommendation in that it is general, whereas I asked for specifics. I am sure the leader would like to take this opportunity to withdraw his reply and give it further consideration, having regard to the task force report that he has referred to.

Senator Perrault: Honourable senators, I am not prepared to withdraw the reply. I certainly will make inquiries. The fact that a billboard appeared in various provinces across the country does not mean that there were not other aspects to the campaign.

In any case, I understand that Mr. Axworthy will be testifying before a Senate committee tomorrow, and I strongly suggest that honourable senators interested in pursuing this matter with the minister should do so on that occasion. In the meantime, I will make further inquiries in order to find out further details of the program, to make certain that my statement, which appears on page 4331 of Senate *Hansard* of June 10 is accurate.

INDUSTRY

MASSEY-FERGUSON LIMITED—GOVERNMENT ASSISTANCE

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development.

About a year ago, perhaps less, the governments of Canada and Ontario entered into some sort of arrangement for refinancing and stabilizing the finances of Massey-Ferguson Limited. I would like to ask the minister whether that company has made any announcement of suspension or cancellation of dividends payable by it in the year 1982.

Hon. H. A. Olson (Minister of State for Economic Development): The answer is yes. The board of directors of the company announced some two weeks ago—perhaps a little more—on May 27 or 29, that they would not be paying the dividend on preferred shares, including all those that were underwritten by the Government of Canada, and that required a payment, I believe, effective June 15; but companies are required, under certain securities rules, to make those announcements some time in advance of the actual date, and the company did that.

Senator Smith: But if the announcement turns out to be correct, does the cancellation or suspension of payment of dividends make the Government of Canada subject to any financial obligation, and, if so, what is the nature and extent of such obligation, and who is the beneficiary of the obligation?

• (2040)

Senator Olson: Honourable senators, the financial obligation of the Government of Canada is that if the dividend payments are not paid, then it will be required to acquire \$125 million worth of the preferred shares that were issued. I believe the Government of Ontario would acquire \$75 million of the same type of shares that are now being held by one or

more financial institutions. For the most part I believe they are banks. It is a requirement that we acquire those shares.

Senator Smith: I assume that would make the Government of Canada a shareholder in the company to the extent of the shares it acquires. When is the obligation required to be met if failure to pay dividends takes place?

Senator Olson: Honourable senators, I have in front of me the communiqué respecting this matter. If I might have a few seconds, I believe I will be able to provide the answer. I could say in a preliminary way that pursuant to an agreement between Massey-Ferguson and the Government of Canada dated June 15, 1981, entered into with the authority of Parliament under Appropriation Act No. 4, 1980-81, a consequence of that decision by the board of Massey-Ferguson is that the government is contractually obliged to redeem those series D preferred shares which are put to the government. That would be the undertaking. If all series D shares guaranteed by the federal government are redeemed, the cost will be \$125 million, plus one monthly dividend payment of approximately \$1.5 million. The Government of Canada would then hold approximately 7 per cent of the shares of Massey-Ferguson.

Senator Smith: I have a supplementary question for the minister. Do any plans exist for use to be made by the Government of Canada of those shares when it acquires them?

Senator Olson: I expect that if they could be sold into the market at a reasonable amount, anywhere near their cost, that would probably be done. I am not trying to delude anyone that that is possible. Market conditions are such that it might not be done. We had hoped, when we entered into that agreement, that it would allow for a refinancing package for Massey-Ferguson, much larger than this amount, so that the company could continue its operations, particularly in Canada, because it had reduced substantially its commitments and some of its activities that represented the main problem concerning profit and loss.

I am afraid that the deterioration in the sales prospects for farm machinery and some other equipment manufactured by Massey-Ferguson has not been as high as was projected—and, of course, other farm equipment companies are also experiencing the same difficulty. However, I should emphasize that despite the current situation, it does not automatically follow that Massey-Ferguson will restrict or scale down its operations in Canada. It is well known that it is facing difficulties in the market, but the company will continue its operations and hopefully the slump in sales generally, and farm equipment in particular, will turn around. In the meantime we have participated in a refinancing package that has set the company up so that it has now been operating for about a year from the first indication of a refinancing package, with some support from the two levels of government as an essential part of that refinancing package.

Senator Smith: Honourable senators, may I ask the minister a further supplementary? He referred to difficulties regarding sales because there was a fall-off in the market for the company's products, particularly farm equipment. How much

of that fall-off occurred in Canada and how much outside our borders? I realize that the honourable gentleman will not have any precise figures, but perhaps he can give us an indication.

Senator Olson: Honourable senators, I cannot be specific about the difference in the situation between Canada and some other countries. However, I can say that the company has met all of its commitments to the government, apart from paying the dividend. For example, it has maintained a permanent employment level in Canada at more than 6,000 and has broadened its Canadian production base, even though temporary layoffs have occurred due to a sharp down-turn in some world markets which has affected all manufacturers. I might also say that Massey-Ferguson, prior to and because of the commitments made at the time, has further rationalized its operation through divestments internationally, some plant closures internationally, and a consolidation of manufacturing operations outside Canada.

Senator Smith: Honourable senators, I rise on a point of order. The minister will recall that he has frequently lectured those of us on this side of the house, myself included, for not being accurate or for being too long in our questions, or for not asking questions. My point of order is to draw attention to the fact that his last answer was not in any way responsive to any question that I asked him.

Senator Olson: Honourable senators, I am sorry if that happened, I shall try to be more perceptive in future.

Hon. David Walker: That's not the first time.

DOME PETROLEUM LTD.—SUGGESTED GOVERNMENT ASSISTANCE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a supplementary question for the Minister of State for Economic Development concerning the government's policy in support of stumbling corporations. In view of the action and attitude taken by the government with respect to Massey-Ferguson, and also to the Chrysler Corporation, would the minister tell the Senate whether in principle the government is able to consider the current application of Dome Petroleum for some kind of refinancing support from the Government of Canada?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not wish to give an answer one way or the other, for the perfectly obvious reason that it is not my practice to make announcements in response to questions in the Senate concerning those matters about which honourable senators may be curious, or which may be under consideration. However, leaving aside Dome for a moment, I can tell the honourable senator that the government has also been helpful in some other areas when similar difficulties have arisen—for example, with Co-op Implements in western Canada. We assisted substantially in a different way because there were some grants in addition to assistance by way of underwriting to assist that farm machinery manufacturer.

I will be happy to show my honourable friend, if he is not already aware of it, the sort of response that was made in that

regard. On the basis of scale, of the size of the operation, I believe the assistance was equally or even more generous than that given to Massey-Ferguson or Chrysler.

Senator Roblin: Then I believe it is fair to take from the minister's remarks the implication that he does not rule out the possibility of the government's coming to the assistance of Dome Petroleum. In fact, I believe he is telling me it is likely that it will.

Therefore, I would ask him a further question. In view of the fact that Dome Petroleum has made an application for assistance to the government in connection with the company's financing problems, can the minister tell the house when a decision as to when any help will be rendered might be expected?

● (2050)

Senator Olson: Honourable senators, I cannot accept the assumption that an application has been made. Perhaps there have been some discussions, but I have to give the honourable senator an answer that I am sure he expects, that whenever decisions of cabinet are to be announced, such announcements will be made by the minister directly responsible.

Senator Roblin: Honourable senators, I would not like the minister to leave me with a false impression. He says that he thinks that an application may have been made.

Senator Olson: You said that an application has been made.

Senator Roblin: I put it to the minister that an application has definitely been made and that requests have been received from Dome for help in this respect. I do not see why the minister fudges the issue. The minister may not be ready to tell us what he is going to do, but I do not think that he should be at all shy in saying that the matter is being considered. I am perfectly positive that it is. I have asked him when he thinks a decision will be forthcoming, but he does not choose to give me an answer, so I will put another question to him.

Will the minister give the Senate the assurance that in order to deal with this particular matter the government will not take advantage of the power to create energy corporations contained in Bill C-105 which is before us at the present time? Really, what I am asking the minister is whether Bill C-105 is being envisaged by the government as the possible machinery or mechanism by which it can render help to Dome Petroleum.

Senator Olson: Honourable senators, I think Senator Roblin is trying to make a representation and to get a commitment from me that certain parameters or restraints, or however you want to describe them, will be set around an application that he is sure has been made, although he has asked me whether it has been made.

Hon. Robert Muir: You are lecturing again.

Senator Olson: The honourable senator is attempting, I will admit, very cleverly, to get an answer from a different angle, but, I am sorry, I must decline.

Senator Roblin: It is our duty to ask questions, and it is our duty to try to elicit answers from the minister.

Senator Olson: I agree.

Senator Roblin: If he refuses to answer, however, there is not much I can do about it, but I do not think he should criticize me for trying. In view of the fact that he has thrown some doubt on the matter, I ask him to deny that there are conversations going on between the government and Dome with respect to this matter.

Senator Olson: Honourable senators, irrespective of whether I deny, confirm or whatever, my honourable friend knows very well that no minister has the latitude in this government, or had the latitude in any previous government, to discuss across the floor of this chamber what may or may not be going on in cabinet meetings—including the agenda.

Senator Roblin: Of course, I did not ask any such questions, and my honourable friend knows that perfectly well.

Senator Olson: You asked me to deny it.

Senator Roblin: I asked the minister to state the policy of the government and whether it was broad enough to envisage support for Dome Petroleum. That is the substance of my question.

Senator Olson: I understand.

Senator Roblin: But he has been dodging that question, for reasons that escape me. I give him another chance to give us a straightforward answer, for a change.

Senator Muir: It is called "freedom of information".

Senator Olson: I thank the honourable senator for the second, third or fourth chance, but I decline.

VISITORS IN GALLERY

WOMEN FROM METROPOLITAN TORONTO

Hon. Peter Bosa: Honourable senators, I draw to your attention the presence, in both the north gallery and the south gallery, of some ladies from Metropolitan Toronto. Some of them are visiting the Parliament Buildings for the first time. Others are now in the gallery in the other place. On behalf of the Senate, may I extend to them a hearty welcome and wish them a pleasant visit to Ottawa?

Hon. Senators: Hear, hear.

Hon. Martial Asselin: You are a good politician.

Hon. Jacques Flynn (Leader of the Opposition): Are they from York-Caboto?

RULES OF THE SENATE

AMENDMENT TO RULE 49

Hon. Peter Bosa: Honourable senators, the Leader of the Opposition has mentioned York-Caboto, and in that connection I would like to put a question to the Leader of the Government in the Senate.

I am wondering whether the Leader of the Government in the Senate is aware that on June 9, 1982 Senator Lang rose in his place and spoke on the report of the Standing Committee on Standing Rules and Orders, chaired by Senator Molson, and that during his intervention he mentioned my name. That report deals with changes to the rules of the Senate.

Hon. Martial Asselin: Is this a point of privilege?

Senator Bosa: No, I am asking the leader whether he is aware of this matter.

Hon. Jacques Flynn (Leader of the Opposition): He is aware of everything.

Hon. Raymond J. Perrault (Leader of the Government): The answer is no.

Senator Bosa: I was not present on that occasion because I was attending a meeting of the Joint Committee on Official Languages.

Senator Lang referred to an amendment I proposed, in December 1979, to rule 49(1)(c) to do away with the necessity for stating the reasons for abstaining when a vote is taken. Now it is not obligatory for a senator to state reasons for abstaining.

At page 4324 of *Hansard*, Senator Lang is reported as having said:

Honourable senators, this issue has quite a historical background. In speaking today, I am not indirectly but, rather, directly paying a tribute to Senator Bosa. He and I disagree on many points. Of course, I do agree that we should change all our cartographical references from "Cabot" to "Caboto". I believe that would be part of the logical evolution of our country. However, apart from that agreement, most of the time I do not share his views.

It is unfortunate for Senator Lang that he does not share my views on other subjects, but I just want to say that I appreciate the tribute he paid me. As a junior senator—and I say this with a sense of pride—I am glad that honourable senators have accepted my suggestion to amend the rules to make the Senate more efficient when voting on a particular matter. I am just wondering whether the Leader of the Government is aware of this particular fact.

Senator Perrault: I thank the honourable senator for his question.

Hon. Duff Roblin (Deputy Leader of the Opposition): Did you receive notice?

Hon. Royce Frith (Deputy Leader of the Government): Certainly, that is an Order Paper question.

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA— CESSATION OF HOSTILITIES

Hon. Hartland de M. Molson: Honourable senators, I have a question for the Leader of the Government. We in this chamber, and, in fact, the people of Canada, have been living

for some weeks under the shadow of deep concern that the fighting in the Falkland Islands might escalate; indeed, concern that there should be any fighting at all. Now that there is a ceasefire and the fighting has stopped, I wonder if the Leader of the Government thinks it appropriate that the Senate send a message to the Parliament of the United Kingdom saying that we rejoice with them that peace has now been re-established, that we grieve with them over the losses in the battle, and that we support the use of force in defence of lands occupied contrary to the principles of the United Nations.

Hon. Martial Asselin: No, it is too early yet.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information on the Falkland Islands in the form of a short statement from the government. Of course, if the honourable senator wishes to move a motion, then there is a procedure in place for that.

In any event, honourable senators will be pleased that there finally appears to be a ceasefire in the Falkland Islands and I am sure that all honourable senators are happy with that news. The exact nature of the surrender has still not been confirmed. If, indeed, it is confirmed that all hostilities have ended, the government will consider action in regard to the economic sanctions we have imposed on Argentina, and will make an announcement in due course. I think I can say that all of us are most pleased that the ceasefire has taken place and that the matter has finally been resolved after such a difficult period of time. However a motion on that subject proposed by the Leader of the Government at this particular time would not be in order.

Senator Molson: I was not suggesting that a motion necessarily be made by the Leader of the Government. I merely asked whether the Leader of the Government thought it would be appropriate to send a message on behalf of this house to the Parliament of the United Kingdom.

Senator Perrault: Honourable senators, I understand that a resolution relating to this matter may have been moved today in the other place. I suggest that we look at its wording and deal with the subject tomorrow. Honourable senators may wish to adopt similar wording in a Senate resolution.

HOUSING

SUGGESTED GOVERNMENT GRANTS TO FIRST-TIME HOME PURCHASERS

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. Can he comment on the recommendation by HUDAC that the government provide \$7,500 grants totalling \$600 million to stimulate the housing industry, thereby putting more people back to work and providing homes to first-time home buyers who need them so badly. I wonder whether the Leader of the Government can answer that question, or refer it to the minister responsible with the suggestion that he look at this very reasonable and excellent suggestion, which would also provide

[Senator Molson.]

taxes to the three levels of government involved to the tune of some \$11,000 per house.

● (2100)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. I am not in a position to comment on that subject at the moment.

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA— CESSATION OF HOSTILITIES

Hon. G. I. Smith: Honourable senators, I wonder if I can direct to the Leader of the Government a question supplementary to that of the Honourable Senator Molson. I noticed, in the exchange between the Leader of the Government and Senator Molson, that both the words "ceasefire" and "surrender" were used with reference to what has happened in Argentina. This has moved me to ask whether those words are used interchangeably. What is the proper word to describe what has taken place? Has there, indeed been a surrender?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I quoted the words of the Secretary of State for External Affairs. He stated that there finally appears to be a ceasefire in the Falklands. This appears to be confirmed by late reports today. He said that the exact nature of the surrender has still not been confirmed.

I shall be pleased to bring a further statement to the Senate tomorrow, when more details are available, if that is satisfactory.

ENERGY

OIL EXPLORATION—SAFETY OF MARINE DRILL RIGS— DEPARTMENTAL RESPONSIBILITY—REQUEST FOR ANSWER

Hon. G. I. Smith: Honourable senators, if I may take advantage of the order of business, having come to delayed answers to questions, I would like to draw attention to a question of mine, the answer to which has been delayed for a long while.

On February 16, 1982, as reported at page 3620 of Senate *Hansard*, I asked a question relating to the tragedy at sea of the sinking of the drilling rig off Newfoundland. My question was:

I wonder, honourable senators, if I might presume upon the good nature of the Leader of the Government to ask another question with regard to jurisdiction. I am not sure of the jurisdiction under which licensing would fall at that particular distance from the coast of Newfoundland. However, if it is within some Canadian licensing jurisdiction, either federal or provincial, would it be possible to tie the licensing requirements to the provision of adequate safety measures in operating a drilling rig?

The answer was:

Honourable senators, that question will be taken as notice.

I wonder if the honourable gentleman is now in a position to respond to the question and enlighten us as to what he discovered as a result of taking it as notice?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I thank the Honourable Senator Smith for reminding me of this situation. I will find out the stage to which the research has progressed.

THE ECONOMY

CANADIAN NATIONAL RAILWAYS—MAINTENANCE SHOPS LAYOFFS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked by Senator Phillips on May 26 related to the possibility of employment for laid-off CN workers with the Milwaukee Railroad Company.

It should be clear that it is CN's American subsidiary, Grand Trunk Corporation, that has entered into an operating agreement with the Chicago, Milwaukee, St. Paul and Pacific Railroad Company. The letter of intent, mentioned by Senator Phillips, for the purpose of acquiring the railway only applies in three years' time. Consequently, there is no program between CN and the Milwaukee Railroad regarding laid-off employees.

ENERGY

NEWFOUNDLAND—JURISDICTION OVER OFFSHORE RESOURCES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a fairly long answer in response to questions raised on May 19 by Senators Marshall and Murray related to negotiations on the Newfoundland offshore question. If I may, I will file it with the *Hansard* reporter in order that it may be incorporated in the record of today's proceedings.

The Hon. the Speaker pro tem: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Mid-May discussions between Ministers Lalonde and Marshall did not conclude on a positive note. They resulted in Justice Minister Chrétien's announcement on May 19 that the federal government had filed a reference to the Supreme Court of Canada for an early decision on who owns the seabed resources in the Hibernia area off Newfoundland.

In a telex sent to Premier Peckford notifying him of the Supreme Court reference, Prime Minister Trudeau indicated that he deeply regretted this course of action. However, he wrote: "You have insisted that the federal government agree, in advance of serious negotiations, to set the issue of legal ownership aside permanently and commit itself to a framework for resource management

that could produce a stalemate, which would not be in anyone's interest."

With regard to the question posed by Senator Murray concerning consultations with the Newfoundland government, the Minister of Justice on March 5, 1982 offered to his provincial counterpart to refer the Newfoundland question directly to the Supreme Court of Canada for an early resolution of the matter. The Newfoundland Attorney General refused.

WESTERN ELECTRICAL GRID—PROPOSED CONTRIBUTION BY FEDERAL GOVERNMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer in response to a question raised on June 1 by Senator Roblin related to the western electrical grid. The answer is of medium length, but if the honourable senator is satisfied that I file it as though it had been read, I will be happy to do so.

Hon. Duff Roblin (Deputy Leader of the Opposition): I will be glad to read it.

(The answers follows:)

During the last three years, the provinces of Alberta, Saskatchewan and Manitoba have been studying the construction of an electrical interconnection designed to deliver output from the Limestone Hydro Plant in Manitoba to the other two provinces under a long-term contract. The provinces have also been negotiating a suitable form of contract, which would share the benefits of this interconnection equitably between the three partners. These negotiations have not reached a conclusion.

The Manitoba Minister of Mines and Energy has approached the Minister of Energy, Mines and Resources requesting consideration of some form of federal financial support to assist Manitoba with the large financial outlay that would initially be required for the generating station and the Manitoba portion of the transmission facilities.

Mr. Lalonde has indicated that Manitoba's request will be considered sympathetically. It will be necessary to review carefully the studies that have been undertaken and consider the nature of the interprovincial agreement that may be reached. This agreement will determine the revenues available to support the capital investment.

Mr. Lalonde has agreed to meet with the Manitoba Minister of Mines and Energy, Mr. Parasiuk, within the next two weeks for further discussion.

NATIONAL ENERGY PROGRAM—CHANGES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question raised on May 19 by Senator Roblin related to emergency oil reserves.

Honourable senators will know that the Department of Energy, Mines and Resources has been studying the idea of establishing an emergency oil inventory for several years.

While the NEP Update made reference to the initiation of a program to purchase some additional volumes of western Canadian crude oil for storage as a means of alleviating the shut-in capacity in western Canada, the matter of an emergency oil reserve remains under examination.

Honourable senators, I have another delayed answer in response to questions Senator Roblin also asked on May 19 related to shut-in oil and the state of the Alberta production system. This is a long answer, honourable senators, and if Senator Roblin agrees, I will take it as having been read.

Hon. Duff Roblin (Deputy Leader of the Opposition): Agreed.

(The answer follows:)

Conventional light and medium crude oil producibility for the first four months of 1982 was estimated at 149.3 $10^3\text{m}^3/\text{d}$, down 10.8 $10^3\text{m}^3/\text{d}$ from 1981, reflecting the natural decline in conventional crude oil producibility. Actual output averaged 142.9 $10^3\text{m}^3/\text{d}$, leaving 21.3 $10^3\text{m}^3/\text{d}$ shut-in due to lack of demand by domestic refiners. This includes 1.8 $10^3\text{m}^3/\text{d}$ of Light Saskatchewan Blend.

Heavy crude oil producibility for the same period was 36.8 $10^3\text{m}^3/\text{d}$, up 2.1 $10^3\text{m}^3/\text{d}$ from last year. This increase reflects higher producer netbacks resulting from the new pricing agreements between the federal and provincial governments (old and new oil prices) and lower provincial royalties. However, as a result of lower refinery demand in both Canada and the U.S., 8.2 $10^3\text{m}^3/\text{d}$ of heavy crude oil was shut-in (shut-ins were basically split 50/50 between Alberta Bow River and Saskatchewan Fosterton crudes).

While Syncrude synthetic output was up slightly from last year (up 2.8 $10^3\text{m}^3/\text{d}$), Suncor continued to experience technical problems, resulting in output falling substantially (down 2.3 $10^3\text{m}^3/\text{d}$).

Preliminary assessments for May and the forecast for June show a marked decline in crude oil shut-in capacity from the April levels. The extent of shut-in capacity early this year was a matter of considerable concern in the industry of western Canada. The outlook has improved considerably as indicated by the following estimates.

| | April | May | June |
|-------------------------------------|----------------------|------|------|
| | (thousands bbls/day) | | |
| Conventional Light and Medium Crude | 333.3 | 89.5 | 20.2 |
| Heavy Crude | 52.3 | 36.5 | 17.0 |

The program of action, initiated by the Minister of Energy, Mines and Resources on April 1, to improve markets for, and increase the production of, western Canadian light and heavy crude oils is being actively implemented. The measures announced at that time included the following:

- Assurance that Canadian heavy crude oil exports to the U.S.A. will continue to be competitively priced by adjusting the export charge as required;
- Applications to the National Energy Board for the export of heavy crude oil for terms of up to one year will be welcome: the policy remains to export heavy crude oil that is surplus to domestic needs;
- Exchanges of light and heavy western Canadian crude oil via the U.S. into eastern Canada, without export charge, will be considered by the National Energy Board;
- The Board will also review its system for allocating light crude oil into eastern Canada and consider separate treatment of crude oils chronically shut-in, such as light Saskatchewan crude; and
- The National Energy Board will also evaluate whether chronically shut-in crude oil, such as the Saskatchewan light sour crude, could be considered surplus to domestic needs and be exported.

The National Energy Program Update, released May 31, contained measures to reduce the problem of shut-in domestic oil over and above the April 1 measures. These new initiatives include: restriction of imported crude oil to term contracts; changes to the method of calculating the Oil Import Compensation Flat Rate to ensure that actual rather than estimated costs of imports are used as a basis for payment of import subsidies; purchase of additional volumes of western Canadian crude for domestic oil storage; and financial support for moving western Canadian crude to eastern Canada via exchanges with U.S. refiners.

Senator Olson: Honourable senators, I have yet another delayed answer to a question raised by Senator Roblin on May 19 related to the possible changes in the NEP which would have an impact upon the tax regime affecting conventional oil in Alberta.

Honourable senators will recall that on May 31, the Minister of Energy, Mines and Resources released the "National Energy Program: Update 1982", which contained various measures to expedite the achievement of goals of the 1980 NEP New Fiscal Initiatives contained in "NEP II" affecting the conventional oil sector include: a one-year reduction of one percentage point in the effective rate of the Petroleum and Gas Revenue Tax (PGRT); a Small Producer PGRT exemption of \$250,000 per company; a one-year suspension of the Incremental Oil Revenue Tax; broadening of the scope of the New Oil Reference Price to cover high cost oil production; and a special price for oil discovered after 1973 and before 1981 to encourage firms which explored aggressively for oil after the 1973 international oil crisis.

That answer is on the record, honourable senators. In addition to it, although I am not going to ask that it be printed as an appendix, either to the answer or to Senate Debates, I have a 12-page detailed technical explanation of a number of those points, and if Senator Roblin would like me to provide him with a copy of it, I will be happy to do so.

FOREIGN AFFAIRS

LEBANON—ISRAELI INVASION—GOVERNMENT ATTITUDE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some late information from the Secretary of State for External Affairs on the Lebanese situation. This information, in effect, constitutes replies to questions asked by Senator Macquarrie, Senator Marshall, Senator Stollery and Senator Donahoe on June 10.

Honourable senators, Senator Macquarrie asked if there had been any response to the message sent by the Prime Minister to Prime Minister Begin. We have received no response from the State of Israel other than through the actions it has taken in southern Lebanon.

Senator Marshall asked if a similar message had been sent to Syria or the PLO. The answer is that no message was sent to either party.

Senator Marshall also wishes to know Canada's position with regard to the PLO. The Canadian government recognizes that if there is to be a just peace in the Middle East, the legitimate rights and concerns of the Palestinians must be realized. We believe the Palestinians have a right to play a full part in negotiations to determine their future and the right to a homeland within a clearly defined territory, the West Bank and the Gaza Strip.

The Canadian government does not, however, recognize the Palestine Liberation Organization, nor do we regard it as the Palestinians' "sole legitimate representatives." Of course, we acknowledge that it does represent an important element of Palestinian opinion.

We have had contacts with the PLO over time, particularly in Beirut, and have maintained these during the present crises when we called for all parties to end their military activity. Cabinet ministers have not undertaken contacts with the PLO. We have not authorized the opening of any PLO mission or office in Canada.

● (2110)

Senator Stollery asked whether any thought had been given to getting the Canadian embassy staff out of Beirut and away from the fighting. Honourable senators, there is presently a skeletal staff of five people at the embassy. Everyone else has been moved to safety. We are in contact with the ambassador on a daily basis and we are acting on his recommendations in this regard.

Senator Donahoe asked if any criticism had ever been directed by the Government of Canada toward the apparent occupation of Lebanon by Syria. Honourable senators, again the answer is no. The reason for this is that the Syrians were invited there by the Lebanese government which has never asked them to leave.

Finally, Senator Macquarrie wished to know if it was the view of the Canadian government that the PLO was responsible for the tragic shooting of the Israeli ambassador in London. Honourable senators, the Canadian government has no views on where the responsibility should lie. So far as the

government is concerned, this is not a Canadian matter but a matter for the police in Great Britain.

THE ECONOMY

GOVERNMENT POLICY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on June 8 Senator Roblin asked a question concerning the government's view of Canadian policy requirements now that the Versailles summit is over.

The Minister of Finance, when appearing before the House of Commons Standing Committee on Finance, Trade and Economic Affairs on May 31, 1982, stated that he would not seek additional borrowing authority until he laid out "in some detail an update of both the economic situation and the fiscal situation."

The government is presently assessing Canadian policy requirements and is trying to find ways, as the Prime Minister stated yesterday in the other place, "to weather the storm better than other countries", which are all presently experiencing considerable economic hardship.

Consequently, honourable senators, and in way of direct reply to Senator Roblin's question, the statement of the Minister of Finance will be brought to the Senate just as soon as it is available. The Prime Minister stated yesterday that the Minister of Finance will make that statement before Parliament adjourns for the summer.

REQUEST FOR ANSWERS

Hon. Jack Marshall: Honourable senators, I rise on a point of order concerning how long it takes to get answers which could be available in a much shorter time. I have mentioned this before and I realize I am being repetitive, but this is the last time I will raise the matter.

On May 18 I asked a question with regard to a rumoured reduction in the budget of the militia. The Leader of the Government in the Senate replied to my question on June 8, at which time I indicated that the answer had been available on the day after I asked the question. I pointed out that on May 19 the Minister of National Defence had put out a news release which comprised exactly one-half of the answer which the Leader of the Government gave us here and which was attached as an appendix to *Debates of the Senate* for June 8.

I just want to confirm now that I was correct in saying that the day after I asked the question a news release was published by the Minister of National Defence and that everybody received that, including the Leader of the Government here. I also sent him a copy of that release just a couple of days ago. It matches exactly the answer which appears as an appendix to the *Debates* of June 8.

My reason for raising the matter now is that I feel that when it comes to being provided with information, the Senate is not being treated with the proper respect. Surely, if the answers are at all available, the Senate should receive them

just as quickly as anyone else. Otherwise, is there any point in our putting questions to the Leader of the Government, or asking him to take them as notice? When the answers to questions are available, whoever is responsible for supplying the answers should smarten up and send them to the Senate.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I regret that Senator Marshall is not equally commendatory when the government provides answers in a very short period of time, such as in the case of the information about Lebanon brought to the chamber this evening.

Some Hon. Senators: Oh, oh.

Senator Perrault: Senator Marshall has stated that the information provided on the subject of the militia was more complete when it was answered in the Senate. That is the point I made the other day. The news release only represented one-half of the information brought by me to the chamber on June 8.

Senator Marshall: The rest was superfluous.

PRIVATE BILL

THE GRAND LODGE OF THE BENEVOLENT AND PROTECTIVE ORDER OF ELKS OF THE DOMINION OF CANADA—THIRD READING

Hon. Sidney L. Buckwold moved the third reading of Bill S-27, to amend the act of incorporation of The Grand Lodge of the Benevolent and Protective Order of Elks of the Dominion of Canada.

Motion agreed to and bill read third time and passed.

[Translation]

EXCISE TAX ACT PETROLEUM AND GAS REVENUE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-112, to amend the statute law relating to certain taxes.

He said: Honourable senators, in moving second reading of Bill C-112, to amend the statute law relating to certain taxes, I would like to outline the principles involved in this legislation and to comment briefly on the various clauses and provisions contained in the bill in the order in which they appear.

Honourable senators, the former Bill C-93 was divided into Bills C-111 and C-112 in the House of Commons. Bill C-111, to provide supplementary borrowing authority, will, I believe, receive third reading in the other place this evening and Bill C-112 is now before us.

This bill includes all the taxation provisions of Bill C-93, except for clause 7 which prescribes the limits for the tax rates.

Honourable senators, as you will recall, the Government of Canada entered into agreements with Alberta, Saskatchewan

[Senator Marshall.]

and British Columbia last fall about oil and natural gas pricing and the sharing of revenue from these resources. Generally speaking, the bill before us is divided in two parts which ensue from these agreements between the Government of Canada and the said provinces.

The first part also includes three minor technical amendments. As a corollary of the agreement between the government of Canada and the oil producing provinces, I would like to speak briefly about the taxation powers provided by the energy agreements covered by this bill. The first part of the bill amends the Excise Tax Act by making changes to taxes on natural gas and natural gas liquids. The bill also includes minor technical amendments to the federal sales tax. The second part of the bill amends the Petroleum and Gas Revenue Tax Act in accordance with the agreements between the government of Canada and the oil producing provinces.

The second part of the bill implements the first ways and means motions relating to the Excise Tax Act which the Minister of Finance, Mr. MacEachen, tabled with his budget of November 12, 1981. The bill sets the rate of the federal sales tax on natural gas at zero for natural gas exports, except for gas produced in Canada lands. This zero rate will apply to the period from October 1, 1981 to December 31, 1986 or until the agreements with the producing provinces expire. The bill also provides for the reimbursement of the tax on ethane exported during this period. Second, the tax rate on Canadian sales of natural gas will be set so that its wholesale price, including the tax and transportation costs to wholesalers in Toronto, will be equal on the average to about 65 per cent of the average price of crude oil purchased by Toronto refineries. Thus, conversion to natural gas will be very strongly promoted and those who are already using natural gas will continue to find it significantly more economical.

On second reading, the House of Commons also amended clause 7, as I have already mentioned. The limits for the rates will therefore be phased in.

The tax rate was set at 42 cents per gigajoule on January 1, 1982, and the rate went up to 63 cents per gigajoule on February 1, 1982. This rate of 63 cents per gigajoule will probably be maintained for the rest of the year. Thus, the tax rate will depend greatly on the blended oil price which itself varies according to international oil prices.

As regards technical changes to the tax system, they are as follows: First, the establishment of a reduced excise tax rate on wines of all sorts containing not more than 1.2 per cent of absolute ethyl alcohol by volume.

Second, small manufacturers must file refund applications to recover the sales tax paid by them on machinery and equipment bought from their manufacturing activities.

Third, an increased penalty for non-payment of sales tax and federal excise is also provided for. The rate will be increased from 1 per cent to 1.5 per cent per month.

Part II of this legislation amends the Petroleum and Gas Revenue Tax Act. To that end, the rate of the petroleum and natural gas revenue tax, which, it will be remembered, was

introduced by way of the National Energy Program on October 28, 1980, will be increased from 8 per cent to 16 per cent as of January 1st, 1982. There is a 25 per cent resource allowance for those responsible for the payment of provincial royalties or taxes on minerals, on oil and gas production revenues. The result is a change from 8 per cent to 12 per cent, if the difference under the 25 per cent allowance is included.

The legislation also provides an incremental petroleum revenue tax, which will apply to the production of oil discovered before 1981. From January 1982 on, the tax rate is 50 per cent of incremental revenues, after deduction of relevant government royalties. Incremental revenues subject to the tax derive from the fact that the prices of old oil are higher than those established in the National Energy Program announced in 1980. Revenues so taxed will be exempt from income tax. Also, the burden of that tax on wells producing less than 3.18 cubic meters per month will be reduced. Such a reduction, which is also called a readjustment for low productivity wells, will profit significantly to producers in Saskatchewan where a large number of wells fall into that category.

Finally and importantly, I would like to switch over to another subject, to wit the content of the document: "The National Energy Program, Update 1982" made public by the Honourable Marc Lalonde on May 31, 1982. Honourable senators no doubt are well aware of the details. The measures announced are for the short term, realizing the cash flow problems will be excessive with the increase in small businesses indebtedness and the reduced demand for oil products. In particular, the announcement reduced the basic rate on production revenues and provided for special allowance on synthetic oil from tar sands, and for the duration of agreements, a new income tax credit will be introduced with an annual \$250,000 ceiling applying to corporate production revenue tax. Finally, no tax on incremental oil revenues will be due where conventional oil will be marketed between June 1, 1982 and May 31, 1983.

Honourable senators, the changes were announced after Bill C-112 had gone through third reading in the other place. The changes from the "1982 update" will be part of a new bill to amend the currently proposed legislation.

Honourable senators, in reviewing the principles of the legislation, if this be of interest to you, given the specific provisions of the bill, I will now address the house in English.

● (2120)

[English]

The first clause is a technical clause increasing from 1 per cent to 1.5 per cent the monthly penalty imposed on defaults.

Clause 2 is also a technical clause.

I draw attention to clause 3 which contains a much more general statement amending subsection 25.1(1) of the act by adding a definition of "offshore area," and also by changing the word "paid" to the word "imposed" in six subsections.

Clause 4 is a more general clause. Also, it is the major policy amendment in Part I. It extends the current rate of tax of forty-two cents per gigajoule on marketplace pipeline gas

one month to February 1, 1982, and establishes a rate of sixty-three cents after that date until a new rate is established by the Governor in Council.

● (2130)

Honourable senators, this is the section that sets the zero rate on exports of natural gas with three exceptions. The first exception relates to Canada Lands. The second exception refers to situations where we burn American gas for certain convenient reasons, and it is treated as Canadian gas. Senator Roblin has posed questions with regard to the rather unusual situation in Saskatchewan where this has occurred. The third exception relates to the looping of the TransCanada pipeline and the use of gas to drive the gas through the pipeline. That is also treated as Canadian gas. Clause 4 and its subclauses provide for the zero rate.

Clause 5 provides for the rates on ethane, propane and butanes which are equal in heat content terms. I mentioned that principle, generally, in the total raison at the outset of my remarks.

Clause 7 increases from 1 to 1½ per cent the monthly penalty imposed on defaults of payment. Clause 7 sets conditions on regulations which set the tax rates on gas and liquids. Honourable senators, this is relevant to the comments I made during my opening remarks with reference to the statement of May 31. Some of the changes announced in the May 31 statement, which will result in a lowering of tax, can be implemented by regulation. I would point out that, although this will apply to many of those changes, it will not apply to all.

Clauses 8 and 9 are technical amendments.

Clause 10, again, might be circled as more of a general statement providing for repayment of gas tax on exports of tax-paid marketable pipeline gas or ethane.

Clauses 11 and 12 are consequential amendments resulting from other amendments.

Clause 13 is a technical amendment, as is clause 14.

Clause 15 is the enactment clause for the provisions in Part I amending the excise tax.

Moving to Part II, clause 16, although long, is, in essence, to introduce a series of new definitions many of which are quite important to the system and are rather fully set out.

Clause 17 introduces a new tax base under Division I of the act. That is an important expression with which we have become somewhat familiar as a result of the provisions relating to the taxable incremental oil revenue.

Clause 18 provides definitions of petroleum and gas production revenues. This is important because it is on those petroleum and gas production revenues that the PGRT is levied.

Clause 19 introduces a new section into the act providing for the determination of taxable incremental oil revenue.

Clause 20 sets out the rates of tax on production revenue and subclause 20(2) provides for what is generally referred to as the "straddle year provision."

Clause 21 deals with section 85 of the act relating to the filing of tax returns. This clause simply provides the obligation to include a calculation of taxable incremental oil revenue.

Clause 22 deals with section 87 of the act.

The remainder of the clauses, honourable senators, are not all either technical or consequential, but are corollaries to the earlier clauses.

I would ask honourable senators to consider the principles of this bill, which is an important part of the National Energy Program. Although it is entitled, "An Act to amend the statute law relating to certain taxes," it is quite clear from the remarks I have made that it very definitely deals with the question of energy, with gas exports, and with gas and petroleum tax.

I commend this bill to honourable senators on second reading. I believe it is already the subject of pre-study by the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Duff Roblin (Deputy Leader of the Opposition): I do not believe it is.

Senator Frith: When I asked Senator Hayden, he said that the committee had started its pre-study of the bill, but that some problem had arisen with regard to a quorum in the middle of the meeting. For that reason I thought the matter was before that committee.

In any event, this bill will certainly require study by the committee. If honourable senators agree to second reading of the bill, I will move that it be referred to committee for study.

Hon. G. I. Smith: Would the deputy leader permit a couple of questions to which, I readily admit, I might find the answers by searching through previous legislation or the dictionary? However, it seems to me that it might be more convenient if the honourable gentleman can answer them now, if he would not mind so doing.

The first question relates to a certain expression found first, as far as this bill is concerned, in clause 4 on page 4 dealing with the rate of tax which shall be imposed. I wonder if the honourable gentleman can tell us exactly what a "gigajoule" is.

Senator Frith: I cannot, honourable senators. I apologize for that because I had intended to ask exactly what it meant. I know it is a measure of volume, but I cannot give a comparison with reference to cubic feet or anything of that sort. I will try to bring that information to the chamber tomorrow.

Senator Smith: I may also be able to find the answer to my next question by searching in the law reports. I understand that in the budget speech of the Minister of Finance in November 1981 he said words to the effect that there will be no export tax on natural gas, followed by words to the effect that there will be a tax on natural gas sold to citizens of the United States.

I understand that there was some legal action commenced by or on behalf of the Province of Alberta with reference to this question of a zero rate export tax and tax on gas sold to

United States customers. Can the deputy leader tell us at what stage that litigation is? I believe the matter eventually went to the Supreme Court of Canada after a unanimous decision by the Supreme Court of Alberta to the effect that it was not constitutional to impose a tax on U.S. customers.

Senator Frith: I recall the case referred to by Senator Smith. I do not have information on this as part of the preparation of my speech on second reading. I will try to have that information for tomorrow so that honourable senators wishing to participate in the debate will have that information before them.

Senator Smith: Thank you.

On motion of Senator Roblin, debate adjourned.

MOTOR VEHICLE FUEL CONSUMPTION STANDARDS BILL

SECOND READING

The Senate resumed from Wednesday, June 9, debate on the motion of Senator Riel for the second reading of Bill C-107, respecting motor vehicle fuel consumption standards.

Hon. Heath Macquarrie: Honourable senators, it is not exactly prime time in this chamber since it is almost time for the beginning of *The Journal* on CBC television. Such competition is hard to beat.

I would begin by thanking and congratulating Senator Riel for his lucid and helpful explanation of this measure; it was very useful to us all.

● (2140)

Senator Bosa used an expression tonight which recalls that I owe a debt of gratitude to my leader, Senator Flynn. Senator Bosa referred to himself as a junior senator. I am much, much junior to Senator Bosa, so I am grateful to Senator Flynn who on the last sitting day mentioned the fact that I and three others in this chamber have been around for a quarter of a century; so that while I am a Johnny-come-lately here, I was somewhere else not far away while those here gathered their wisdom. Of course, there were people, like Senator McIlraith, who were there long ahead of me.

Hon. George J. McIlraith: It was a good place.

Senator Macquarrie: It was a good place. I think this is a little better, but that is just a remark made in the quiet of Tuesday evening in the companionship of my honourable colleagues.

Being aware of the time I will do my best to make a mini-speech. Perhaps there is more to it than that, because in terms of effectiveness I think the bill is a mini-bill.

These are sombre and troubled times. Tom Payne could well say today that these are times that try men's souls. Quite frankly I do not derive any great pleasure from participating in the discussion of legislative measures relating to our faltering economy, because basically I try to be a cheerful man, however hard it may be to be cheerful in such a milieu, and all the more so when one has to zero in on this kind of legislation,

since I am convinced that among the greatest contributors to that faltering of the economy are our government's foibles and fumbles in the energy field that are demonstrated every day. These have been discussed by my colleagues; therefore, I do not have to recite them, and go from Alsands to whatever other things seem to be even worse, Alsands being but one in a string of deep disappointments.

Only a matter of hours ago I read that another setback has taken place, in that we have been disappointed with regard to the expected sale of a Candu to Mexico. There is therefore not very much, honourable senators, to cheer a country which has a government whose pursuit and execution of policies has caused the world around us to abandon faith in the conduct of the Canadian economy.

I have been thinking lately of the last couple of decades. It is just about 20 years ago that the Diefenbaker government was repudiated, lost votes, and was scorned for a 92½ cent dollar. Today what was it? I believe it was 78.22 cents. If anything has happened to the Canadian people in a couple of decades, it is that they have surely learned to endure a great deal, in view of the fact that they would not tolerate a 7 cent difference in those days. What we would like now is to have some of those 92½ cent dollars, if we go to the United States, and have them negotiable. They would be really precious items today.

In all this gloom, how do we appraise Bill C-107? Of it the minister has said that it is just as important as all of the others in the National Energy Program, and perhaps more so. But it is important? Is it necessary?

Looking at the minister's remarks, we might say that it is unimportant and, indeed, unnecessary. I too have the red book, which I think I heard Senator Doody refer to as being the thoughts of "Chairman Marc". At page 51 the minister is reported as saying:

The government has decided that the program will remain voluntary unless companies fail to co-operate.

So as to hammer the point home, the authority to set standards and impose penalties is contained in the act. But the government does not intend that these provisions should be proclaimed. Just having written these sections into the law we hope will be enough to accomplish our goals.

The parliamentary secretary, speaking, I presume, for the government, went on to say that the performance of industry under the voluntary program provides further evidence of success, that the targets for fuel consumption performance have not only been met but have been exceeded to date, and that the expectation is that this trend will continue. He said the willingness and expressed commitment of industry to co-operate with us makes a good case for retaining the voluntary nature of the program.

A humble logician would ask what in the name of heaven would be the necessity of going on further, then. If everything is working well, what is the requirement for quite a substantial chunk of legislation? If everything is good, if everything is

hunky-dory, it might recommend itself to wise and thoughtful people to leave well enough alone.

It might then be expected that if everything is fine, and not much is needed, we could pick up this bill and find that it is a very simple piece of legislation. It is, however, not exactly a gentle augmentation of something that is already working well. It is not exactly what they referred to as enhanced voluntarism; indeed, it is a little more than that. What strikes me about this measure is that a situation that is alleged to be totally satisfactory has produced legislation which will be, if enacted, Draconian. Bill C-107 is a massive bureaucratic web, involving the creation of all kinds of inspectors and record-keepers. A veritable empire will be built upon this bill. We will have a vast network of people checking on what is taking place in a situation which is already well in hand. There is something that is much more dangerous, however, than a bureaucratic network. I am not nearly as afraid of bureaucrats as I am of autocrats, and it is for such people that this bill creates a hey-day. It exalts ministerial authority. It adds dangerous powers.

This is a long bill, and I refer to two clauses only. Clause 3 says:

3. The Governor in Council may, on the recommendation of the Minister and the Minister of Energy, Mines and Resources, make regulations prescribing, for the purposes of section 11, a fuel consumption standard for any prescribed class of motor vehicle for any year.

This is another of these omnibus grants of regulatory power. It is another thrust of unseen sovereignty, a most dangerous thing that Lord Hewart talked about years ago: the new despotism. We have lived to see the new despotism get old.

Far more dangerous than clause 3, however, is clause 37. This is a clause that should be thrown out, should be tossed out, should be discarded, should be deleted, should be defeated. It is one, however, that gives to the Senate of Canada an opportunity to show itself as the guardian of our people. It reads as follows:

37. The Governor in Council may, on the recommendation of the Minister, make regulations

(a) prescribing anything that is by this Act to be prescribed;—

That is almost authority to turn day into night and the end into the beginning.

(b) respecting such other matters or things as are necessary to carry out the provisions of this Act.

No minister should have that kind of power in any parliamentary democracy, and certainly not in ours. Please note that these two provisions are in a bill which arises from the situation which is alleged by the minister to be quite hunky-dory.

I would say that in this time of stress and strain, where everything that the minister seems to put his hand to makes him a King Midas in reverse, it would be better to let this

piece of legislation go, and to make a serious effort instead to find alternative energy sources in this country.

● (2150)

I underline the word "serious" because I do not believe that efforts have been made. I am no expert on this, but I, in my small province, have had some experience to demonstrate this. I well recall a few years ago when an enterprising young man got into the business—a very important one in the maritimes—of wind-driven energy. He was doing a fine job. He had his farm electrified by windmobile. He was on the way to making a success of helping both himself and our energy-short province, but month after month and year after year of discussion with government officials could not persuade them to allow that man to import an essential part of his mechanism, namely, the motor. They said "No, no, no; you can buy that in Canada, and so the tariff is on". He could not buy it in Canada, but they could not be persuaded to invoke that as a case of "Class and kind not made in Canada." In other words, while one government department was saying, "We must find an alternative," other departments could not care less.

I have another example. The other day I read my check list from what we used to call the Queen's Printer—every senator gets it—and I saw there one publication called *Switching to Electricity: Canada Oil Substitution Program a Part of the National Energy Program*. I hope that none of my people in Prince Edward Island read that and take it seriously. If they switch from oil to electricity it will not be a very good move, considering what they pay—and we are not the only ones who are in that situation.

Finally, I listened the other night to the views expressed on the mega-projects—those that were not there, those that will never be, and those that might be. I heard my colleague, Senator Donahoe, ask about the Guysborough Railroad. There was to be a deferred answer to that. I guess the train was late, because I do not believe the senator ever received an answer. I thought of some mega-projects in the area, and I remembered so well, when I was a member of the Transport Committee of the House of Commons, when we were in Prince Edward Island, listening to people there referring to the value of the causeway, which had energy saving aspects as well as many important transportation ones; and before the committee got back to Ottawa, let alone compiled its report, the Prime Minister stood up and said, "That won't be built". So the committee did not go back to Prince Edward Island on that question.

Even more impressive, that even an amateur can see, is the Chignecto project. We have always talked and been frightened by these non-renewable energy resources, but tidal power is as permanent as life itself. So long as the earth and the sun and the moon endure, there will be the power; and down in Fundy it's a source that will challenge the world with its tremendous capacity and force. Some day we know it will have to be built. Montesquieu said that to govern is to foresee. Cannot we sometimes do something before we are forced to do it?

Those are the kind of suggestions that I would favour rather than sticking yet another bill sticker on the poor motorist's

windshield, getting a few more reports, throwing another number at him, as if social security and all the rest of it was not enough. That is bureaucratic nonsense. If it were effective it would be unhelpful, and it is likely to be unhelpful and ineffective. This is one of the worst pieces of legislation we have had before us, and I hope it will be the great exercise of this noble body to cast it into the great beyond where it belongs.

Some Hon. Senators: Hear, hear.

The Hon. the Speaker pro tem: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Duff Roblin (Deputy Leader of the Opposition): On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

PETROLEUM INCENTIVES PROGRAM BILL CANADIAN OWNERSHIP AND CONTROL DETERMINATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. D. G. Steuart moved the second reading of Bill C-104, respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act.

He said: Honourable senators, I would cut my speech much shorter, but if I do then the people who wrote the speech would probably crucify me. Twenty years ago I was a member of the Legislative Assembly of Saskatchewan, and if anyone had suggested that one day I would sponsor a bill such as Bill C-104, I would not have believed them. I was convinced at that time that the only thing wrong with American investment was that we did not have enough of it. I am still convinced that we need outside capital, but that also we need more control of some of our basic industries.

In Saskatchewan at that time we had tried to interest Canadian capital to come into the province to help us develop our resources, and we were largely ignored. We turned to the United States, and they came to our province and developed our timber, potash and oil resources. It was, in fact, a mixed blessing. This largely foreign investment produced badly needed jobs and tax revenues, and while markets were strong we all prospered. A few years later a down-turn in world demand for our resources exposed the other side of the foreign investment coin. To a very large extent we lost control of our own resources. I will briefly outline what happened to the Saskatchewan potash industry, in order to illustrate my point, although the same thing happened in the case of other resources.

Many of our potash mines were American-owned. Those corporations had mines in the United States as well as in Saskatchewan. When the demand for potash fell off, they tended to keep production in their U.S. mines high and reduce output in their Canadian mines. In fact, the American companies exported much of their unemployment and recession to Saskatchewan.

To combat that situation, we in the provincial government at that time introduced legislation pro-rationing the available potash markets among all of the mines in order to maintain employment and protect our economy. We were told by the United States corporations that this was against the American anti-trust laws, and they refused to participate. It was only when we threatened to close them down that they apparently co-operated—I say “apparently” because we never really knew how many potash orders that should have come to Saskatchewan were diverted to the United States.

The U.S. Department of Justice did, in fact, lay anti-trust charges against some of the mines and actually tried to involve Saskatchewan government officials, none of whom, of course, appeared at the trials.

When the NDP came to power in 1971, their solution was to buy out some of the foreign-owned potash mines and in that way attempt to control the industry. I did not then, and I do not now, agree with that solution, because I feared that a cure might prove to be worse than the disease. I am not a great believer in the government's being in business—any government or any business—but I recognize that sometimes it is inevitable and possibly even necessary. However, I believe there is another way to control our basic industries, and that is to encourage Canadian individuals and companies to invest in and to own as much Canadian industry as is practical.

That is what Bill C-104 endeavours to do. It endeavours to encourage, and that is why I support it and urge passage of the bill through the Senate. The principle of Bill C-104 is simply to help achieve energy security and encourage a greater degree of Canadian ownership and control of the vital oil and gas industry. The principle is simple, although the bill itself is complex. However, it has been under pre-study, and I hope that we will send it to the Standing Senate Committee on Banking, Trade and Commerce for further study in detail, where, I am told, the minister and his officials will be present to assist the committee in its work.

• (2200)

Hon. G. I. Smith: Or confuse them.

Senator Steuart: Bill C-104 deals with petroleum incentives and Canadian ownership and control determination and amendments to the Foreign Investment Review Act. This bill is an integral part of the National Energy Program, the goals of which are energy security and opportunities for Canadians to share fairly in the development and benefits of their energy resources. The proposed legislation enables the federal government to encourage the growth of Canadian owned and Canadian controlled firms in Canada's oil and gas industry.

Under this proposed legislation, almost \$2 billion in cash incentives will be made available to the oil and gas industry to be applied against exploration and development expenses incurred between January 1, 1981 and the end of the 1982 fiscal year alone. Similar incentives will continue to be available under the Petroleum Incentives Program (PIP).

Bill C-104 consists of three parts. Part I, entitled the “Petroleum Incentives Program Act,” provides for making incentives available in respect of exploration or development expenses incurred. The amount of the incentive varies with the Canadian ownership rate of the recipient. Part II, entitled the “Canadian Ownership Rate and Control Determination Act,” provides a means for determining Canadian ownership rate and control status and for granting a certificate to that effect. This certificate will be used to demonstrate entitlement to a certain level in the Petroleum Incentives Program and to demonstrate the level of Canadian ownership required to obtain a production licence under the Canada Oil and Gas Act. The legislation as a whole ensures that maximum incentives go to Canadian-owned and controlled participants in oil and gas exploration and development. This will encourage Canadian participation in the energy sector and thus assist in achieving an overall level of Canadian ownership of the oil and gas industry of 50 per cent by 1990. Part III of the bill amends, in a technical way, two provisions of the Foreign Investment Review Act.

I will now deal in more detail with the provisions of Parts I and II. Part I, entitled the “Petroleum Incentives Program Act,” provides cash incentives to eligible persons. “Persons” in the act refers to individuals, companies or other entities engaged in the oil and gas industry who incur eligible exploration and development expenditures. Without the Petroleum Incentives Program, the major incentives available for exploration and development are delivered through the income tax system. Under this tax-based incentive system, only a person with a taxable income is able to make immediate use of these incentives. Therefore, this system unintentionally discriminated against the small, new investor with no taxable income. However, by virtue of the Petroleum Incentives Program, a system of direct incentives will be made available to an explorer and developer of oil and gas resources in Canada regardless of its tax position.

Generally, as outlined in the Petroleum Incentives Program Act, the entitlement to an incentive will be dependent on the person satisfying the following three conditions: one, the applicant must be a qualified person; two, the applicant must own a prescribed interest; and, three, the applicant must have incurred an eligible cost or expense. The percentage of an incentive will depend on some or all of the following factors: the Canadian ownership rate of the applicant; the control status of the applicant; and the type, location and year of the expenditure.

Part I provides for two types of incentives; namely, the crown share incentive, and other than the crown share incentive, or “higher level” incentives. The crown share is an interest retained by the Crown in respect of our production

licence issued under the Canada Oil and Gas Act which was passed by the Senate on December 18, 1981. The crown share incentive amounts to 25 per cent of any eligible exploration expenditures incurred on Canada lands. Entitlement to this incentive does not depend on the Canadian ownership rate or the control status of the applicant. The crown share incentive is intended to encourage and assist the exploration effort in Canada lands while contributing towards a share of such expenditures commensurate with the government's retained interest in the Canada lands.

The "higher level" incentives consist of three additional levels of incentives, again representing a percentage of the eligible exploration or development expenditures or eligible asset costs incurred by an applicant. Entitlement to this incentive is dependent on the applicant being Canadian controlled and having a minimum Canadian ownership rate of 50 per cent. The incentive levels, as a percentage of eligible expenditures, increase as the Canadian ownership rate of the applicant increases. In the case of the highest level, the incentives can be as high as 35 per cent of eligible exploration expenses on provincial lands and as high as 80 per cent of eligible exploration expenses on Canada lands.

● (2210)

Part II of the bill provides the framework for the rules for determining Canadian ownership rates and incorporates, by reference, the provisions of the Foreign Investment Review Act regarding identification of non-eligible persons as a basis for determining a person's control status. The Foreign Investment Review Act rules involve considerations of control in fact when assessing the non-eligible person status of corporations. The FIRA rules are extended to partnerships and trusts under Part II. The Canadian ownership rate determination rules are primarily set out in proposed regulations. In the case of an entity, such as a corporation, trust or partnership, the Canadian ownership rate is based on the Canadian ownership rate of the shareholders, beneficiaries, or partners. Since these may themselves be entities, a further similar calculation may be necessary as well. It may be necessary to look behind nominees or owners of interest in entities to establish where real beneficial ownership resides.

Bill C-104 has been considered by the House of Commons Standing Committee on Energy Legislation. A number of witnesses appeared before the committee to make submissions on the bill, including the Canadian Petroleum Association, The Canadian Bar Association, The Consumers' Association of Canada, and the Canadian Institute of Chartered Accountants. Many individual companies, large and small, also appeared. One issue raised by witnesses and the members of the committee was that there was no mechanism established within the bill by which an appeal could be made regarding an incentive or ownership decision. During the report stage of Bill C-104 in the other place, the Minister of Energy, Mines and Resources introduced an amendment whereby the determination of Canadian ownership rate under various sections was made specifically subject to judicial review under section 28 of

the Federal Court Act. This amendment was adopted unanimously by the other place.

Several other amendments were adopted at the committee stage. While most of these amendments were technical, one amendment to Part II of the bill is worth noting. This amendment is intended to allow persons who determined their Canadian ownership rate and control status on the basis of the draft forms and regulations published on March 10, 1982 to rely on the provisions in those drafts for their applications under the act. This prevents any unfairness where applicants for a Canadian ownership rate and control status determination have gone to considerable trouble and expense to determine their Canadian ownership rate under the published draft rules, only to be faced with the possibility of extensive revision and recalculation under the rules set out in the act as proclaimed in force and the regulations as promulgated.

Another issue raised in committee was that the provisions of the bill are too complex. There are, however, good reasons for this complexity. In the case of the Petroleum Incentives Program Act a key consideration has been the recognition that the benefits conferred by the program on Canadians could in a variety of ways be transferred to non-Canadians. This has led to the adoption of rules to reduce such transfers to a minimum.

● (2220)

As for the Canadian Ownership and Control Determination Act, it is intended to measure real beneficial ownership. Sometimes this measurement can be a relatively simple process, while in other cases it is more difficult because of the nature of the entity being measured. The system of rules for the measurement of Canadian ownership is designed to apply to individuals, to private and public corporations and to partnerships and many other investment vehicles such as trusts and insurance companies. The equity structure of each of these types of entities is extremely varied and the Canadian ownership rate rules must parallel that variety to be effective.

The minister announced in the other place that the Department of Energy, Mines and Resources will keep in close touch with the industry to review the provisions of this bill for any changes that may be required. Any such changes will be considered within the context of the integrity of the program.

Honourable senators, I am pleased to recommend this bill to the Senate as it will be instrumental in enabling Canada to resolve many of its present and future energy problems. If this bill passes second reading, it is my intention to move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

On motion of Senator Macdonald, for Senator Charbonneau, debate adjourned.

THE SENATE

MOTION RE ALLOCATION OF SEAT NO. 15 TO SENATOR MANNING WITHDRAWN

On the Order:

[Senator Steuart.]

Resuming the debate on the motion of the Honourable Senator Molson, seconded by the Honourable Senator McIlraith, P.C.:

That the Honourable Senator Manning, P.C., be asked by the Leader of the Government in the Senate and the Leader of the Opposition to occupy Seat Number 15 in the front row of the Chamber.—(*Honourable Senator Frith*).

Hon. Hartland de M. Molson: Honourable senators, Order No. 6 concerns a motion I made on June 10 last. I now ask leave of the Senate, under the authority of rule 23, to withdraw this motion.

The Hon. the Speaker pro tem: Is it agreed, honourable senators, that this motion be now withdrawn?

Hon. Jacques Flynn (Leader of the Opposition): Why does Senator Molson wish to withdraw this motion?

Senator Molson: Honourable senators, I made this motion under rule 46(s), which says that no notice is required for a motion that is uncontentious. It now appears that when the motion was made it was, in fact, contentious. I believe it should be withdrawn. I do not know whether my seconder, the Honourable Senator McIlraith, has anything to say on the matter, but that is my view.

Senator Flynn: Senator Molson says that the motion appears to be contentious. I don't see that.

Hon. Duff Roblin (Deputy Leader of the Opposition): Not here.

Senator Flynn: I don't see that, unless the fact that the order stands in the name of Senator Frith makes it contentious. Are we to assume Senator Frith's inaction is to be interpreted as opposition to the motion?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the debate will show that this motion, as a way of dealing with seat changes in the Senate chamber, is, in our view, worthy of further study, and in that sense it is contentious, yes.

Senator Flynn: Are you still studying the matter? I thought it would have been simpler to agree to the motion. So far as we are concerned, we would agree to it readily, even if it is not provided for in the rules. We would certainly not lose any sleep over the irregularity of the procedure.

Senator Frith: I was not thinking in terms of regularity or irregularity. The debate will show that as well. I am simply saying, in response to the observation made by Senator Molson, that the proposal is apparently contentious in the sense that it does not receive unanimous approval. In that sense Senator Molson is correct.

Senator Flynn: It is not receiving unanimous approval, meaning that you, for one, are opposed to it.

The Hon. the Speaker pro tem: Is it agreed, honourable senators, that this motion be now withdrawn?

Hon. Senators: Agreed.

Motion withdrawn and Order discharged.

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces", tabled in the Senate on 10th February, 1982.—(*Honourable Senator Lafond*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, you will recall that Senator Lafond suggested that perhaps Senator Perrault would have something to say about this report, either on behalf of the Minister of National Defence or on behalf of the government. I believe that Senator Perrault does, indeed, have something to say on this order and, therefore, I ask that it stand until next week in Senator Perrault's name.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 16, 1982

The Senate met at 2 p.m., the Honourable Gildas L. Molgat, Speaker *pro tem*, in the Chair.

Prayers.

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA—MOTION OF CONGRATULATION TO GOVERNMENT AND PEOPLE OF GREAT BRITAIN ON RESOLUTION OF CONFLICT—DEBATE ADJOURNED

Hon. David A. Croll, with leave of the Senate and notwithstanding rule 45(1)(h), moved:

That this House congratulates Prime Minister Thatcher, the Government and the people of the United Kingdom on their resolution of the conflict in the Falkland Islands that maintains the principle that armed aggression must be resisted, that respect for the United Nations Charter and the rule of law in international affairs be observed and force not used to settle territorial disputes between states, regrets the loss of life and injuries on both sides and urges a peaceful settlement of all outstanding issues between the U.K. and Argentina.

He said: Honourable senators, this resolution was passed unanimously yesterday by the House of Commons.

[Translation]

Hon. Martial Asselin: Honourable senators, before giving my consent to this motion, I would like to examine it more closely, and I may wish to make a few comments before the Senate decides on the motion in question. I am not prepared to give my consent to having the motion adopted today. I therefore move that the debate be adjourned until the next sitting of the Senate.

On motion of Senator Asselin, debate adjourned.

[English]

BORROWING AUTHORITY BILL, 1982-83

FIRST READING

The Hon. the Speaker pro tem informed the Senate that a message had been received from the House of Commons with Bill C-111, to provide supplementary borrowing authority.

Bill read first time.

Hon. Raymond J. Perrault, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

QUESTION PERIOD

[English]

NATIONAL REVENUE

ENERGY LEGISLATION—LEGALITY OF TAX COLLECTION

Hon. Orville H. Phillips: Honourable senators, I have a question for the Leader of the Government, which arises from a news item I read this morning in which a Liberal member of the Ontario Legislature was reported to have stated that certain taxes levied in the last Ontario budget contravene the Charter of Rights in that they provide a penalty for non-payment. The Charter of Rights prohibits such penalty until an act has been passed.

I do not believe the energy bills have yet been passed by Parliament. Bills C-103, C-104, C-106, C-107, C-108 and C-112 all contain penalty clauses which, according to information I have received, is the important point.

Would the Leader of the Government consult with the law officers to see if the taxes that have already been levied and collected under those bills were collected legally, or would he consider referring the matter to the Supreme Court of Canada, as he did with the claim of Newfoundland for offshore rights?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have not read the news item quoted by the honourable senator. If he has a transcript of the remarks alleged to have been made by a Liberal member of the Ontario Legislature, I shall be pleased to have a copy. Questions raised in the report will be discussed with officials of the Department of Justice, should there be any reason to pursue the matter.

VETERANS AFFAIRS

BASIC RATE OF PENSION—AGING VETERANS PROGRAM

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government which he will no doubt take as notice. My question concerns the speech made by the Minister of Veterans Affairs at the Dominion Command convention of the Royal Canadian Legion. The minister again repeated the desire of the government to enshrine the basic rate of pension, so that year after year veterans will not have to catch up in equating their pensions with the average of the five lowest categories in the Public Service.

Would the Leader of the Government ask the Minister of Veterans Affairs when this legislation will be brought forward. It would involve only a simple piece of legislation, which, no doubt, could be passed by both houses within hours, and one of

the remaining anomalies in the Veterans Affairs Charter could be rectified to the benefit of veterans.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that information will be brought to the Senate as soon as a date has been set for the introduction of a bill.

Senator Marshall: As soon as a date has been set? That could be in 1996. Would the Leader of the Government obtain confirmation from the minister that he would like to bring forward legislation at an early date. I do not accept "when a date has been set" as being a proper answer.

Senator Perrault: Honourable senators, I have no firm date that I am in a position to communicate to the Senate at this time. The Minister of Veterans Affairs has consistently expressed and demonstrated his concern for the welfare of Canadian veterans. Senator Marshall's question and his observations will be brought to the attention of the minister.

Senator Marshall: Honourable senators, though I can tell the Leader of the Government that the Aging Veterans Program is an excellent one, it must be brought ahead quicker so that more veterans can take advantage of it. At the present moment, only those with disability pensions are eligible to apply for benefits under the program. The minister indicated in his speech to the Canadian Legion that by 1996 only 395,000 veterans would be left. In view of the fact that the average age of World War II veterans is now around 63 or 64, it is imperative, especially with the closing of the last remaining veterans' hospitals, that this Aging Veterans Program be put into effect sooner. Would the minister obtain some information and bring me an update on that matter?

Senator Perrault: The question will be taken as notice.

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. Lowell Murray: Honourable senators, may I ask the Minister of State for Economic Development a question? As every day under the minister and his colleagues goes by, the Canadian dollar is setting new records as it falls to new lows. My question is based on the statement by the Right Honourable the Prime Minister that the dollar will be free to float below 80 cents. Does this mean that the Bank of Canada will cease intervening in the money market to support the level of the dollar?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it has been stated over and over again that the Bank of Canada intervenes only to modify some of the extreme fluctuations that occur in the value of the dollar.

Hon. Jacques Flynn (Leader of the Opposition): Do you mean that it will sink slowly?

Senator Olson: The real value of the Canadian dollar, or the amount at which it is trading on the international exchange,

will be set by the market, with some modest intervention to offset the extremes, as I have just mentioned.

Senator Flynn: What do you call an extreme?

Senator Murray: We shall see, when the figures on the foreign exchange reserves come out in due course, just how modest the intervention by the Bank of Canada has been. In light of the minister's statement, why does the government need \$750 million, which it is trying to borrow—as I observe, with some difficulty—on the European market?

Senator Olson: Honourable senators, I do not accept the statement in the last part of that question, that it is "with some difficulty". The honourable senator knows that it is necessary from time to time to demonstrate to many traders that there is a great deal of strength in the Canadian monetary system, along with the determination that it is not easy for them to have a run on the Canadian dollar in order to make a profit. As I pointed out, there has been some fluctuation, and in the past few days that fluctuation has been slightly more down than up.

However, Canada is not alone in this situation. As a matter of fact, the decline in the Canadian dollar in recent days has occurred against the background of a very strong U.S. dollar in the international market, and against the U.S. dollar all major international currencies have come under some downward pressure. If my honourable friend would like the figures, it is not really difficult to provide them. For example, during the past week the Canadian dollar declined against the United States dollar by 1.4 cents, and over the past two weeks by 2.1 cents, while over that same two-week period the Japanese yen has declined by 2.9 per cent.

● (1410)

In the same period the Deutschmark declined 3.3 per cent, or 50 per cent more than did the Canadian dollar; the Swiss franc declined 3.9 per cent; the French franc declined 9.2 per cent; the Italian lira declined 4.6 per cent.

Hon. Martial Asselin: What about the American dollar?

Senator Olson: The pound sterling declined 1.8 per cent; the Belgian franc declined 4.1 per cent; and the Dutch guilder declined 2.8 per cent.

Senator Asselin: The American dollar!

Senator Olson: Therefore, there is only one major currency in the international world, that being the U.K. pound, that declined less in the past two weeks than did the Canadian dollar against the U.S. dollar.

As I pointed out, there are a number of obvious reasons for that, and I would be glad to give you our explanation.

As I said, the Canadian dollar has performed in those markets very strongly in the past few days. Against all currencies, the Canadian dollar has stood up to the pressure better than all but one.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, it would have been helpful had the minister—

Senator Perrault: You should be proud of that instead of knocking it.

Senator Roblin: —pointed out to the Senate that 70 per cent of our business is done with the United States and, therefore, it is natural that we should be particularly concerned about the Canadian dollar's relationship to the American dollar.

My question is to ask the minister to bring to the Chamber trade-related changes in values of these various currencies. In other words, the terms of trade as related to the volume of business we do in these other currencies as compared to the American dollar.

I have seen some figures in that respect and they indicate that we really have nothing to boast about. So, I ask the minister if he would bring in the trade-related comparison that takes cognizance of the fact that 70 per cent of our business is done in the American dollar arena.

Senator Olson: Yes, I would be glad to bring that information to the chamber, as well as other information that at least calls into question the premise that was running through my honourable friend's question. For example, on merchandise trade, our surplus has gone up rather significantly in the first quarter of 1982 vis-à-vis 1981. Indeed, even on a balance of national accounts basis we are doing better than we did a year ago, but particularly in the trade sector.

I may be even more specific than that and bring information to this chamber on the manufacturing sector. As you pointed out, our trade is done largely with the United States. Our position relative to the first quarter of one year ago has, in fact, improved over that of other countries.

Senator Roblin: I am sure that, with his departmental responsibilities, the minister will be the last one to declare himself satisfied with that change.

I certainly hope that his forecast is borne out, because we will need all we can get if our balance of payments as a whole is to be favourable toward Canada. So, if he can bring in figures that indicate we are making some progress along some lines, I think we would all be pleased. I encourage him to do so.

GRAIN

WHEAT—INTERNATIONAL MARKETING NEGOTIATIONS

Hon. Duff Roblin (Deputy Leader of the Opposition): I now wish to turn my attention to the Minister of State for the Canadian Wheat Board and tell him that he looks unchanged from the last time I saw him. He has been travelling since then, and we are glad to see him back.

On June 14 of this year, the minister was quoted as saying that there would be negotiations conducted among the world's major wheat producers to stabilize the market, and that that

meeting would be at the officials level, with a ministerial meeting a real possibility this fall.

I ask the minister if he has been correctly quoted.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I think the quotation is probably fairly strong.

The officials from the major grain exporting countries held a meeting in Ottawa a few weeks ago. Following that meeting, they issued a press statement in which they said that they hoped to be able to have another meeting at the officials level later this year. I had the opportunity to meet with Mr. Block, the United States Secretary of Agriculture when he was in Ottawa a couple of weeks ago. He expressed the hope that there could be a meeting at the ministerial level in due course to discuss the international wheat situation and the policies of various countries involved in the export of grain, with the objective of endeavouring to iron out some of the ups and downs in the international market and bringing greater returns to the grain producers. I think that is an accurate statement about the situation with regard to possible or prospective meetings.

• (1415)

Senator Roblin: Honourable senators, I hope that if the minister does attend such a meeting he does so with his guard up, because if he goes to an international meeting that is going to manage the grain trade in terms of price, he is going to find out very soon that they want to manage it in terms of supply. That means that Canada would be asked to consider supply management in terms of the provision of grain for the international market.

I am sure the minister is aware of the dangers that such a policy presents for us. I hope that before he goes to any ministerial meeting there is a very clear understanding of what the agenda is so that the interests of the Canadian wheat producers may not be compromised before we get there.

Senator Argue: I can assure the honourable senator that the position of the Canadian wheat producers will not be compromised before the meeting, during the meeting or after the meeting as long as I am playing the role that I am playing today. I had the opportunity to meet with the Secretary of Agriculture of the United States, and he explained to me, and to others at the meeting, what action the United States had taken in order to encourage their producers to cut back some acreage.

Undoubtedly, it would flow from his statement that if Canada could be encouraged to reduce its acreage, that would be well and good, but I pointed out to the Secretary of Agriculture that Canada has its system well under control, is well managed through our Canadian Wheat Board system, is managed that way because of the support of the producers of western Canada, and that we are not in any way contributing by our action to unmanageable world surpluses in wheat, oats or barley. In fact, the Canadian share of the international market for wheat has gone down from something well in excess of 30 per cent ten years ago to 17 or 18 per cent today.

[Senator Perrault.]

The position of the government is that Canadian grain producers should be encouraged to continue their production; that the Canadian Wheat Board should be encouraged to continue its highly successful efforts in marketing Canadian grain throughout the world; and that our objective is to maintain our current 17 or 18 per cent of the world market in wheat. If we can do that and have a reasonably good market for barley, our producers—because the international market for grain in recent years has been expanding—can look forward to having a market that is expanding.

The honourable senator does not need to worry that I am going into any meeting where I will be accepting any suggestion that there should be a cutback in Canadian acreage because our system, through the Canadian Wheat Board, is well managed, as the honourable senator knows, through the quota system. If we happen to have a bumper crop from time to time and there is some additional carry-over that is kept on the farms, then I do not think that is a catastrophe. There is going to be a slight increase in the carry-over on July 31 of this year as compared to July 31 of last year.

Speaking as a farmer, if I have ten bins capable of storing wheat, I do not necessarily have to have, in my judgment, the wind whistling through those ten bins every July 31. I would be quite happy to have two or three of them full. It is a pretty good asset when one talks to one's banker, but the honourable senator does not need to be concerned about the position of the Canadian government.

Senator Roblin: That is a speech I would have liked to have made myself. It is a very good statement of the Canadian government's position, from my point of view. However, I have to comment to my honourable friend that he is the one who led me down the path of thinking about a cartel not so long ago when he did not occupy his present position with respect to wheat sales in the world at large. He will recall my real reservations as to the advisability of approaching these problems from the point of view of a cartel because, in my opinion, it would simply never work anyway.

● (1420)

From what he has said, I gather that the minister has disabused his mind of any approach to world marketing problems along that line. If so, I am happy because I think it would be well for him if he were to do so.

However, I must warn him that he may have a misapprehension about his relationship with the United States Secretary of Agriculture because the minister, in the Senate, said:

It is fair to say that the Americans, including Secretary of Agriculture Block, have a good understanding of Canadian policies in the grain business—

On the same day, after the meeting, Mr. Block, in talking about Canadian agricultural policies, is reported as having said, "I don't understand them . . . I didn't understand them before and I still don't after today's meetings."

Although that is given as a quotation by Mr. Block, I really grade the minister's powers of persuasion much higher than

that. In any case, I would hope that they were higher than that.

I am simply saying that, if my honourable friend is to attend a further conference with Mr. Block, I think he should put both hands up to guard himself because, obviously, Mr. Block is not sympathetic to my honourable friend's point of view; he does not understand it, and my friend has a little missionary work to do.

Senator Argue: Honourable senators, if I go into a conference with Secretary of Agriculture Block, I do not feel that I am at any disadvantage whatsoever as far as understanding the grain business is concerned. I am certainly not going to be any part of any agreement which would suggest that any Canadian acreage farmers may wish to seed to these grains should be curtailed.

As to Senator Roblin's interpretation of what I have said about a grain cartel, if he goes over the record very carefully he will see that I have never advocated a grain cartel; I have never used that word. I do not think a grain cartel is possible; I do not think it is practical. However, I do think there is a chance for co-operation amongst exporting nations, and that is the term I used. I think there is ample room for co-operation and some co-ordination of policies. Canada is perfectly capable of co-ordinating its own system in the world grain market in such a way as to help contribute to more stable returns for producers.

Senator Roblin: My memory does not coincide with my honourable friend's about the use of the word "cartel," but I am willing to accept his explanation. I wish him well because he will have a tiger by the tail.

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to clarify the reply I made to Senators Murray and Roblin a few moments ago, since I understand their constant pursuit of absolute precision.

Some Hon. Senators: Hear, hear.

Senator Olson: I wish to add that the seasonally adjusted current account balance is estimated to have moved from a \$245 million—that is current dollars—deficit in the fourth quarter of 1981 to a \$288 million surplus in the first quarter of 1982.

This improvement was the result of a substantial 32 per cent growth in the merchandise trade surplus that I talked about a moment ago, up to \$3.6 billion.

The non-merchandise trade deficit rose 11 per cent, to \$3.3 billion, as the net payment of interest and dividends increased over the previous quarter.

● (1425)

Preliminary estimates for merchandise trade in April show a surplus of nearly \$1.5 billion, in current dollars, on a seasonally adjusted balance of payments basis—an increase of almost

\$300 million from the revised March surplus. This improvement in the trade balance resulted from a combination of rising exports, up 2.3 per cent—which does not quite correspond to what Senator Murray said a moment ago—and declining imports, down 2.1 per cent. Honourable senators will notice that 2.3 per cent is more than 2.1 per cent; that is fairly elementary, I think.

The trade surplus for the period February to April, 1982 thus totalled \$3.7 billion, up 14 per cent from the previous three-month period. I wanted to give that additional detail, honourable senators, so that Senator Roblin will agree that my usual precision is being maintained.

Hon. Guy Charbonneau: Would the minister agree, in the light of all these figures, that the Canadian dollar should have strengthened, and if not, why not?

Senator Olson: Honourable senators, there are some additional factors related to all of this and to the value of the Canadian dollar. There is one important factor which Senator Charbonneau, with his background expertise, can no doubt explain in more detail than I can. I am speaking, of course, about the increase in interest rates in the United States, which obviously have a greater influence than even these rather significantly improved figures.

Hon. Arthur Tremblay: Honourable senators, if I may, and in the name of common sense, I will ask a supplementary question about the behaviour of the Canadian dollar. If I correctly understand the answer given by the honourable minister, there is no problem in the fact that the Canadian dollar is going down. I suppose, then, that the problem lies in the American dollar going up.

Senator Olson: That is what I tried to explain a minute ago.

Senator Tremblay: If there is no problem with the fact that the American dollar is going up, are we to conclude, from the answers given by the minister, that we should be very happy with the situation?

Senator Olson: My honourable friend, of course, is asking my opinion as to whether or not I am happy.

Senator Tremblay: It is a question of common sense, of course.

Senator Olson: Well, in terms of common sense, there is more to it than that. I can read the figures again, in case Senator Tremblay missed them, but the fact is that the Canadian dollar has not weakened against a strong United States dollar, for all of the reasons I have related, as much as has any other major currency in the world but one, so I suppose there are degrees of happiness, and we can take our choice.

Senator Tremblay: Honourable senators, I remind the minister of la fable du charbonnier. He had a guest arriving who was to be served soup. It was cold outside, however, and the guest blew on his hands. The charbonnier asked him, "Why are you doing that?" The guest replied, "Just to make them warmer." The charbonnier then served the soup. The guest blew on the soup, and again the charbonnier did not under-

stand. He asked, "Why are you doing that?" "To make it colder." The charbonnier did not understand, so he killed the guest. Are we in the same situation regarding the Canadian dollar?

Senator Olson: Honourable senators, the little story that my honourable friend has told us sounds exactly like the Conservative view: no matter which way it is, it is not quite right.

● (1430)

Hon. Jacques Flynn (Leader of the Opposition): If the problem is not with the other currencies, what is the Bank of Canada achieving by intervening in the market? If the problem is that the United States dollar is rising in value, of what use is intervention by the Bank of Canada? What influence can that have on the value of the U.S. dollar within that country itself?

Senator Olson: We understand that, and I think that my honourable friend, by tomorrow afternoon, will perhaps understand what I have said and what the Minister of Finance has said over and over again; that is, that the intervention is not an attempt to have a Canadian dollar that is valued differently than the market would in fact dictate. What he has said is that there are times when there is intervention with the object of avoiding extremes. My honourable friend ought to know, too, that such interventions involve exchanging other currencies, in most cases United States currency, for Canadian dollars to prevent those wild or extreme fluctuations that I talked about; but the market in fact will set the value. As my honourable friends are pointing out—

Senator Flynn: You mean Senator Frith?

Senator Olson: Yes—the object is to discourage attempts to speculate, and therefore profit from these kinds of changes in value in extreme amounts over the short term.

Senator Flynn: I do not see how you can speak of extremes. The dollar has been going down very slowly. There has been no extreme at all; there has been a gradual downfall of the dollar.

As far as the United States dollar and other currencies are concerned, the minister is boasting that all the other currencies except one are lower than ours. I do not see any need for the intervention, because there has been no extreme. The problem is the strength of the U.S. dollar, not the weakness of the Canadian dollar.

Senator Olson: Honourable senators, my honourable friend will understand, I am sure, that he himself has just made exactly the right argument and given the right reasons for any intervention by the authorities, namely, that there has been a gradual decline, and in fact, a fluctuation—in spite of Senator Murray shaking his head, which he often does. What has happened over the past few weeks is that there has been fluctuation.

Senator Flynn: What about 92½ cents—the Diefenbuck?

Senator Olson: Have you been having a conversation with someone else?

Senator Flynn: Go on. What we have to say does not matter anyway.

Senator Olson: It does matter, because I think the Honourable Leader of the Opposition asked a question, and at the same time gave one of the best answers to that question. He really ought to see the relationship here. He does understand, even though he denies it. The whole idea was to have a gradual change in the value of the Canadian dollar to where the market dictates what it should be, and there has not been a wide or extreme fluctuation, which is exactly what my honourable friend has said. The Canadian dollar has been settling down slightly, but it has done so with some fluctuations in both directions.

Senator Flynn: Does the minister suggest that if the Bank of Canada had not intervened the Canadian dollar would be at a lower point today, compared to the United States dollar? Is he saying, furthermore, that that was the only thing that was preventing a more abrupt downfall? If that is all the intervention accomplished, I do not see the use of it.

Senator Olson: What I am saying, honourable senators, is that it avoided extreme fluctuations. There have been several days, for example, where the change has been more than 0.6, settling down then to an amount less than that. As a matter of fact, I think it has fluctuated nearly 0.5 today.

My honourable friend should also know, of course, that it is not a question of spending the dollars. All that is being done is to effect an exchange in the currency to counteract extreme trends.

Senator Flynn: Some time ago I asked the minister about the statement made by the Prime Minister, about a month ago, that we had the choice of letting the dollar go to 75 cents in order to fight high interest rates. We are getting there now, in any event, and the intervention of the Bank of Canada has not prevented this downfall of the dollar. How can he reconcile that statement of the Prime Minister with a dollar that is going to be at 75 cents pretty soon and interest rates that remain high—in fact, double the rates in the United States?

Senator Olson: Honourable senators, my friend is doing what he does very conveniently, that is, to put things in the wrong sequence, which he did when he talked about this the other day.

Senator Flynn: The Prime Minister said this, not me.

Senator Olson: You put things in the wrong sequence. You indicated the other day that if the interest rates were to be brought down, the dollar may go to 75 cents; but my friend puts things the other way round, and of course that is wrong.

The other thing that is important in all of this is that some changes have taken place in the relative attractions of places where some of the international funds that are highly liquid should be put. It would take a long time to explain that to my honourable friend. If I get an opportunity I will be glad to do that, but those factors have all been at work in what has happened in the last few days.

Senator Flynn: It is no use.

Senator Olson: You will read all about it tomorrow.

EXCISE TAX ACT PETROLEUM AND GAS REVENUE TAX ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Frith for the second reading of Bill C-112, to amend the statute law relating to certain taxes.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators—

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wonder if I might interrupt for a moment, perhaps under the heading of "Delayed Answers," though it does not really matter, because the relevant questions relate to the subject of this bill.

The questions were asked by Senator Smith. Does Senator Roblin want to have the information arising from those two questions now, or will I provide it when I close the debate?

One question dealt with the definition of a gigajoule, which Senator Roblin probably knows; and the other question dealt with the status of the Alberta reference. Perhaps Senator Roblin knows that the answer is that, on a somewhat narrow factual point with regard to gas produced from Alberta-owned wells, the reference went against the federal government. The argument has been heard by the Supreme Court of Canada and judgment was reserved.

I can give the technical answer to the question as to what is a gigajoule, but I think Senator Roblin already knows the answer. I will deal with the matter more technically when I close the debate.

Senator Roblin: I am rather flattered, honourable senators, to be referred to as an expert on gigajoules. I can say that it is a hell of a lot of gas, but beyond that I will not go.

My task this afternoon is to say something about Bill C-112, which is one of the centre pieces in the taxing structure set up under the National Energy Program. Of course, there are a number of bills which, constitutionally, and from a parliamentary point of view, have to be dealt with separately. I quite concur with that approach. It is also a fact, however, that these bills are all, in another, larger policy sense, related, and it is a little difficult, I think, to confine oneself to the exact terms of this bill because of its wider implications.

The related character of these bills dealing with energy has, I think, been illustrated by the two excellent speeches that I had an opportunity of listening to, one by Senator Balfour and one by Senator Macquarrie, on other bills. I may also say that the only gleam of light on the other side of the house with respect to discussion of energy was that offered by Senator David Steuart, who made some interesting comments the other night on the potash situation in Saskatchewan.

The background of this bill, C-112, leads one inevitably to review an episode in the economic history of Canada that is

rather sad, because the disorder and chaos that have been created in that field of economic activity on which we have been relying for the impetus we need to keep our economy afloat, namely, the energy industry, has been seriously damaged by the self-inflicted wounds to which we bear witness.

I do not really think that I should oblige every member of this house to listen to me, but those who do not want to listen might have the courtesy to leave the chamber and conduct their conversations some place else. I wonder if I can persuade the Minister of State for Economic Development to pay some attention to that plea, because I do not want to have to shout.

An Hon. Senator: Take the meeting outside.

Hon. G. I. Smith: He couldn't understand it anyway.

● (1440)

Senator Roblin: He understands it all too well. That is why he is going. He does not want to listen to it. That is probably the best course for him to follow, because in this bill we have major tax elements which comprise the centrepiece of national energy policy number one. We have the national gas and gas liquid tax on domestic supplies; we have the petroleum and gas revenue tax; and we have the incremental oil revenue tax, all of which, added together, will raise enormous sums. It is estimated that in the current fiscal year \$4.2 billion will be provided to the treasury of Canada by the revenues raised by these three taxes alone, and they are far from the grand totality of the taxes which the energy system is bearing in this country today. It represents enormous sums of money.

I point out to the house with respect to one of these taxes—namely, the national gas and gas liquid tax—that it is one which is regulated by order in council. How we, as a responsible body of legislators, could observe with an easy mind this breach of the taxing power of Parliament is something that I do not know, and I do not believe that we should condone the exercise of enormous taxing powers—\$1.5 billion this year would be raised by this tax—that is subject to regulation by order in council.

There are many uncertainties in the tax basis with which this bill deals. My honourable friend, Senator Smith, referred to the Alberta court case, and we know that insofar as it affects exports in Alberta of provincially-owned gas to the United States, there was a saw-off in the energy agreement of last fall, where the Province of Alberta said it would not press the point legally, and the Government of Canada said, "Well, we will reduce the tax to zero"; and so on that happy note they adjusted their differences. But it still remains to be seen whether there are not other challenges to this piece of legislation.

The bill assumes, in a confident manner, that the Hibernia situation will be resolved in favour of the government—although that matter is before two courts at the present time. So there are certain uncertainties that we can hardly weigh or balance at the present time with respect to the ultimate impact of this bill, and with respect to the legal factors on which it is based.

[Senator Roblin.]

While the future impact of these taxing measures is perhaps uncertain, the past record of the taxes that have been applied so far in the petroleum and energy business is quite clear. There has been an enormous increase in the tax demand on Canadian energy users, and this bill is an integral part of that tax demand on the citizens of Canada. For example, the federal tax on gasoline in December 1979 was 18 cents per gallon. The corporation tax accounted for four cents; the Syncrude special tax accounted for two cents; the federal sales tax was five cents; the excise tax was seven cents, and the total was 18 cents. In this year of grace, right now, the tax on that same gallon of gas, insofar as the federal tax collector is concerned, is not 18 cents but 60 cents. That is quite a rise in the course of a couple of years. The corporation tax is now 6 cents. There is no longer a Syncrude tax; the federal sales tax is 13 cents and the excise tax is seven cents. The petroleum compensation tax, which is supposed to save Canadians from the vicissitudes of international oil prices, is 18 cents. The Canadian ownership tax, which is the price we pay for Petrofina, is four cents; the petroleum and gas revenue tax included in this bill is seven cents; the incremental oil revenue tax included in this bill is five cents, for a total of 60 cents. There may be other taxes. If so, I have been unable to track them down, but with respect to this situation, the tax on gasoline by the gallon by the federal government has gone from 18 cents to 60 cents in this short period of time. My calculations indicate that at this time next year I will be able to say it is 77 cents.

So much for the election of 1979. So much for those promises so confidently given to Canadians about a made-in-Canada price for gasoline and the tax implications that would result from that. Is it any wonder that there is some lack of confidence in the integrity of politicians today? I use the general term. Is there any doubt that there is some lack of confidence in the reliability of the present administration in carrying out its undertakings to the people of this country?

Hon. Robert Muir: Honourable senators, I rise on a point of order. Senator Roblin is making an important speech and is putting a number of important facts on the record. Without any reflection on the Deputy Leader of the Government, who is a prominent member of this chamber, why is the Minister of State for Economic Development—there is not much development, God knows, under him—not here? There is no Cabinet minister in the chamber to listen to Senator Roblin. I repeat that this is no reflection on Senator Frith, but surely Senator Olson should be here to listen to this speech. Is he so busy he cannot remain in this chamber—

An Hon. Senator: He doesn't care.

Senator Muir: He doesn't care. He doesn't give a damn, or so it appears from his attitude. In my opinion, he should be here, and I would appreciate it if the Deputy Leader of the Government would do his utmost to get the minister, who is supposed to have great influence in the Cabinet, back into the chamber to listen to what is being said by Senator Roblin.

I apologize for interrupting Senator Roblin, and I appreciate the fact the Deputy Leader of the Government is here, but, in all frankness, there is no Cabinet minister present.

Senator Frith: Honourable senators, I know that Senator Muir, being an experienced parliamentarian, realizes that ministers have to plan their time, and they cannot always be sure when a bill in which they are interested might be debated. Very often ministers are at a disadvantage in terms of their responsibilities. I am sure that Senator Olson would like to hear Senator Roblin's intervention because they have shared many exchanges during Question Period. The difficulty is that a minister can always plan his time for Question Period but he cannot always do it in connection with an Order of the Day that might be spoken to after Question Period.

I presume the minister had another obligation to fulfil. I know that Senator Perrault felt that he should appear at this afternoon's meeting of the Standing Senate Committee on Health, Welfare and Science, because the Honourable Lloyd Axworthy is a witness. Possibly that is why Senator Flynn, the Leader of the Opposition, is also not in the chamber. Perhaps he too wishes to be present at the committee meeting where a rather important bill is to be considered. I do not know what other obligation Senator Argue had, but I assume that he faced a similar problem. I am sure that I can honestly and safely say on their behalf that they are sorry that they have to miss Senator Roblin's important intervention. I am sure that all of them, particularly Senator Olson and Senator Austin, will take the opportunity to read the honourable senator's speech in *Hansard*.

Hon. Eric Cook: They are playing softball.

Senator Muir: I thank the Deputy Leader of the Government for his response, but it is a very weak excuse. Senator Austin is so important that I had forgotten he was a Cabinet minister sitting in this chamber.

Hon. D. G. Steuart: Oh, oh!

Senator Muir: I wish Senator Steuart would stop his—

Senator Steuart: Can't I have a little yawn once in a while?

Senator Muir:—grunting, groaning and snorting up there on the back benches.

Senator Steuart: I am waiting to hear the speech.

Senator Muir: We are going to hear Senator Roblin's speech, and Senator Steuart will hear a damned good one. Is the Deputy Leader of the Government telling me that Senator Olson did not know that this matter was going to be debated today? He is the man to whom questions are posed, regarding economic development, gas prices, oil prices, and all those mega-projects. He is the guy with the mega-mouth, talking all the time about mega-projects that are falling apart. I appreciate what the Deputy Leader of the Government has said, but, I repeat, it is a very weak excuse.

Senator Roblin: Honourable senators, if I might intervene, as being one of the parties involved, I would like to continue my speech.

Some Hon. Senators: Hear, hear.

Senator Roblin: I much appreciate Senator Muir's efforts to drum up an audience for me, but I remembered that many are called but few are chosen. I believe the chosen must be here because, God knows, we called on Senator Olson to stay, but he did not choose to; he left anyway.

● (1450)

So, Senator Muir, the chosen are here and we will just have to do the best we can with them. Thank you for your kind attention.

Senator Muir: I am sorry that I interrupted.

Senator Roblin: Do not be sorry because it enables me to say twice what I was going to say anyway. Now I can say it all over again. We were talking about the made-in-Canada price for gasoline, and I was illustrating to this chamber what had happened to the made-in-Canada taxes in recent times.

Let me tell you what that means in terms of the person who buys a gallon of gasoline—if he is legally entitled still to use that offensive description of a quantity of liquid—in the city of Winnipeg. The last time I looked, the price was \$1.91, and His Honour the Speaker *pro tem* has probably had the same experience as I have.

If I had gone to St. Paul, which is the largest American city close to us, on April 21—because prices change all the time I must give the date—I could have got the same quantity, one imperial gallon, for \$1.83 Canadian. That is the made-in-the-United States price for oil and gas as opposed to the made-in-Canada price for oil and gas. How we were adjured to support those who believe that a made-in-Canada price would be advantageous and beneficial to the people of this country, and to let the Liberal Party of Canada devise a formula to bring this magic into effect, is beyond me. Now we see the result, and it seems to me that it is really going to be difficult to claim that the made-in-Canada price in oil has been particularly advantageous to the people of this country.

What it really has done, and let us not overlook this fact, is that it has enabled the federal government to gather into its revenue and into its treasury the money it needs to continue on its—I won't say reckless financial course because I do not believe in strong language,—on its improvident policy and its improvident pattern.

In the case of heating oil, the situation is even worse. In December 1981 heating oil carried a tax of 10 cents, and in March 1982 it carries a tax of 40 cents, and God knows where it is going from there. When one considers the impact of the cost of heating in Canada, one has to be impressed by the manifest questionability of this particular tax and its inflationary impact. Maybe you do not have to drive your car in this country, but by the Lord Harry you have to heat your house, and when a tax is going up by four times, from 10 cents to 40 cents, in the course of a couple of years under a made-in-Canada energy policy, one has to comment on the inflationary effect.

But taxes, of course, are only the tip of the iceberg when we are looking at this energy policy that we have now. What we

have entered into is, first of all, a system of front-end loading of taxes. We have abandoned the idea that as a general rule the tax should be on the profit. We have gone entirely over to some concept of royalty which, instead of being a modest 12.5 per cent as it started out to be, is now a very large portion indeed of the front-end loading. When we add that mixture to the fluctuation in the price of oil, we have a recipe for disaster. That is precisely what has happened. Nobody who devised this policy seems to have ever taken into account that it was possible for the price of oil to go down as well as to go up, because it is certainly not reflected in any of the measures. This bill enshrines front-end loading taxes, nails them down, casts them in iron and makes them an inevitable part of our tax structure.

There is also administrative pricing. Executive pricing and costing by public officials is what we have now in the oil and gas business. Regulation and intervention at an unprecedented level certainly has caused confusion—and I do not think that is too strong. Some might say that it has caused havoc, and I would be inclined to say that that is nearer the mark. But up to the present time, it certainly has caused a haemorrhage of cash flow to all people in the oil business.

We know from The National Energy Program, Marc II, which I will come to in a minute, that even though the government's reaction time is deplorably slow, and even though it denied the facts long after they became evident, even this lot could not stand still on the National Energy Program, Marc I. They had to make some changes in it.

So they looked around, and what did they see? They saw the two major oil sands projects scuttled. The Alsands is nothing but a history of hesitation, fumbling, or misapprehension of the facts, and at the last minute when the project was clinically dead, the government came along and offered too much too late. That is the history of the management of the Alsands project. The offer made by the Government of Canada to the Alsands people in the final day was one that, in my view, would hardly stand the final light of sound examination. They offered too much too late, so nothing happened.

In the Beaufort Sea, we see a drama—perhaps a tragedy, but I hope not—unfolding. We see Dome Petroleum, which is the darling of the National Energy Program entering upon evil and difficult times. These are entrepreneurial men who are daring and who take risks. They build—and I pay my respects to them as constructive Canadians—but they were tempted by the National Energy Program to Canadianize something which they really did not have the financial muscle to pay for, and that is the situation now. I suggest to this house, as I have tried to indicate in some of my exchanges with the Minister of State for Economic Development recently—

Hon. C. William Doody: The late minister.

Senator Roblin: No, just the absent minister. He is not late yet.

I suggest to the absent minister that the government will have to decide, and decide very soon, what they are going to do about Dome in order to make sure that it does not go belly-up.

[Senator Roblin.]

We are seeing these great national projects on which we had relied for the economic health of this country being overturned one by one and put down by factors which are directly traceable to the National Energy Program that we have in this country.

I am not saying that we should not have a National Energy Program. I think we should, but I think we should have one that works, and that is not the case with the one we have now. We have seen, from the experience of the last 18 months, that the National Energy Program is not working in the way that it was advertised. Indeed, it has been adverse to our interests.

If we are having trouble with the “biggies” such as Dome Petroleum, the small operators, as this house has been told on so many occasions, have either been driven to the wall or driven out of the country. Perhaps that is an exaggeration and it is not quite that tough, but it is almost that tough. It is very tough. Small companies have suffered from the lack of cash flow and the high price of money, and they have had to turn themselves inside out just to stay in existence. Anyone who follows the financial press and sees the profit and loss statements these companies are rendering these days and the imbalance of their debt obligations as compared to their resources, understands what I mean when I say they are being pushed to the wall by the policy we have been following in this National Energy Program.

There is an argument about drillers emigrating—how many drillers stayed, and how many drillers left. It is immaterial. We know that a lot of them have left and that drilling in this country in 1981 was down, and that drilling for the same period in the United States was up. If that does not say something about the relative equity of the two policies between the two countries, I would like to know what it does say. We have seen evolved in this National Energy Program the refusal of the Canadian energy system to make use of the supplies of good oil which we have in Alberta—25 per cent of it locked in the ground and not coming up—when we were buying all kinds of the same stuff, or something not as good, from foreigners with the money that this tax bill provides for the purpose.

In spite of the fact that it has been brought to the attention of the government so far, nothing has been done that seems to get to the root of the matter. I have seen estimates that it is costing us \$9 million a day to subsidize the import of foreign oil, while our own Canadian oil lies unpurchased and unused in the ground. That cannot make good sense.

There is the flight from the Canadian dollar. We have been talking about the dollar a lot lately. If honourable senators will go back to the report that the Governor of the Bank of Canada delivered a few months ago they will find there his opinion that the National Energy Program has been part of the reason for the flight from the dollar, and has reflected on the interest rate policy which he has been following. If people have been paying any attention to what has been going on in the House of Commons committee that is investigating bank profits, they will have noticed that the Canadian “buy-out” has cost us some \$8 billion, according to one estimate, without securing

any increase in the supplies of this country. That certainly has to work towards a weak Canadian dollar and towards high interest rates.

● (1500)

The inflationary effect and the effect on interest rates caused by the National Energy Program are clearly discernable. No one, I think, would say that that is the sole cause of our problems; that is only fair and right, because it is not. But it is a major component, and when it is added to the other problems we are struggling with, such as lack of confidence by investors at home and abroad in the Canadian economy, one can understand this, added on to the top, really puts the icing on the cake, if I may mix a couple of metaphors.

I hope and believe that the flight of capital from Canada last year is moderating. It will have to moderate, or else we will be in terrible trouble. In 1981, when the full force of the National Energy Program was felt, foreigners withdrew \$5.3 billion from Canada because of the Canadianization of the industry, or, as was the case in large measure, the nationalization of the industry, which are two different things. I am much more inclined to favour Canadianization than I am nationalization.

Canadians themselves transferred nearly \$5 billion out of the country because they found better places to invest in than there are in Canada. Then there was another \$8.5 billion that left the country, for which no one can attach any reason. Those amounts combined give a total of \$18.6 billion that left the country in 1981. We cannot stand that kind of drain or haemorrhage. One asks why the Canadian dollar is weak. That drain has to be a big part of the answer to that question, and the National Energy Program has to accept its share of the blame for producing that unsatisfactory situation.

As I mentioned a minute or two ago, we are now on to a National Energy Program, Marc II, the son of NEP. NEP's son does not sound right, so I think I shall stick with the National Energy Program, Marc II. We see there that the government has recognized some of the dangers that they were running into and have improved the cash flow to many companies in the oil business. I have to say that I am pleased that that has been done.

My hope is that that will prove to be enough. No one wants to see that industry flounder any longer than necessary. Some in the industry say that that is not enough, and there is evidence to that effect. I hope, however, that if it seems to be something short of what is required, the government will not wait another 18 months until the house is collapsing about their ears before they do something about that. I hope, if they see it is not working as expected, that they have the agility and promptness of mind and action to make some changes quickly. In the meanwhile, let us hope it works.

The Canadianization policy started 18 months ago, and, though it may not have gone into reverse, it certainly has lost its steam. It had to lose its steam because the Minister of Finance told it to. The Minister of Finance told the banks of Canada not to lend money for Canadianization of the oil

industry, particularly to pay foreigners. He told them not to do that, and they did not do that. The thing cooled off. So, there has been a halt, or a pause at any rate, in the Canadianization policy by government decree. That indicates that some of these matters could well have been anticipated before the whole debacle began.

In the \$2 billion total of National Energy Program, Marc II reversals for infusion of cash into the oil business, we see that the big companies, and they are almost all American, are the big winners in this scheme. If you do not think so, just take a look at the paper that the Minister of State for Economic Development was kind enough to give me last evening. This paper is entitled *The National Energy Program: Update 1982*, and tells us what the large producers are getting. It certainly looks pretty rich to me.

I am afraid that, as far as the small producers are concerned, a good deal of that money will never be paid out to a drilling rig. I think that most of that money will be paid to the banks. They will get it to pay the interest that is owing. If the company is lucky, it may be able to reduce the principal as well, but it seems to me that that large inflow of capital to small companies, which is trumpeted so loudly, and for which I must say I am thankful, even though I draw this to your attention, will not result in as much extra activity in the industry as you and I would like to see. Most of it will go into keeping these companies solvent and paying principal and interest payments to their creditors.

These are matters which we should look at, and which leads me to the conclusion that perhaps it is not enough, particularly when you consider that several of the items for which a tax holiday is granted, the taxes in this bill being among them, is for a two-year period only. One would have to think that long before the end of that time something else will have to be done, or we are going to find that we are not much further out of the mess than we are at the present time.

Looking at the National Energy Program, Marc II, one has to weep for self-sufficiency. Whatever became of self-sufficiency? We were told that we were going to achieve that with Alsands. Not bloody likely! Not these days. We were told we were going to achieve it with the Beaufort. Well, I hope so, if we keep Dome going.

Senator Doody: Hibernia.

Senator Roblin: The last one is Hibernia, and if my honourable colleague's friends in Newfoundland win the court case, heaven knows what will happen there.

So, I think one of the big casualties of the NEP has been the drive to self-sufficiency. That may still be within reach. I never underestimate the ingenuity of mankind. You cannot tell. It may be within reach by 1990, but I would have to say that it looks like it is not nearly as good a bet as it was before. The reason why it is not as good is because of the things that we, in Parliament, have authorized and done. That is one of the main reasons. There are others, but we have to take a good deal of the credit ourselves for being further away from self-sufficiency than we were when we started, and the reasons for self-suf-

iciency are just as strong and just as compelling now as they ever were.

Another aspect of the National Energy Program was to get a great deal of money into the treasury, and I think it will do that, but it certainly is not going to get as much as the authors of this policy originally thought.

Honourable senators, I shall only detain you a few minutes longer. I wish to say once again that if we wanted a made-in-Canada National Energy Program, if we wanted a made-in-Canada price for gasoline, heaven knows we have one. Whether we are satisfied with that or not is another question. When federal gasoline taxes have risen from 18 cents a gallon to 60 cents a gallon since the policy started, and headed to 77 cents a gallon next year, when the price of gasoline in Winnipeg—and I had better be right because Senator Everett is here, and if anyone knows the price of gasoline in Winnipeg, he does—is \$1.91 a gallon, but less than that in St. Paul, Minnesota on the date on which I checked, we have to see that there are certainly grave defects with respect to the policy enshrined in the National Energy Program, Marc I or Marc II. That incorporates some of the most unfortunate miscalculations as to the course of economic history, and we are enshrining them in Bill C-112.

The essence of the matter is that Bill C-112 imposes an unprecedented tax load on the energy users of Canada, which is needed to sustain an unprecedented program of spending. It is as clear as fate can be, and that is all on the backs of the Canadian taxpayer in the first instance, and on the backs of a gravely wounded energy industry in the second.

Intervention has not been an outstanding success in the National Energy Program. The problem of the planners was a simple one, and has been the same throughout the ages. It is not peculiar to Canada; it is everywhere you look. The problem of the planners was how to make their theories prevail over the reality. That is the problem, and when the theories get away from reality, you patch them up, bolster them and make little changes hoping by one means or another to catch up with the true facts of life as they disclose themselves, and it becomes more difficult as time goes on.

● (1510)

The advantages of the market system, to me at any rate, become even more marked when one compares them with the problems of planning as disclosed in the National Energy Program. I do not know whether we are learning anything from this rather expensive lesson we have imposed on the people of Canada. I, for one, hope that we have, and that, whatever may have been done in the past, we will have the fortitude to say that we recognize errors, we will correct them and we will get this country back on the path to development and prosperity.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker pro tem: I wish to inform the Senate that if the Honourable Senator Frith speaks now, his speech

[Senator Roblin.]

will have the effect of closing the debate on the motion for second reading of this bill.

Senator Frith: Honourable senators, first, I should like to answer two questions raised last evening by Senator Smith. His first question was with reference to the meaning of gigajoule. I could not give him the answer to that question at the time because I could not find the piece of paper on which I had the definition. One gigajoule is approximately 7.3 per cent less than 1,000 cubic feet. Thus, a tax rate of 63 cents per gigajoule translates roughly to 68 cents per thousand cubic feet. A gigajoule is a billion joules, and it is now the metric unit of measurement used in natural gas transactions between transmission companies and distributors.

Senator Steuart: Oh, my God!

Senator Frith: To answer in clearer terms Senator Smith's second question, the federal government lost a reference by the Province of Alberta, in the Alberta courts, on the reference question of the application of the gas tax to gas exported from three wells drilled by the Government of Alberta. As I mentioned earlier, the case was subsequently appealed to the Supreme Court of Canada, arguments have been presented and judgment has been reserved. The judgment is expected by the end of August.

Senator Roblin quite correctly identified Bill C-112 as an important part of the National Energy Program. It is, therefore, understandable that he would use the occasion to express his views in general on that program. No doubt he would find it understandable also that I do not share his views either as to the adjectives he used to describe the National Energy Program or his evaluation of its success or failure. I do, of course, accept—as he would expect me to—that the objectives of the National Energy Program were put into effect and had to be adjusted to meet the vicissitudes of such things as changes in the international oil supply and demand factors and, therefore, in price. He also, quite fairly, drew attention to the fact that the statement of May 31, 1982, effective as of June 1, 1982, represented an amendment or change in the National Energy Program, particularly with reference to those aspects of the program that are dealt with in Bill C-112.

Looking more directly at Bill C-112, as I mentioned, Senator Roblin used the fact that this bill is an important part of the National Energy Program to make comments on the question of gas prices. I should underline for honourable senators that, dealing specifically with this bill, it is here before us and is part of the National Energy Program more particularly as the implementation of the agreements made with the producing provinces. The tax and price structures that were referred to in Senator Roblin's speech are corollaries to the implementation of those agreements, agreements which I believe all parliamentarians urged the government to reach and that all parties hailed when they were reached. That is not to say that the comments made by Senator Roblin with reference to the attractiveness or desirability of those corollaries are irrelevant, because they are not. They must be viewed, insofar as this bill is concerned, in the context of the implementation of those agreements.

I do not think I can add very much more to what I have already said. I should perhaps make reference to the question of the powers that exist in this bill to implement certain policies by order in council. As Senator Roblin implied, the implementation of some of the provisions in the statement of May 31, effective June 1, will, of course, be done by regulation. In particular, the incremental oil revenue tax adjustment that was announced will be implemented, once this act is passed, by regulation. The Governor in Council has the power to define "income"; therefore, by changing the definition of "income," the alleviating aspects of the changes to the IORT can be implemented.

Honourable senators, in conclusion, I share with Senator Roblin his hope that the suggested changes, effective June 1, 1982, will be beneficial. I hope they will be beneficial to the industry as a whole and not just to the large producers. Certainly, the \$250,000 tax credit will be beneficial. In many cases the IORT change will be beneficial, as will the reduction of the tax rate from 16 per cent to, in effect, 14.67 per cent.

Before closing the debate, there is one further point I should like to clarify. Last evening, during my remarks on second reading, I said that I understood the bill was already the subject of pre-study by the Standing Senate Committee on Banking, Trade and Commerce, and Senator Roblin doubted that I was correct. I have verified that I was wrong and he was correct. It is part of the National Energy Program, but not part of the package that was referred for pre-study.

I commend this bill to honourable senators on second reading. If it receives second reading, I will move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

The Hon. the Speaker pro tem: Is it your pleasure, honourable senators, to adopt the motion?

Senator Roblin: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

Senator Frith moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

● (1520)

[Translation]

PETROLEUM INCENTIVES PROGRAM BILL CANADIAN OWNERSHIP AND CONTROL DETERMINATION BILL

SECOND READING

The Senate resumed from yesterday debate on the motion of Senator Perrault for the second reading of Bill C-104, respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act.

Hon. Guy Charbonneau: Honourable senators, as you know, Bill C-104 is an act respecting petroleum incentives and

Canadian ownership and control determination, and it also amends the Foreign Investment Review Act to that end. When the Minister of Energy, Mines and Resources introduced this bill in the House, he said its purpose was to achieve specific goals of the National Energy Program, namely, energy self-sufficiency and security of supply, Canadianization of the petroleum industry and the establishment of a fair pricing system. According to the minister, this legislation would ensure that Canadians would control the development of their energy resources and it would also enable the government to fulfil its 1980 campaign promise, namely, to create a comprehensive energy program that would help the country become energy self-sufficient. In fact, the government had made considerable progress in this direction, and Canadians had, according to the minister, shown a real desire to achieve these objectives.

[English]

The minister then said that the government intended to achieve these goals through Bill C-104, and that the Canadian people were behind it. He particularly singled out the subsidies contained in the bill which are meant to benefit Canadian-controlled companies, other Canadian investors and foreign companies which are willing to co-operate by allowing increased Canadian control of their enterprises.

This sounds eminently inspirational and commendable, and I only wish that I could have stayed on that "high" before I was asked to speak on this bill today. However, these days, reality has a habit of intruding into the best dreams.

The latest intrusion, of course, comes from the suspension of the Alsands project and the delay—if not the demise—of the Alaska Highway gas pipeline.

While it is true that the world oil situation and price deterioration have much to do with the cancellation of Alsands, I could not help but recollect a column by Ronald Anderson in the *Globe and Mail*, written on April 29 last. The article was entitled: "Pressures increase for changes in NEP." In this article Mr. Anderson made quite a case for changing the NEP following what he called weakening world oil prices and serious cash flow problems being experienced by Canadian oil companies. He pointed out that foreign-controlled companies, which are discriminated against in the NEP, were loudest in their plea for change, but that others were coming to acknowledge that the oil industry has a convincing case.

He pointed out that falling oil prices have exposed a number of anomalies in the method of determining import subsidy payments, allowing eastern refiners to buy foreign crude more cheaply than western Canadian crude. This, he said, has resulted in a steep decline in western Canadian oil production.

Meanwhile, Premier Lougheed, in a candid interview with a national columnist, spoke of the bitterness of westerners with regard to imports. He said:

Confederation has to work both ways... They're importing oil into Montreal... our wells are shut down, so our service people can't work—while they're paying for imported oil.

Of course, many factors have led to the shutdown of oil production and the sands being priced out of the market. However, I cannot help but feel that the National Energy Program would have served Canada better and led to less disappointment if it had been devised with the business spirit in mind, rather than too much vision and too little solid know-how and too few facts.

The changes brought in by the Minister of Energy, Mines and Resources in May are, unfortunately, too little too late. The global amount of \$2 billion might appear dramatic, but we must remember that this is not \$2 billion of new money which will come in, all at once, to revitalize the industry. The reduction of a tax which has not yet been levied does give the companies an improved netback picture, but this will occur over a long period of time, and the psychological damage has already been done.

In his column, Mr. Anderson adds that the price problems worsen the already substantial cash flow difficulties created by the NEP and the 1981 energy agreements. This cash position must be improved, but will not be if the NEP, which was conceived with rapidly rising oil prices in mind, is not changed. If oil prices do not reach the levels anticipated, producer netbacks will be inadequate to finance new exploration and development.

Mr. Lalonde's concessions have only produced a chance for oil companies, which are suffering greatly from the high interest rates and their own heavy debt burden, to pay off some of these debts. Although a reduction of 1 per cent in the PGRT does increase the netback, the industry is in such a slump and the economy so shaky that exploration will not increase. Without this increase in exploration activity, self-sufficiency eludes us still longer.

Some other people have even more dramatic complaints about the NEP as it is currently constituted. Mr. F. B. Lamont, managing partner of Richardson Securities of Canada, at a meeting of financial analysts in Winnipeg, was reported to have said that the energy program is doing dramatic and long-term damage to the country's petroleum industry.

The president and chief executive officer of Texaco Canada points to the 25 per cent carried interest in all rights on Canada lands which are reserved for the Crown under the NEP as retroactive confiscation of existing rights. He also feels that the NEP incentives contained in Bill C-104 discriminate against companies.

Since the Minister of Energy, Mines and Resources is anxious to console Canadians for the loss of Alsands by speaking of other projects which will go ahead in the resource industry, as well as the Cold Lake project, perhaps he should consider the remarks made by these experts in the field.

[Translation]

In this bill, Mr. Lalonde is talking about certification of Canadianization. Obviously, if the government is going to use state control for economic purposes, it will be using methods that are alien to common practice in the business world. He may think the end justifies the means, but I cannot help

[Senator Charbonneau.]

remembering another certificate that has scared off businessmen and greatly reduced economic activity in Quebec. Should we then abandon all efforts to increase Canadian ownership of the petroleum industry? No, certainly not. However, considering the negative reactions of the people concerned, the uncertain situation we are in now as a result of the economic recession and the basic characteristics of these job-creating projects, there may be a case for increased flexibility. Furthermore, it would certainly be more acceptable to investors, both Canadian and foreign, to have the petroleum industry Canadianized through fiscal measures instead of through caveats which seem to be far more doctrinaire than practical.

When he introduced Bill C-104, the minister also expressed the hope that we would achieve energy self-sufficiency by the beginning of the next decade. However, the majority of experts tell us that this is a pipe dream, considering the world oil situation, falling prices, the state of exploration in Canada and the massive capital input required for the mega-projects we would need. There is also a whole series of intangibles, including the danger that certain government policies may cause reluctance among foreign investors, and especially the increasing hostility shown by certain U.S. groups.

[English]

As for Canadian oil producers, although some welcome any incentives, many react as businessmen and wonder whether it is wise to play favourites amongst companies, in the name of Canadianization, when frontier exploration is already dominated by Canadian-controlled companies.

Panarctic is thought to be the most active player in the north. It is said to be 45 per cent owned by Petro-Canada, and the other 55 per cent, according to the annual report, is owned by "29 other largely Canadian companies." The next most active consortium in the Arctic is the Arctic Islands Exploration Group. That consortium is said to be already dominated by Canadians. Dome and Dome Canada, of course, are both Canadian controlled.

Moreover, while the government produces policies aimed at Canadianization, it also produces laws, regulations and taxes which discourage activity by Canadian companies in the oil industry. We have all read of the companies which have moved their rigs south. Although there are also difficulties in the United States, the climate there is still more welcoming to private enterprise.

● (1530)

Meanwhile, the outflow of capital from these investments by Canadians in the United States is hurting our currency. This leads to the need for support operations by the Bank of Canada. Unfortunately, this is done by keeping interest rates high. We all know what these high interest rates have done to our weakening economy: they have caused bankruptcies, layoffs and an unemployment rate of over 10 per cent, and rising.

Perhaps the worst effect of the petroleum incentive grants, as designed, is the psychological one. Canadian companies feel that the government is trying to discourage oil production in Alberta in order to direct it to Crown lands, where it can

better control operations and can draw more revenue and greater state ownership. The standard argument is that 22,000 exploration wells in western Canada will "only" prove between 2.6 billion and 3.3 billion barrels of oil, whereas just 75 wells in the north might prove between 2.4 billion and 2.6 billion barrels.

Whether there is much truth to these suspicions is academic, when we consider how much perception counts in the business of risk investments. It is my belief that the government should be doing everything it can to reassure private enterprise in Canada and to maximize development and job creation. There may come a time when we can afford the luxury of increased Canadian ownership through philosophical approaches. We can hardly afford it now. We might even be happily surprised to find that a dynamic private sector development of the oil industry in Canada will operate its own Canadianization merely by becoming so attractive to Canadian investors, and even to individual taxpayers who are encouraged to invest through incentives, that no buy-back program will ever be needed.

As things are developing now, honourable senators, we will soon have no oil industry to Canadianize, nationalize or buy back if we are not careful and if we continue to confuse illusion with reality.

[Translation]

Honourable senators, in order to achieve its objective of oil self-sufficiency, the government should modify the discriminatory provisions which are not in the interest of oil production in Canada and are contrary to international statements of principle, to which Canada subscribes, on the movement of private capital between nations. The Organization for Economic Co-operation and Development has already expressed its disapproval of such discriminatory policies. The industrialized countries should show their solidarity and respect their commitments if their implementation is to be successful and if they are to be in a position to help less developed countries.

In concluding, honourable senators, I strongly recommend that these changes be adopted in order to make Bill C-104 a successful tool for achieving the government's basic objectives.

[English]

Hon. D. G. Steuart: Honourable senators—

The Hon. the Speaker *pro tem*: Honourable senators, I wish to inform the Senate that if the Honourable Senator Steuart speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Steuart: Honourable senators, I simply want to say a few words in closing the debate on second reading of this bill. I should like to remind honourable senators of one or two things which have been brought up in the course of this debate. Honourable senators opposite and many people across Canada are heaping blame upon the federal government with regard to the National Energy Program and with regard to most of the problems we find ourselves facing with respect to oil, gas, and energy in general.

Take, for example, the oil sands. Let us not forget that Premier Lougheed, when he was involved in a quarrel with the federal government over the energy agreement, refused, for months and months, to give the oil companies a licence enabling them to go ahead with the tar sands project. In the meantime, inflation and interest rates rose until the projects became uneconomic.

My feeling is that the blame must be shared by both the federal government, in taking so long to make that deal, and the Government of Alberta, in using delaying tactics as a means of blackmail to attempt to get a better deal.

Hon. Martial Asselin: It is always the fault of others, never the fault of this government!

Senator Steuart: I would also point out to honourable senators that it was Premier Lougheed who shut off the oil to eastern Canada, and who continued to shut it off, in an effort to get a better deal from the federal government. Perhaps that was good strategy on his part, but it forced the federal government to go to Mexico in order to ensure a supply of oil for eastern Canada—including the province of Quebec, Senator Asselin.

Senator Asselin: It is always the fault of others, never the fault of the federal government!

Senator Steuart: Honourable senators, it was after the federal government had introduced the incentives—the super-depletion allowance and all of the other incentives—to the industry that the price started to rise. Both the Government of Alberta and the Government of Saskatchewan moved in and attempted to take 95 or 100 per cent of the increase, leaving little or no room for the companies and no room at all for the federal government. That began the quarrel over energy, in the first place.

Hon. Jacques Flynn (Leader of the Opposition): It was the electoral fraud of 1980!

Senator Steuart: I was convinced then, and I am convinced now, that the federal government is entitled to a fair share of the oil revenue. When you want to cast blame for the situation involving the oil industry and the National Energy Program upon the federal government, I will agree that it has to take responsibility for some of that blame—

Senator Flynn: The federal government lied in 1980.

Senator Steuart: —but the greed and the stubbornness of the provinces added to the problems. The Conservative government in Alberta and the NDP government in Saskatchewan must share some of the responsibility, so I say: Take your blinkers off and put some of the blame where it belongs!

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

Senator Steuart moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

CRIMINAL CODE

BILL TO AMEND—SECOND READING

Hon. Richard J. Stanbury moved the second reading of Bill C-117, to amend the Criminal Code.

He said: Honourable senators, Bill C-117 is an act to amend the Criminal Code. The legislative changes proposed in the bill will strengthen the Canadian horse racing industry. I am not an expert on "the sport of kings," but, according to the debate in the other place last week, there is a great deal of concern about the future of the industry, and there is also broad support for these changes. It is said that they will ensure a viable Canadian horse racing industry in the years to come and greater protection for the betting public.

There are more than 100 horse race tracks across the country. It is a business that employs more than 40,000 people, and there is more than \$2 billion invested in land, buildings, equipment and breeding stock.

I am told, honourable senators, that without these proposed changes to the Criminal Code, the horse racing industry will suffer continued decline.

Hon. C. William Doody: No, no!

Senator Stanbury: Some tracks may even be forced to close down.

Hon. Jacques Flynn (Leader of the Opposition): Some horses will be put to pasture!

Senator Stanbury: Some horse breeders will be put out of business and some communities will be deprived of a pleasurable sporting event.

Senator Doody: Never that!

Senator Stanbury: I also want to stress that these proposed changes have been requested by the industry itself.

Hon. D. G. Steuart: And by the horses!

Senator Stanbury: The first of these changes, honourable senators, is the establishment of an inter-track betting system, which will allow a person at one track, or a person who has a telephone account with that track, to bet on horse races at another track.

It is not known exactly how much new business would be generated as a result of this kind of system, but the fact remains that some major tracks will likely be forced to close unless they can expand their marketing base.

The known advantages of such a system are two-fold: first, it will allow tracks to make better use of their capital investment by using their facilities to handle bets on other races; and, secondly, it will discourage illegal betting through a bookie on major national races. Inter-track betting will give Canadians a legal means of placing a bet on these same races.

This ITB, or inter-track betting, system will be optional, and before any track can use it, it must have the agreement of the other participating track.

The second change, that of increasing the scale of commissions charged by race tracks, is also optional but is urgently

needed by the tracks themselves. Presently, the legal scale is between 9.5 and 12 per cent of total bets. The proposed scale would extend the 9.5 per cent rate to 10 per cent for large tracks, and from 12 to 15 per cent for the small tracks.

● (1540)

The daily average revenue received by tracks from the commission rate since 1971, measured in constant dollars, has dropped by 11 per cent. As a result of that diminished return, tracks have been forced to increase their charges for things like admission, parking and food. This, in turn, has had a detrimental effect on attendance.

When the new maximum fees are in place, tracks could take in an additional \$17 million, representing, approximately, a 10 per cent increase, plus an additional \$11 million if they opt to vary their pool percentages.

The final change being sought is to allow for the transfer of certain administrative matters to be dealt with by way of regulation. Bill C-117 proposes that the maximum number of betting races permitted and the track commission rate be transferred to the regulation-making authority of the Minister of Agriculture. By allowing the track commission rate to be adjusted by regulation, government would be able to react more quickly to the industry's changing needs. The new regulations would also permit two more races per week, and tracks will probably choose to operate them on Saturdays and holidays.

The changes will build on other regulatory reforms recently introduced which have generally been well received by the industry and are slowly resulting in improvement in revenues earned by the industry.

The over-all size and importance of Canada's horse racing industry is probably a great deal larger than most would imagine.

In 1981 Canadians bet about \$1.7 billion on horse races, an increase of about 8 per cent over the previous year. The average attendance is about 14 million people per year.

Gross purse money in 1981 rose by 11 per cent to about \$108 million, and the provincial tax revenue rose by nearly 10 per cent to \$129 million. Despite the large sum of money bet, tracks and horsemen received only 10 per cent, or about \$173 million. This amount is not sufficient when you consider that the track operators' expenses and the cost of maintaining the horses have risen year after year, and that so many people, businesses and communities depend on racing.

Pari-mutuel betting at horse races is still the No. 1 area of betting in Canada. And approximately 80 per cent of the total bet is returned to the bettors, making odds at the tracks considerably better than the odds on lotteries.

I urge you to approve these amendments to ensure a continued strong and viable Canadian horse racing industry.

[Translation]

Hon. Martial Asselin: Honourable senators, the bill now before the Senate is certainly far less controversial than any of its predecessors.

Senator Flynn: The horses agree!

Senator Asselin: As far as sports in Canada are concerned, horse racing is as much a sport as hockey or baseball. Soon we are going to have a national lottery, and Canadians will be able to bet on hockey or baseball games. I think that is already being done.

As Senator Stanbury said when he introduced the bill, government intervention is urgently needed to save an existing industry. The purpose of the bill is not to create a new industry but to save one that exists already, especially in view of its financial implications at the national level. Earlier it was said that the industry provides employment for some 40,000 people in Canada. This includes 4,000 jobs in Quebec.

In 1981, some \$1.7 billion were invested in this industry. It is said that this year will probably see an increase of 8 per cent. Although Senator Molson may think otherwise, the industry attracts as many fans as hockey. Some 14,000,000 Canadians are interested in race tracks and horse racing.

It is therefore clear, as Senator Stanbury said, that this \$2 billion investment across Canada is ample justification for government intervention in order to help the industry resolve its problems.

Existing legislation must be amended. On the opposition side, we have received information provided by race organizers, who said that expenses had increased considerably and that the cost of maintaining horses had also risen. The track commission on pari-mutuel bets has not been raised in ten years.

Therefore, if bets now total \$1.7 billion, the race tracks and horse owners are earning only \$173 million, more or less equally divided. When we realize that the industry generates provincial taxes evaluated at about \$129 million, it is clear that it is indeed a major industry in Canada. Today, because of inflation and higher wages, the financial situation in this and other industries is a difficult one, and we have personally received evidence of these facts.

In Quebec, the race-track in Jonquière closed down a few months ago. The track in Trois-Rivières is about to follow suit, unless the legislation is amended. Senator Roblin tells me that in Manitoba they are facing the same problems. In Windsor, Ontario, workers with permanent jobs in the automotive industry also do a bit of moonlighting, and they used to work evenings at the race track. Now, because of layoffs in the automotive industry, the same employees are now seeking permanent jobs.

Blue Bonnets, one of the big race-tracks in Quebec, has been operating for seventy-five years. Last year, it lost \$1.25 million. The track has between 800 and 1,000 employees in Montreal and operates 300 days out of every year. If the legislation is not changed within a few months, the track will have to close down and lay off employees who depend on the industry for a living. I have also been told that if the bill is passed in its present form, the race-track may be able to recover the \$1.25 million loss it suffered last year. It is a simple amendment to the Criminal Code. Section 188 of the

Criminal Code creates an exemption for those who handle bets. This will increase the profitability of the industry. As Senator Stanbury said, this would discourage illegal betting by making legal betting easier and more attractive. The changes will aim at increasing the purses for each race. There will be new purses, such as the Win 6 and the Big 6, for those who know horse racing. The Minister of Agriculture explained this in the other place. Advance betting will be allowed. At the present time, to bet on a race you have to be physically present at the race track. The bettor has to be where a race is being held. It will now be possible to make bets by telephone. As Senator Stanbury explained, all these systems are optional. Race track owners do not have to implement them.

We must therefore remember two things. There will be inter-track betting and the scale of commissions charged by race tracks will be increased. The proposed scale will extend the 9.5 to 10 per cent rate for large race tracks, and from 12 to 15 per cent for the small tracks.

Many of our colleagues at the national caucus said that this would save the smaller race tracks across Canada.

I also want to note an important change contained in the bill. Instead of always having to amend the statute to make administrative changes, it will be possible to use the regulation-making authority of the minister of Agriculture to make administrative changes concerning race track organizers or owners.

Of course, not everyone agrees with this bill. We have to be broad-minded. Certain religious or social groups in Canada are against betting. They are against gambling, which is the case with some members of our party. Some members of the Liberal Party certainly feel the same way. Their objections concern morality and are certainly well founded. On the other hand, when we are told that as many as 14 million Canadians attended horse races last year, I have the feeling that it would be useful to think about it and try to help this industry survive the present economic difficulties. We respect the views of those who for reason of conscience or principles are basically opposed to this industry. However, I have the impression that many suspicious aspects of on-track betting have been corrected these last few years. I learned recently that race track organizers use a very effective security system. Races are monitored so that they cannot be fixed. This security system is applied for the whole time races are in progress. Organizers also look out for suspicious or undesirable characters at the race track. I learned that the federal Minister of Agriculture appoints inspectors to check the health of horses before they take part in a race. I also learned that jockeys are kept in isolation for three hours before the start of the race with no possibility of contact with the public. This obviously aims at preventing races from being fixed, which would result in certain bettors losing money. I am also informed that jockeys have to take a breathalyzer test every time they ride in a race. Severe suspensions are provided for jockeys who fail to comply. They are more stringent than for many other sports. I am told that when a jockey is caught red-handed, he incurs a

life suspension and can no longer be admitted to the race-track.

● (1550)

In short, although if there may be some shortcomings, this bill has numerous positive aspects. We on this side of the House believe that the government should help that industry. We welcome the bill and we intend to support it.

In the other place, the bill was considered by Committee of the Whole. I read the proceedings of the committee of the whole. A few questions were directed to the Minister of Agriculture. The main one was as follows: When did he think that the legislation could be promulgated? The minister replied that his officials had assured him that the bill could come into effect within the next four to six weeks. I do not think, after reading the proceedings of the Committee of the Whole and noting that the debate was quite short that we need to refer this bill to committee.

Honourable senators, we are ready to give it second reading today.

[English]

Senator Stanbury: Honourable senators—

The Hon. the Speaker pro tem: Honourable senators, I wish to inform the Senate that if the Honourable Senator Stanbury speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Stanbury: Honourable senators, I thank Senator Asselin for his remarks on, and support of, the bill. He displayed a more comprehensive knowledge of the bill than I have and we are all grateful for the light he has shed on the subject.

In view of his remarks concerning the non-controversiality of the bill in the other place, and the fact that he and his colleagues have no desire to have the matter dealt with in committee, I shall propose that the bill receive third reading at the next sitting of the house.

Motion agreed to and bill read second time.

The Hon. the Speaker pro tem: Honourable senators, when shall this bill be read the third time?

Senator Stanbury moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

● (1600)

NATIONAL ENERGY BOARD ACT

BILL TO AMEND (NO. 3)—SECOND READING—DEBATE
ADJOURNED

Honourable Peter A. Stollery moved the second reading of Bill C-108, to amend the National Energy Board Act (No. 3).

He said: Honourable senators, I would like to make a few remarks on Bill C-108, which consists of three elements.

[Translation]

As a matter of fact, Bill C-108 broadens the jurisdiction of the National Energy Board in order to include hydro power

[Senator Asselin.]

transmission and gas and oil distribution. It redefines its jurisdiction in the area of oil and gas export pricing and clarifies a number of provisions in the existing act.

The House Standing Committee on Energy Legislation, which dealt with this bill, held several meetings to hear witnesses. I should like to mention, for instance, the Newfoundland Minister of Energy, as well as representatives from Hydro Quebec and the Independent Petroleum Association of Canada. Groups and corporations also submitted briefs. In the light of their representations, the committee felt the need to recommend amendments to the bill. I should like to mention a few which I feel are particularly significant. For instance, the amendment introduced at the report stage and dealing with hydro power transmission lines is a major amendment.

[English]

I am sure that honourable senators will be interested to learn, just as I was, the difference between transmitting oil and gas and transmitting electricity. Over the past decade there has been a tremendous increase in technical knowledge which has allowed long distance power transmission. I am sure that honourable senators from Newfoundland and Labrador are very aware of the long-standing controversy between the Province of Quebec and the Province of Newfoundland with regard to the transmission of power.

[Translation]

The National Energy Board already has authority to some extent in the area of international power transmission lines. The National Energy Board Act states that it must hold public meetings when an applicant wants to export power or build an international power transmission line. It may also authorize the building of such a line, determine its location, decide whether such a line is or will be in the public interest, consider all objections raised against the building of such a line and, finally, impose such terms and conditions which it deems necessary to achieve the goals of the National Energy Board Act.

[English]

I might say that I think it is important, because of the extremely important issue between the Government of Newfoundland and the Government of Quebec, to be precise when describing the nature of this bill, because it has major implications in the transmission of power and the future of development on the North Shore as well as on the Lower Churchill River. So I hope that honourable senators will be patient with me for a moment as I try to be as explicit as possible on the record, because I am dealing with a very serious problem that has been going on now for approximately a decade. This problem has had a very serious effect on the development of power in the province of Newfoundland and its power to export its hydro-electric power to markets in the United States.

[Translation]

However, there is a shortcoming in the act if we compare pipelines with international hydro power lines. In the case of a pipeline, the National Energy Board Act contains provisions

granting certain general powers and prescribing certain obligations with respect to a company which operates a pipeline, but there is no similar provision in the case of hydro power lines. Some of those general powers and obligations have to do with the acquisition, including expropriation, and the conveyance of lands required to build and operate a pipeline.

Those provisions can be found in Part V of the National Energy Board Act. To eliminate that shortcoming, Bill C-108 contains a section under which the provisions of Part V, that is the sections granting general powers or prescribing general obligations with respect to pipeline companies, will also apply to persons operating international hydro power lines. This part will also apply to interprovincial power lines designated by the Governor in Council.

The case of interprovincial hydro power lines is altogether different from that of international lines because, for all practical purposes, the board has absolutely no jurisdiction over them. Bill C-108 will change that by likening an interprovincial line designated by the Governor in Council to an international line. In brief, once an interprovincial line has been designated, the provisions concerning international lines will apply to that interprovincial line.

I must emphasize that the National Energy Board Act will not apply to just any interprovincial line, but only to those which will be specially designated by the Governor in Council. In addition, it should be noted that this power of designation will apply only to future lines to be built; it will not apply to existing interprovincial lines.

With respect to exercising that power of designation, honourable senators, I should stress that the government will make decisions concerning those interprovincial lines only after having taken into consideration the interests of the provinces in this area.

The federal government has no intention of acting unilaterally in such cases and would eventually go ahead only under normal conditions.

[English]

In other words, it was to include the transmission of power to give the National Energy Board the power to extend the kind of regulations that are in effect now with regard to oil and gas transmission to the transmission of hydro-electric power.

[Translation]

As I was saying, the federal government does not intend to act unilaterally on this matter. It would eventually, under normal conditions, only designate a line at the request of one or several provinces.

You are aware that those amendments more specifically earned us the accusation of meddling in the dispute between Quebec and Newfoundland about the transmission of power from Labrador.

The federal government made it very clear it had no intention of meddling or taking sides in that conflict, believing as it does that both parties have much to lose by pursuing the confrontation. The government reiterated its view that the best

solution is continuing negotiations between the two provincial governments; a negotiated agreement with mutual compromises is still more favourable for the people of Newfoundland and Quebec than any legal victory that could only result in bitterness and frustration. An agreement will have numerous and long-lasting benefits.

That is why, honourable senators, an amendment was moved in the other place at the report stage. It shows that the government does not intend to get involved in that difference the day the legislation is passed. That amendment provides that amendments on power transmission lines cannot come into force until at least six months after the bill is passed. As far as hydro power exports are concerned, I would point to the amendment recommended by the committee, which will exempt those exports from the provisions in the bill enabling the Board to cancel or suspend an export licence for reasons of public convenience and necessity. This should adequately answer the representations made before the committee on the damage that such a clause could cause to a power export contract.

Bill C-108 also amends a number of sections in the National Energy Board Act.

The amendment withdrawing from the Board the authority to determine the export prices of oil and natural gas and transferring that power to the Governor in Council is self-explanatory. The almost continuous fluctuations of international prices make this a highly political problem. Therefore, the responsibility rests with the nation's political authority.

Indeed, this amendment only sanctions current practice, since oil and gas export prices often are negotiated between the producing provinces, the federal government and the United States.

Another amendment empowers the Board to allocate oil and gas supplies to the various regions of Canada. The purpose of this is quite simple: It is to provide for future situations where the demand for Canadian oil could be slightly higher than available supplies. Of course, this would not create an emergency. However, it is a matter of simple equity that the Board may use its powers to allocate available resources fairly.

Finally, I should like to mention two amendments recommended by the Commons committee on energy legislation. The first deals with members of the Board, and the other with the definition of oil or gas products. In order to prevent any reflection on the impartiality of temporary members, the committee recommended that Board members, as is now the case for permanent members, be prevented from holding positions inconsistent with their duties and obligations as temporary members. As concerns the definition of oil products, it was amended to cover more specifically substances that are an adequate source of energy. These amendments also follow from representations made to the committee.

● (1610)

[English]

Honourable senators, I am sure that there will be many questions raised at the committee stage.

Senator Doody: Would the honourable senator permit a couple of questions, the first being: Precisely what is meant by the phrase "It is not the intent of the Government of Canada to intervene"? I was under the impression that this legislation was to provide access to a power corridor for one province through another.

My second question is: When does this legislation take effect? What is the significance of the six-month figure—

Senator Stollery: Just a moment.

Senator Doody: I can wait. We have waited 10 years.

My first question, if I may repeat it, is: What is the significance of the Government of Canada not intervening or becoming involved in the establishment of a power corridor through one province on behalf of another? My second question is: What is the significance of the six-month period of time to which the senator referred? I did not quite grasp that.

When does that part of the legislation which affects the transmission of power from one province through another province come into effect?

Senator Stollery: Honourable senators, if I understood correctly the questions raised by the honourable senator—and, of course, there will be ample opportunity to answer those questions when he raises them at the committee stage—the short answer regarding the question as to when the bill comes into effect is that it, of course, comes into effect when it is passed by Parliament.

The sixth-month period I mentioned is to allow the Minister of Mines and Energy for the Province of Newfoundland, the Honourable William Marshall, and the Minister of Energy and Resources for the Province of Quebec, Yves Duhaime, to resolve the problem that the honourable senator is very much aware of.

It was unanimously agreed to at the committee meetings of the other place that six months be allowed to give them time to complete their negotiations. Apparently, that motion was made by a Conservative member of the committee of the other place, and I believe was unanimously endorsed by the members of that committee, basically to give the parties time, as I pointed out in my speech, to settle the question without having the bad feeling that would result from an enforced decision.

Senator Flynn: I am interested in the questions raised by Senator Doody. You said, clearly, that the Government of Canada does not want to proceed unilaterally in this matter; but the government, in introducing legislation, is certainly acting on its own behalf and against the will of one of the parties involved. It may be acting at the request of Newfoundland, but it is certainly not acting at the request of the Province of Quebec.

When you said that the government does not want to intervene unilaterally in this matter, I think you should correct your text. It was obvious that you were reading from something which was probably prepared for the Honourable Marc Lalonde, who has a certain perception of the situation, because of the fact that you were dealing with amendments recommended by the committee of the other place, which amend-

ments were passed by the House of Commons and which are not relevant to the discussions here.

Senator Stollery: If I could have a question, I might be able to answer it. What exactly is the question?

Senator Flynn: I said that you said that the Government of Canada does not want to act unilaterally in this matter. Don't you think that it is acting unilaterally by proposing legislation that is opposed by one of the parties to the dispute to which you are referring?

Senator Stollery: I thought I pointed out in my speech—and I am sure you heard it—that the question of extending the powers of the National Energy Board to high tension electricity systems was not necessarily aimed at resolving the dispute between Newfoundland and Quebec. The specific problem is not related to the Labrador-Quebec question, but to a power company in Alberta that is trying to export electricity to the United States on a line that passes through the province of British Columbia. I think you have to take into consideration, as I am sure you have, that there has been a serious and important technical breakthrough in the transmission of electricity, and that is the reason we have a bill.

● (1620)

Senator Flynn: I am suggesting to you that you should have withdrawn the word "unilaterally" because you have been talking only about the problem of Quebec and Newfoundland, and now you are saying that this is not really the crux of the matter. You are now saying it is not the reason for the legislation, but you have been saying quite the opposite since the beginning. I am asking you where you found the word "unilaterally". Did you find it in the minister's text? I suggest that you withdraw that word, and then we will understand you.

On motion of Senator Macdonald, for Senator Marshall, debate adjourned.

BORROWING AUTHORITY BILL, 1982-83

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-111, to provide supplementary borrowing authority.

He said: Honourable senators, Bill C-111 is the borrowing authority bill which is an annual event, as honourable senators will remember from previous years.

Hon. Jacques Flynn (Leader of the Opposition): It may be biannual or semi-annual this year.

Senator Frith: Senator Flynn says that it may be biannual or semi-annual this year, but I am talking about the past for the moment.

Honourable senators will remember that, normally, we get a borrowing authority bill around March 31 because the authority normally runs out then. I will explain why we did not get it at that time and why we are getting it now, against this background.

Honourable senators will remember that the reason for the annual arrival of a borrowing authority bill is the Financial Administration Act. Part IV, section 36 of that act requires that:

—no money shall be borrowed or security issued by or on behalf of Her Majesty without the authority of Parliament.

Consequently, in order to borrow new money to meet the government's financial requirements, statutory borrowing authority must be obtained from Parliament each year. Authority is not needed to pay off old debts, but it is needed to raise so-called new money.

Honourable senators do not need to wrestle with that weight-lifter's pile of documents under our desks, because Bill C-111 received third reading in the other place this afternoon, so it is quite short, as these bills usually are.

The bill consists of two clauses, the second of which has three subclauses. Clause 2(1) is the borrowing authority and sets out the amount. Clause 2(2) stipulates the expiration date, which is an aspect of the provision that I mentioned that flows from the Financial Administration Act because, under the system, all borrowing authority remaining unused expires on March 31 of each year. Clause 2(3) is essentially technical in nature, making it clear that there is authority to borrow "in a currency other than that of Canada".

Coming back to clause 2(1), the bill is seeking authority for \$6.6 billion. As I mentioned, all unused borrowing authority obtained under the Borrowing Authority Act, 1981-82, to the extent that it exceeded \$3 billion—and I will explain that in a moment—was cancelled on March 31, 1982, and without new borrowing powers the government will not be able to borrow the necessary funds to meet the financial requirements for 1982-83. The new borrowing authority of \$6.6 billion being requested represents the estimated budgetary and non-budgetary financial requirements for 1982-83, as set out in the budget which was presented last November. Therein lies the origin of Senator Flynn's comment that it might be more than annual this year.

In addition to the programmed cash requirements and as has generally been the practice, the government will require some margin for contingencies such as those related to foreign exchange operations.

Honourable senators, in recent years—perhaps it was for 1976-77 or earlier—this contingency has amounted to approximately \$3 billion, and that amount was normally added to the total borrowing authority being sought. However, this year \$3 billion of the borrowing authority obtained for 1981-82 was exempt from automatic cancellation at the end of the fiscal year and was carried forward. That is the explanation as to how the government survived a borrowing authority past the normal automatic suspension period. This amount of \$3 billion was to have been the contingency for 1982-83. However, since there has been no borrowing authority granted for 1982-83, the government so far this year has been charging both its

domestic and foreign debt operations to this contingency amount.

Clause 2(3) refers to the ability of the government to borrow and repay loans in foreign currencies. This provision has now been included in the last four borrowing authority acts. Over the years Canada has borrowed and repaid funds in a number of currencies. However, in recent years this clause has been added to confirm Canada's right to borrow in foreign currencies.

Honourable senators will remember that Bill C-96—which has received first reading in the House of Commons,—proposes certain amendments to the Financial Administration Act, including an amendment to clarify the government's ability to borrow and repay in foreign currencies. Once this amendment is made we will not have to have it every year because it will give general authority to borrow in other than Canadian currency, assuming, of course, that the general authority has been given.

I now come to the question of whether additional borrowing authority will be needed. The Minister of Finance, in his appearance before the Standing Committee on Finance, Trade and Economic Affairs in the other place, pointed out that the deterioration in the economy since last November will have an impact on the financial requirements for 1982-83. Since the projections were made for the budget of November 12, there has been a severe slowing down of economic growth in all the major industrialized countries. In Canada the depth of this recessionary period has been more severe than was anticipated when the budget was being prepared. As a result of these developments, the minister told—

Senator Flynn: I thought everything was going well.

Senator Frith: Well, it was going better. We had that annual 5 per cent growth rate which disappeared in the first quarter. Of course, Senator Flynn is right that—

Senator Flynn: I am speaking of the optimism of Senator Olson.

Senator Frith: Literally, what Senator Flynn has said is right—things were going a lot better at the time of that budget.

As a result of these developments, the minister told the committee that the government expects the financial requirements will be larger and, consequently, will have to ask Parliament for additional borrowing authority for 1982-83 sometime before the end of the fiscal year.

The minister stated that it was his intention to make a statement on the economy and on the financial requirements for this fiscal year before Parliament recesses for the summer. This statement will provide the House of Commons and the Senate with the information they need to act on a request for additional borrowing authority.

• (1630)

In summary, honourable senators, the bill before us is a request for borrowing authority to cover the projections in the November 12 budget. If changes are made and additional

requirements arise as a result of the statement to be made by the minister, or any consequent budget changes, the government will have to come back for additional borrowing authority. In other words, this bill does not anticipate that additional amount.

For those reasons, honourable senators, I ask that this bill receive approval on second reading. If it does, I shall comment on the readiness of the Standing Senate Committee on National Finance to study and report on the bill after second reading.

Hon. G. I. Smith: I would address a question to the deputy leader on the meaning of clause 2 of the bill in relation to the total amount of money which will be at the disposal of the government for borrowing purposes if this bill is passed.

I thought I heard him say that about \$3 billion of existing borrowing authority was still unused. This is described by the earlier words of that clause as follows:

—in addition to the sums now remaining unborrowed and negotiable of the loans authorized by any Act of Parliament heretofore passed—

This bill authorizes an additional \$6.6 billion. If this bill is passed, the total borrowing authority at the disposal of the government will be \$9.6 billion.

Senator Frith: Honourable senators, that is correct, but only in the context of the contingency of \$3.3 billion which is the usual figure and which would be included in the \$6.6 billion. It will be, and will have been available. If the contingency amount had not been exempted, then the borrowing authority would have to have been requested earlier in the year. For example, last year the borrowing authority was requested on April 5 or 6, and sometimes it is requested even before the end of March.

In terms of the availability of the actual borrowing authority, Senator Smith is quite correct in that the total borrowing authority will amount to the \$3.3 billion that has been used up to now, and which has not been used, plus the \$6.6 billion. That is my understanding.

Senator Smith: The deputy leader has confused me, which is not very hard to do, by his comment about the contingency fund, which he said had been used, and then he went on to say that it had not been used.

I should like to clarify in my mind whether, as of now, there is an unused borrowing authority of \$3.3 billion in addition to the \$6.6 billion.

Senator Frith: I do not know whether the full \$3.3 billion has been used. The \$3.3 billion that was in the contingency for last year's borrowing authority, and which was exempted from the automatic cancellation, has been used in the meantime. For this reason we are discussing this borrowing bill at this late date. Generally speaking, we would be doing this in April rather than in June. Essentially, the \$3.3 billion has been used up, and the \$6.6 billion is what is required for the future.

I am sorry I did not pay particular attention to the word "unused" which the honourable senator used. I believe that sum of money has been used.

[Senator Frith.]

Hon. C. William Doody: Honourable senators, I have only a few comments to make on this latest borrowing bill. As Senator Frith has pointed out, this year we will not have a single borrowing bill; we may have several or, indeed, a multitude of borrowing bills.

I would assume that the reason for the \$6.6 billion, which has been requested now, is that it is the amount estimated in the budget. If that figure is as accurate as the rest of the budget figures, there can be very little doubt that we will be asked to approve another \$6.6 billion and, probably, a third \$6.6 billion, because the deficit keeps climbing and the new projections become more frightening each time we hear them.

The original budget figures are completely out of whack, and I can only assume that this \$6.6 billion is far less than the government actually needs.

It is unfortunate that the government did not come in and ask for what it thinks it will really need, so we could examine the figures. They have not seen fit to do that, so we will have to deal with the matter in sections.

In my estimation, this is a rather unfortunate way of dealing with the public accounts of the country. I think it is not very complimentary to the Senate and, indeed, to the whole parliamentary process because Bill C-111 was placed on our desks today; it will receive second reading in this place this afternoon; and tomorrow morning there will be an emergency—in my opinion—meeting of the Standing Senate Committee on National Finance to consider this borrowing authority. The bill will be reported back here tomorrow afternoon, and will receive third reading and Royal Assent, and another \$6.6 billion will be tacked on to the debt of the country. All this after a cursory examination by all honourable senators who, I think, have a greater responsibility to the people of Canada than we are demonstrating in this particular instance.

In his opening remarks Senator Frith mentioned that the Financial Administration Act stipulates that statutory borrowing authority must be obtained from Parliament in order for the government to increase its outstanding debt. That is absolutely true. I rather suspect if that were not a provision of the Financial Administration Act, this government would continue to borrow without reference to Parliament at all.

Hon. Duff Roblin (Deputy Leader of the Opposition): They have done it already.

Senator Doody: As Senator Roblin so aptly points out, they have not only done it already, they keep doing it and will continue to do it.

Senator Frith shakes his head in amazement and indicates that that is impossible.

Senator Frith: Not for money.

Senator Doody: They authorize and guarantee loans for private and public corporations through letters of comfort to those companies, with never a reference to Parliament. This amazing little piece of information came to light during a meeting of the Standing Senate Committee on National Finance in March of this year, when the minister responsible for the Treasury Board, the Honourable Donald Johnston, was

defending the supplementary estimates. Those supplementary estimates included a figure of \$1.3 billion as a guaranteed loan figure for Canadair. This had increased from the original estimate, of only two years before, of a guaranteed loan of \$150 million. I asked Mr. Johnston how a jump of such magnitude had occurred and whether Canadair could explain the fact that this figure had jumped from \$150 million to \$1.3 billion in that short period of time. We were informed by the minister that this was not, indeed, the quantum jump that it appeared to be, but that, in fact, it had been increased from time to time over the intervening couple of years by comfort letters issued to the company, signed by the Minister of Finance, with the authorization of Cabinet, without reference to Parliament, the Financial Administration Act, Treasury Board, or anyone else.

Senator Frith: If they are not called on that, they must bring it into the estimates; it is not borrowing.

Senator Doody: It is not reported in the public accounts and is not demonstrated.

Senator Frith: It has nothing to do with borrowing authority.

Senator Doody: It adds to the public debt of Canada. I am saying that the evidence indicates they have found a way to get around the Financial Administration Act by not referring to Parliament. That is what they are doing with a guaranteed debt to outside companies. It seems to me that, if they can get away with it in that area, they would like to get away with it in this area as well. The fact that this bill is introduced in this chamber one afternoon and is expected to be passed the following day demonstrates to me that that is exactly what they would like to do. If they did not have to refer the matter to Parliament at all, they would be very satisfied with that system.

As it is, it is necessary to make at least this cursory presentation to the Senate and say, "Pass this this afternoon! We want to get it through committee tomorrow because the government needs this additional \$6.6 billion."

● (1640)

Some honourable senators are shaking their heads about these comfort letters. They are amazing phenomena. The Honourable Donald Johnston appeared before the National Finance Committee a day or so ago with some further information about these mysterious comfort letters which nobody had heard of before. It appears that the minister is familiar with at least two such letters, one of which was issued to Canadair.

Canadair had borrowed some \$822 million to the end of 1981, of which \$150 million had been authorized by the Parliament of Canada through a loan guarantee. The difference between the \$150 million and the \$822 million had been arranged through comfort letters issued by the Minister of Finance, with no reference to the Parliament of Canada.

If the Parliament of Canada is not to have control of the public purse, then dismiss it, send it home, and forget this farce completely, because control of the public purse is by far

the most important function of the parliamentary system, as is avowed.

de Havilland Aircraft of Canada has borrowed \$70 million on the basis of a comfort letter issued on December 4, 1976, by the Minister of Industry, Trade and Commerce, for the production of the Dash-7 aircraft. The letter of comfort, with an expiry date of December 31, 1980, was extended to September 1981, at which time it was no longer required. Appropriation Act No. 4 of 1980-81 authorized the guarantee of loans to de Havilland to a limit of \$450 million. Therefore, from December 24, 1976, until the Loan Guarantee Act of 1980-81, de Havilland Aircraft was operating on a line of credit which was authorized by comfort letters issued by the minister without reference, once again, to the Parliament of Canada.

The Honourable Mr. Johnston, in his testimony before us, announced the fact that he felt that the issuance of the comfort letters was inappropriate. He felt that that was not the right way to go about the financing of companies, and that the public purse should not be handled in that manner. He has undertaken to obtain for us a list of outstanding comfort letters, indicating the dates and the amounts. I look forward to seeing that list in order to determine just exactly how much use or abuse of this particular system has taken place over the years.

This is a matter entirely different from the issuing of Governor General's warrants when Parliament is not sitting. There was a whole set of rules and regulations for the issuance of Governor General's warrants—Parliament must not be sitting, the government must report the warrants within three days after the commencement of the sitting of Parliament, and so on. At least, these are the rules applying to the provincial legislatures, and I assume that those applying to the national legislature are much the same.

In any event, I must say, honourable senators, that I was shocked when I discovered this situation. It is, in my estimation, at least, a complete violation of the Financial Administration Act and should be brought to the attention of the public.

Regarding this borrowing bill, I think that if the Financial Administration Act were not in place, it is quite likely that the government would find some other means of borrowing money, also without reference to Parliament. We could ask the honourable Senator Frith what this particular \$6.6 billion is to be used for, but I do not suppose that would be very productive, because there are so many uses to which it could be put that the \$6.6 billion is obviously not enough to handle them all. For example, the buying of a chain of service stations across Canada would account for quite a large sum of the Canadian debt; the one-billion-four-hundred-fifty-million-dollar purchase price for Petrofina—that grand bunch of Canadian dollars shipped out of the country—is surely a contributor to the resultant mess that the economy is now in.

The mindless and uncontrolled financial and energy policies of this government are reflected in the terrible state of affairs that we now have before us. The numbers—and I suppose that honourable senators are tired of listening to the numbers—

illustrate that mess. We heard a lot of explanations on the plight of the dollar today, to the effect that there is really nothing wrong with the Canadian dollar, it is just that the American dollar is so strong.

Senator Roblin: That's a new one.

Senator Doody: Honourable senators, that is certainly a very positive way of approaching a very negative situation. I marvel at the mental agility of the honourable members of the government to be able to come up with these irrational rationalizations of this absolutely weird and wonderful situation we find ourselves in.

Hon. Raymond J. Perrault (Leader of the Government): Just stay non-partisan, now.

Senator Doody: I am here for very partisan reasons, honourable senators. It is extremely difficult not to be partisan when we look across at the smiling face of the Leader of the Government. I have only to thank my good sense and good judgment in joining the Conservative Party when I did. Otherwise I might have found myself in the unfortunate position of being on that side of the house. How could I have lived with myself under these circumstances? I would not have been able to; I would have had to cross the floor.

The interest on the national debt is something that honourable senators should think about: \$16.6 billion a year, \$1,750 per taxpayer, \$680 per capita in interest on the national debt.

At present, \$6.6 billion is being requested; perhaps another \$6.6 billion will be requested in a few weeks' time, and then another \$6.6 billion as the months go by. Meanwhile, the people of Canada, the investment community, and the business community nationally and internationally will continue to lose confidence in the country and in the government. So it goes, honourable senators; the snowball gets bigger and the panic becomes greater. The only real cure for this situation is not another borrowing bill; the only real cure for it is another election. It is time for the government across the way to recognize the fact that it is completely out of control of the situation in Canada. It is time to ask the people to make up their minds whether they want to continue on this downhill course—this idiocy—or whether they want to change the government.

If that is not partisan, honourable senators, I cannot imagine what could be, but it is also very sincere and, I think, reasonably accurate. The interest rates are absolutely crippling the public of Canada, but we are told that that is the fault of the Government of the United States. Inflation is certainly not nearly under control, although progress is being made in that regard in the United States. We are told that this, however, is not the fault of the Government of Canada; it is the unions' fault. We are told that the national energy policy, which has gone completely out of whack upon the closing down of all of the major projects that we were led to believe would be our salvation—the Alsands and the pipeline, which is postponed for two years and maybe forever—is not the fault of the Government of Canada; it is the fault of the provinces; they

would not co-operate. Premier Lougheed did all of that, we are told this afternoon.

So it goes, and so this government cannot control it. If all of these problems are somebody else's fault and the government has no way of controlling them and will take no responsibility for them, let it get out and pass the job on to somebody else to have a go at it.

In any event, honourable senators, you probably gather from my comments today that I am not going to support the borrowing bill. I would not give this government 6.6 cents to spend, not to mention \$6.6 billion. I think it is a completely irresponsible government. Honourable senators may rest assured that I will vote against the borrowing bill, and any other bill, of course, that the government brings in, with the possible exception of the one that was just introduced by my friend, Senator Stollery.

Hon. Douglas D. Everett: Honourable senators, before the Leader of the Opposition and the Deputy Leader of the Government rise, I would like to say that there was an examination made of the comfort letters in the National Finance Committee. It was an issue that was raised by Senator Doody and, on behalf of the committee and perhaps on behalf of the Senate, I would like to thank him for the assiduous way in which he pursued the examination and adduced some very interesting information, as well as an undertaking—or what I take to be an undertaking—from the President of the Treasury Board that this situation will be rectified and reported upon.

The point in Senator Doody's speech to which I really wanted to refer is the fact that we are rushing this borrowing bill through. It is my understanding that if the bill receives second reading it will be referred to the Standing Senate Committee on National Finance.

In the case of the comfort letters, which was raised by Senator Doody, a detailed examination was made of that subject. The hearing was brought to a conclusion by the members of the committee, not by the chairman or, in that case, the deputy chairman, and it has been the tradition in the Finance Committee that ample time is given to its members, including those of the opposition, to examine every detail they wish to examine, of a bill or matter that is before the committee.

● (1650)

If Senator Doody is concerned as to whether or not this bill will be examined adequately, he may be assured that if the bill receives second reading here today, the committee will meet in room 256-S at 9.30 tomorrow morning and he and the members of the committee will be given every opportunity to examine the contents of the bill.

Senator Doody: Honourable senators, may I just reply to the comments of the chairman of the National Finance Committee? I thank him for them, and for the information he has given us.

One of the reasons for my irritation on this particular subject is that I will not be able to be here tomorrow. We have a Northern Pipeline Committee expedition out to an ice tank

testing facility here. We are looking at ways and means of solving the cold water navigation problems which are so close to the hearts of all Newfoundlanders now that our offshore resources are going to be—excuse the expression—exploited.

If I can split myself in two, I will certainly take advantage of the opportunity to learn more in the National Finance Committee.

Senator Flynn: I have just a few questions. The first of these, of course, relates to the comments made by Senator Everett, as well as to those of Senator Doody just before he resumed his seat.

My understanding is that the Minister of Finance, or the Minister of State (Finance), would like to have this bill receive royal assent tomorrow. The point that Senator Doody was making, therefore, was not by way of any criticism of the National Finance Committee. If there were no rush of this kind, I am quite sure that Senator Everett would agree to have his committee meet only next week, in order to accommodate honourable senators, and not rush the bill through tomorrow.

I think the deputy leader owes it to the Senate to tell us the reasons why the government wants this bill to receive royal assent tomorrow. Is it necessary in order to arrange for a bond issue right away, or will it make any difference if the bill receives royal assent only next week?

My second question concerns the next borrowing authority that we shall receive during the course of this year. I understand that the \$6.6 billion requested under this bill was calculated at the time of the budget in November 1981. Apparently, on the basis of what we heard this morning, the government is expecting a deficit of \$16 billion. In the light of that, what would be the additional amount that the government would require under the next borrowing authority bill?

Finally, I have a technical question which deals with clause 2(3) of this bill, which states:

(3) For greater certainty, any amount borrowed under this section or any other authority conferred by Parliament before the coming into force of this section may be borrowed in a currency other than that of Canada and may be repaid in the currency in which it was borrowed.

The deputy leader said that the purpose of this subclause is to clarify the problem, once and for all. It seems strange to me, however, that there should be a subclause in this bill which deals only with the authority for this year, and indeed, only for a part of this year, rather than by means of an amendment to the Financial Administration Act, or by means of a separate clause in this bill. This authority is going to be lost once the bill is exhausted, and it will be really difficult to find authority for the government to retain the power to borrow in any kind of currency, as is provided here. This is certainly a very technical defect, but it is an important one.

I would like to know if the deputy leader has something to say about this, and if he would inform the Senate accordingly.

The Hon. the Speaker pro tem: Honourable senators, I wish to inform the Senate that if Senator Frith speaks now his

speech will have the effect of closing the debate on second reading of this bill.

Senator Smith: Honourable senators, I would like to comment, if I may, on this matter of speed.

I quite agree with Senator Everett, as a member of his committee for quite a few years, that it is his habit, unfailingly, to provide, within the limits of his powers, full opportunity to members of his committee to examine whatever matter may be before them; but if he is under the constraint of being required, insofar as one can require a chairman to do anything within a certain time, to report this bill tomorrow or the next day, it seems to me very difficult to understand how the members of the committee are going to have time sufficiently to inform themselves to conduct the adequate examination before this committee that they ought to be able to.

Consequently, I would like to add my protest against this business of authorizing the government to borrow \$6.6 billion on the basis of a bill that was put on my desk, at least, an hour ago, and is expected to get third reading tomorrow. That seems to be an extraordinary situation. It is not as though this government, which does seem to stumble along from day to day and minute to minute, did not, long since, have sufficient knowledge of what it was going to require in this respect, and to introduce this bill into the Commons and get it through the Commons in time to allow the Senate, as well as the Commons, a full opportunity to examine it, and the reasons behind it, after being able to inform themselves as to the factors which it is necessary to understand in order to know whether or not they should report the bill.

Senator Frith: Honourable senators, I would like to deal first with the intervention of Senator Doody, and the first and major part of his concerns that were shared by Senator Smith and Senator Flynn.

I can understand why the borrowing authority, which is so closely connected to the budget, can raise criticism of the budget along with the general financial policies of the government; but the borrowing authority bill itself is really a technical follow-up to the budget.

There are, basically, two sources of funds that the government can turn to in order to implement its budget and its statutory requirements: the borrowing authority; and supply. I cannot agree that there is anything extraordinary about this, as Senator Smith and Senator Doody have implied. I do not mean to suggest that the observations made by Senator Doody were in any way out of order, because there is another opportunity in this connection to deal with the government's financial policies; but the borrowing authority last year was dealt with in exactly the same way as it is being dealt with this year. I wanted to check back on how it has been done in the past, and I do not want to suggest that it is purely routine.

An Hon. Senator: \$6.6 billion—purely routine?

Senator Frith: The point is that the \$6.6 billion in itself is not routine; it is part of the budget that has been duly debated and questioned. The point I am making is that once any

government comes to a budgetary figure it has to get its borrowing authority and its supply in order to proceed.

From what I can determine—and I did go back to previous governments—this was the procedure used by them. In other words, what should be examined with regard to the borrowing authority is the budget. Perhaps this is a bad procedure. Certainly, for as long as I have been here, the lengthy debate that takes place on government economic policies does not usually take place at the borrowing authority stage, because if its budget passes, then the government must have the borrowing authority to implement its provisions. Similarly, it asks for supply for the same reasons.

● (1700)

All I can say is that it is not appropriate to criticize the suggestion that the borrowing authority bill receive second reading and go to committee, and that it be reported back from committee, when that same committee has dealt with the estimates and supplementary estimates, and when another committee has dealt with budget questions. The borrowing authority, as such, is traditionally dealt with in that way. It was dealt with in that way last year; it was referred to committee, and received third reading the next day.

It is not really a matter of tacking on \$6.6 billion to the debt. As it traditionally does, the government, in this bill, is asking for authority to borrow, and its authority to borrow depends on the Financial Administration Act. It is not getting around that act; it is asking for authority, as any government must do under the Canadian parliamentary system, no matter what its party affiliation is, in order to have the authority to borrow, to govern and to implement its economic policies.

I do not know how I can deal with the allegation concerning what the government would like to do. It seems to me that the question of comfort letters is not relevant to this question of the borrowing authority, unless the government will be asking someone to give it comfort letters.

Senator Roblin: By George, it could use a few!

Senator Frith: I am not prepared to deal with the question of comfort letters here because I do not think it is relevant. Having heard only Senator Doody's side in connection with this matter, I can easily share some of his chagrin. However, if I understood his explanation correctly, it seems to me that a comfort letter is something that applies when the government is lending money or, at least, is supporting someone in a lending posture rather than a borrowing posture. It seems to me that if the bill goes to committee the question of comfort letters can be pursued, as to whether they have anything to do with a borrowing authority bill. I am not convinced that they do. Perhaps in committee tomorrow I will be convinced that comfort letters are an integral part of a borrowing authority bill.

Senator Flynn asked why the government wanted the bill to pass tomorrow, and whether there was any particular magic in its being passed tomorrow, whether it was because it was the day after Joyce's "Bloomsday", or the day after "Ulysses" was written, or whether it was because it was Senator Roblin's

birthday. Certainly, we would be pleased to wish him a happy birthday on third reading, if we are able to obtain it.

Honourable senators, there is no particular magic in its passing tomorrow. We have asked the committee to sit tomorrow to examine the bill and to report it tomorrow if it is able to do so. A similar procedure was followed last year. I pointed out earlier that this is a fairly ordinary way of doing it; that it is done within a short time. I am not suggesting that it is always done in one day.

Senator Flynn: Will it make any difference if third reading takes place next week?

Senator Frith: All I can say is that the minister has asked me to ask the Senate to give the bill third reading tomorrow, so that we can have royal assent. It may have something to do with the fact that two Thursdays and Fridays will be non-sitting days in the other place, although they are normally sitting days. I cannot justify it on any basis, except that the government has asked for the borrowing authority. I am not saying that all is lost if the bill does not receive third reading tomorrow. On the other hand, I cannot see that a great deal will be gained if the committee makes its report tomorrow and we do not have third reading tomorrow.

Senator Flynn: If you tell me that the minister is in urgent need of this legislation—

Senator Frith: If I do not know that that is so, then I will not say it is so. I am simply saying that if the bill goes to committee tomorrow, and if it is reported tomorrow without amendment, then, just as there is no overpowering need to give it third reading and royal assent tomorrow, there does not seem to be any overpowering reason not to.

Senator Flynn: Perhaps the Deputy Leader of the Government could question the minister and give us a reply tomorrow.

Senator Frith: I will try to do so. However, I suspect that the answer I will give will be the one I am giving now, namely, that I cannot see any reason why it should receive third reading or any reason why it should not receive third reading tomorrow, given those conditions.

Concerning the amount required by way of additional borrowing authority, I cannot give any figures other than the ones referred to by Senator Flynn, because, of course, these are estimates that we have read and heard about. We shall not have any more accurate perception of that until we know the contents of the statement to be made by the minister.

Senator Flynn: Was it not based on a \$10 billion deficit?

Hon. Hartland de M. Molson: Honourable senators, I have a question that I wanted to ask earlier, but I seemed to get a little crowded out. The Deputy Leader of the Government gave us a good explanation of the sums involved, but I did not perceive a comparison between the figures for this spring and for a year ago. I believe the \$3.3 billion was the unborrowed portion of the previous amount. The Deputy Leader of the Government said that normally it would have come on March 31. Now it is \$6.6 billion, and this is June. How does this compare with the situation a year ago?

[Senator Frith.]

Senator Frith: Regarding the difference between the March and June figures, the approximate amount of \$3.3 billion was contained in the contingency amount for previous years. In previous years, if that contingency was not used, then, by reason of the Financial Administration Act, it was an unused borrowing authority, and so it disappeared. This last year, 1981-82, exempted the contingency figure from the automatic cut-off, from the automatic guillotine. So that \$3.3 billion, not having been guillotined, existed as an authority to be used until today.

Senator Molson: What did they borrow last year when the amount was cut off?

Senator Frith: I do not know the amount of the borrowing authority for last year, but I can look it up or we can get it in committee tomorrow. If we do not get the figure in committee tomorrow, then I will certainly provide it.

Hon. Fernand-E. Leblanc: It is \$12 billion.

Senator Frith: According to the deputy chairman of the committee, the figure is \$12 billion.

The question asked by Senator Flynn underlines the fact that what is being asked for here is \$6.6 billion in the previous amount, and there is no authority given for any additional amount. If clause 2(3) of this bill intends to clarify, once and for all, the ability of the government to borrow and repay loans in funds other than Canadian currency, it does not succeed in doing so. As I understand it, that subclause is there temporarily, not to solve the problem but until an amendment can be made to the Financial Administration Act to solve the problem.

Senator Flynn: It says in part, "any other authority conferred by Parliament". That covers the Financial Administration Act and any future bills.

Senator Frith: But only those dealing with borrowing authority.

Senator Flynn: Yes, but it is really a general amendment, and I do not see how you find it there.

Senator Frith: It seems to me that clause 2(3) will not live past, or ought not to live past, or should not be interpreted as living past, March 31, 1983. In the meantime it is hoped that the Financial Administration Act will be amended to cover that point.

Senator Flynn: You will not need it, because you will lose this subclause somewhere, somehow.

Senator Frith: I hope not, but perhaps someone can also give us some help on that matter tomorrow.

Honourable senators, that is all I have to say on second reading of this bill. I commend it to you, and if it is adopted on second reading, I will—

Senator Flynn: Do you have any doubt?

Senator Frith: That is a famous Hobson's choice. If I say, "when it is adopted," someone will say, "Don't take that for granted"; and when I say, "if it is adopted," someone asks,

"Do you have any doubt?" In any event, if it is adopted, I will suggest that it be referred to the Standing Senate Committee on National Finance for study and report before third reading. I can tell honourable senators that there is a meeting of that committee planned for tomorrow morning at 9.30, at which time there will be room on the committee's agenda for this item.

Senator Smith: I wonder if the deputy leader would mind responding to another question. As I followed him, he was saying that there is nothing extraordinary about the timing of this bill, or the time allowed between its introduction and the date on which it is hoped to be passed, and that everything is just as it has always been.

I wonder if his research into that situation led him to examine also whether we have ever been faced with such a bill when the budget itself had never been passed into law. In this case, seven months, or thereabouts, have expired since the budget was placed before Parliament, and, I believe, 24 changes have already been made to what was in the budget the night it was presented; and the deputy leader himself says that we will not really know the final figures on the budget until we get another statement from the Minister of Finance.

Senator Frith: Honourable senators, my research definitely never disclosed a situation parallel to the situation described by Senator Smith. That is why, it seems to me, it is important to underline the fact that what is being asked for here is the borrowing authority, and I think honourable senators can be sure that, no matter what takes place in terms of other changes, it will be no less than \$6.6 billion. So, the honourable senator's point is well taken. The precedent does not exist and this is an unusual situation. But if, for example, much more speculative figures were included, I would agree with him that it would be very relevant to the asking for such speedy passage of this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Frith moved that the bill be referred to the Standing Senate Committee on National Finance.

Motion agreed to.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO STUDY CANADIAN RELATIONS WITH COUNTRIES OF THE MIDDLE EAST AND NORTH AFRICA

The Senate resumed from yesterday the debate on the motion of the Honourable Senator van Roggen:

That the Standing Senate Committee on Foreign Affairs be authorized to examine and report upon Canadian relations with countries of the Middle East and North Africa, namely Morocco, Tunisia, Algeria, Libya, Egypt, Sudan, Israel, Lebanon, Jordan, Syria, Iraq, Saudi Arabia, North and South Yemen, Oman the United Arab Emirates, Qatar, Bahrain, Kuwait and Iran;

That the Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination and consideration of such legislation and other matters as may be referred to it, at such rates of remuneration and reimbursement as the Committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, if required, in such amount as the Committee may determine; and

That the Committee have power to sit during adjournments of the Senate.

Hon. Jacques Flynn (Leader of the Opposition): I have had time to read the long list of countries, and it will be an interesting trip through all these countries.

Hon. George van Roggen: If I may, I would like to clarify the fact that those countries are only named for the purpose of delineating the boundaries of the area with which we are concerned. In the ten years I have been a member of this committee, including my time under the chairmanship of Senator Aird, I have taken only two trips—one to Washington and one to Brussels—so I do not think that we shall be abusing our privileges in this instance.

Hon. Royce Frith (Deputy Leader of the Government): It is not Senator van Roggen's "Sunflight"!

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 17, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT ON COMMITTEE BUDGET TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled a report approving the supplementary budget of the Special Joint Committee on Official Languages.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

BORROWING AUTHORITY BILL, 1982-83

REPORT OF COMMITTEE

Hon. Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, presented the following report:

June 17, 1982

The Standing Senate Committee on National Finance to which was referred Bill C-111, "An Act to provide supplementary borrowing authority" has in obedience to the order of reference of Wednesday, June 16, 1982, examined the said bill and now reports the same without amendment.

Respectfully submitted,

D. D. EVERETT
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, under the rules, the report of a committee reporting a bill without amendment stands adopted. However, Senator Everett wishes leave to make a brief statement and, on his behalf, I ask that he be permitted to do so.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Everett: Honourable senators, I wish to make one point that came out in the course of the committee's examination of Bill C-111. This bill seeks supplementary borrowing authority in the amount of \$6.6 billion. It is not unlike Bill

C-59, which we considered last year, in which a request was made for supplementary borrowing authority in the amount of \$14 billion. At that time \$11 billion of that authority was to expire, if unused, on March 31, 1982. Of that amount, \$3 billion would not expire in the event that it was not used. Therefore, as of March 31, 1982, the unused portion of the \$11 billion that had been authorized under Bill C-59 expired and the government proceeded to operate with new borrowings under the \$3 billion contingency amount that did not expire on March 31, 1982.

When the committee was involved in the examination of this bill, we found that this contingency amount was not \$3 billion but \$3.6 billion, and that approximately \$600 million had been in that "unexpiring" category since the fiscal year ending March 31, 1978. Therefore, it made us wonder whether Parliament was losing some control over supplemental borrowing. In questioning, we found that the \$3.6 billion that existed as at March 31, 1982, has been reduced by borrowings to approximately \$1 billion as of this date.

Hon. Jacques Flynn (Leader of the Opposition): One billion dollars?

Senator Everett: Yes; \$1 billion of the \$3.6 billion is left, less an amount borrowed for foreign exchange purposes since June 1. The reason for that is that the government does not report its borrowings for foreign exchange purposes immediately; it generally reports those amounts at the end of the month. So there is a period between June 1 and the present time in which the government has probably been borrowing fairly heavily, which borrowings will reduce the \$1 billion.

We received an assurance from the witnesses that the amount that is left—that is, the \$1 billion of the \$3.6 billion that existed as of May 31, which has been reduced by the foreign exchange borrowings since May 31—remains a contingency amount. While the \$6.6 billion that we are authorizing here will expire on March 31, 1983, the amount that is left over of that \$3.6 billion will not expire.

It is true that the government will be coming back for further supplemental borrowing authority during this fiscal year because the deficit is larger than was expected in the budget, and the borrowing requirements on account of that deficit, and possibly on account of foreign exchange, will be larger than was initially thought.

We asked the witnesses to inform the Minister of Finance that at that time we would like whatever contingency amount is required to be renewed and that all other contingency amounts be cancelled. That has not been the case, and, as a result of that, \$600 million has been carried as a contingency amount going back to 1978. We consider that they should

cancel all contingency amounts at that time and then renew with a contingency amount, which they require during periods when Parliament is not sitting, or when there is an election, or when there is a serious foreign exchange problem, which we are in right now—in other words, cancel all previous contingency amounts and establish a new contingency amount each year.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

June 17, 1982

Sir,

I have the honour to inform you that the Honourable W. Z. Estey, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 17th day of June, 1982, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be

Sir,

Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable

The Speaker of the Senate,
Ottawa.

● (1410)

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO RECEIVE PRESENTATION FROM
CANADIAN RAILWAYS EMPLOYEES' PENSION ASSOCIATION

Hon. G. I. Smith: Honourable senators, I have the honour to report that the Standing Senate Committee on Transport and

[Senator Everett.]

Communications has been requested by the Canadian Railways Employees' Pension Association to hear representations from that association. The committee feels that it should hear those representations, should the Senate so authorize.

In pursuance thereof, I move, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Transport and Communications, in response to a request from the Canadian Railways Employees' Pension Association, be authorized to receive a presentation from representatives of that association with respect to certain issues relating to the Canadian National Railways Pension Trust Funds and, if the committee considers it necessary, to report thereon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I intend to vote in favour of the motion, but before so doing, would Senator Smith tell us how this request arose and what it is essentially about?

Senator Smith: This association has been active with reference to pensions of various former employees of various railways. From year to year that association has made a request of this committee to make representations. We have heard them several times in the past.

Representatives made this latest request a few days ago. They were informed that the committee would seek permission of the Senate to hear their representations, and, in pursuance of that undertaking, I have moved this motion today. This is not an unusual request. Their brief is a rather lengthy one but, in essence, it makes the representation that the pension funds should be invested in a way which would be more advantageous to the pensioners.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Ernest G. Cottreau, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Buckwold be added to the list of senators serving on the Standing Senate Committee on Internal Economy, Budgets and Administration.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Now I am worried.

Hon. Jacques Flynn (Leader of the Opposition): It is overdue.

Motion agreed to.

[Translation]

BUSINESS OF THE SENATE**ADJOURNMENT**

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Monday next, June 21, 1982, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Perhaps the Deputy Leader of the Government could inform us at this point whether he has a list of bills the government would like to see passed before the summer recess—if it is still expected to start on June 30?

Senator Frith: Honourable senators, I think this is a good opportunity to give a preview of the bills we can expect in the Senate during the coming weeks. I may be able to obtain further information for the sitting on Monday evening at eight o'clock. I would also like to point out that for the next two weeks, we shall be meeting on Monday at eight o'clock in the evening.

Senator Flynn: But you do not have a list, and according to the Order Paper, we only have Bills C-108 and C-10. This is legislation the government would probably like to have passed by Parliament before the summer recess. But what are the other bills? Are you going to tell us Monday?

Senator Frith: Yes, I have some notes here in a book, but I would like to have a chance to update them for next week, when I would be able to give a more complete list.

Senator Flynn: You are going to give us the list Monday?

Senator Frith: Yes, that is exactly what I have agreed to do.

Senator Flynn: All right.

Motion agreed to.

● (1415)

[English]

Hon. Daniel Riley: Honourable senators, I would like to address a question to the Deputy Leader of the Government. What about Tuesday?

Senator Frith: Honourable senators, next week we shall sit on Monday evening at 8 o'clock, on Tuesday afternoon at 2 o'clock, and on Wednesday afternoon at 2 o'clock, but not on Thursday or Friday.

Motion agreed to.

QUESTION PERIOD

[English]

THE ECONOMY**POSSIBLE STATEMENT BY MINISTER OF FINANCE—
CONSEQUENT LEGISLATION**

Hon. Lowell Murray: Honourable senators, I should like to ask the Deputy Leader of the Government whether or not we can expect any legislation to be brought in following upon Mr. MacEachen's financial statement.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, since that will depend on a cabinet decision, I will pass the ball to my colleague, Senator Perrault, the Leader of the Government in the Senate.

Some Hon. Senators: Oh, oh!

Hon. Raymond J. Perrault (Leader of the Government): The universe will unfold in due course.

Hon. G. I. Smith: If it does not collapse first.

Hon. Jacques Flynn (Leader of the Opposition): He told you what to say.

Senator Perrault: Surely, you do not expect that kind of question to be answered.

NATIONAL REVENUE**ALLEGED DELAY IN PROCESSING INCOME TAX RETURNS**

Hon. Orville H. Phillips: Honourable senators, I have a question for the Leader of the Government in the Senate. The employees of the Department of National Revenue have been directed to delay processing income tax returns that require a refund payment because the federal government apparently does not have the necessary funds to make the tax repayments. When does the minister anticipate that this directive will be rescinded and refunds made?

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator's question is hardly designed to inspire confidence in the strength of the Canadian economy. In that sense, I feel it is somewhat irresponsible. This government is not in dire economic straits which deserve those kinds of comments.

Hon. Jack Marshall: But the people are.

Senator Perrault: If the honourable senator has some specific support for his allegations, I shall be pleased to pursue the matter further with the department he named.

● (1420)

Senator Phillips: Honourable senators, the lack of confidence in the Canadian economy is due to the actions of the cabinet, of which my honourable friend is a member.

Some Hon. Senators: Hear, hear.

Senator Phillips: It is not due to any question from this side of the chamber.

I would ask the honourable minister if, when he follows up on this information, he could also tell us how many income tax

returns requiring refunds have yet to be processed. I realize that he does not have the information at his fingertips, but I do not think it would take him any more than two months to get it.

Senator Perrault: Honourable senators, I will take the question as notice. The Honourable Senator Phillips is aware, of course, that the preparation of that answer will take a good deal of time, person-hours and money. However, if the resources necessary to find the answer to the question can be located, we will certainly obtain a reply.

[Translation]

THE ECONOMY

GOVERNMENT POLICY

Hon. Martial Asselin: My question is directed to the Minister of State for Economic Development. For several weeks the government has been promising it would make a statement on the country's economic situation and that perhaps some remedies or solutions for our economic problems would be announced. We were told: Wait until Versailles; after Versailles, everything will be settled. When the Versailles Summit was over, the Minister of Finance returned to Canada, and we were told: Wait for the Prime Minister, he has all the answers in his back pocket, and he will announce them as soon as he gets here. When the Prime Minister got back, he was asked whether he really had specific ideas as to how the economic situation should be remedied. We were told: Wait, because we are going to have a cabinet meeting, followed by a meeting of the Liberal caucus, and then you will get the answers.

Meanwhile, 1,200,000 Canadians are unemployed. The dollar has fallen to 77 cents and a fraction of a cent, the Bank of Canada has increased the bank rate again today—

Hon. Senators: Question!

Senator Asselin: Interest rates are absolutely unreasonable. I know it hurts, but be patient!

Hon. Maurice Lamontagne: It was the same under Diefenbaker!

Senator Asselin: It was not as bad under Diefenbaker, I can tell Senator Lamontagne that. Meanwhile, the government has offered no solutions at all. One would think we would have a mini-budget before the summer recess, but the Minister of Finance said that it was out of the question. How can a minister responsible for economic affairs afford to sleep—

Senator Lamontagne: He is not asleep!

Senator Asselin: —when the country's economy is an utter disaster?

Could the minister inform us whether at the end of this session, Canadians can at least expect from their government an economic policy that might be able to help them get out of the present recession?

[English]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, although my honourable friend

[Senator Phillips.]

certainly has the right to express his opinions, it is my view that Question Period is not the time to enter into a mini-debate.

In reply to the question, which was only somewhat related to the speech that preceded it, I will say that when the Minister of Finance is ready to announce a date for his economic statement, I am sure he will do so. I guarantee to my honourable friend that I will carry that message to him as quickly as I can.

[Translation]

Senator Asselin: Yes, but the minister should understand that the Canadian people and Canadian businessmen have been waiting for six months to hear an announcement on the country's economic problems by the Minister of Finance.

We were told: Wait until the Versailles Summit, which is going to provide all the answers; the Prime Minister will take care of all that when he gets back.

Is the cabinet asleep? Are you going to do something about the problems the country is now facing and are you finally going to come up with some answers? When is it going to be?

[English]

Senator Olson: No, honourable senators, the Cabinet is not asleep. I say that in reply to the only new element of the second speech made by my honourable friend.

Hon. Jacques Flynn (Leader of the Opposition): Oh, so you cannot sleep?

Senator Olson: No, we do not sleep.

● (1425)

INCREASE IN BANK RATE

Hon. Lowell Murray: Will the Minister of State for Economic Development tell the Senate at what percentage the Bank of Canada rate was fixed today?

Hon. H. A. Olson (Minister of State for Economic Development): I believe it was set at 16.59 per cent.

Hon. Martial Asselin: Terrible!

Senator Murray: Is the minister in a position to state whether the principal reason for the bank rate increase today is to bolster the Canadian dollar which, I understand, closed yesterday at less than 78 cents, and was trading at noon today at 77.65 cents, vis-à-vis the United States dollar?

Senator Olson: Although I do not have this in writing from the Governor of the Bank—and I am not sure that he does this each week—I would expect, from my own personal analysis of the situation, that the bank rate is up this week in response to a significant rise in the bank rate in the United States this week—indeed, earlier than this week.

We discussed this in some detail yesterday, and all of the answers I gave then are equally valid today.

Senator Murray: Is it the position of the minister and the government that the minute that interest rates in the United States begin to fall, the bank rate here will begin to fall?

Senator Olson: I am not sure that it is that automatic, that it will be that instant, because there are a number of factors that are obviously taken into account.

It is the position of this government, as long as we are going to have an open economy with the flow of funds into and out of Canada, that we need to have a monetary policy that corresponds to that freedom.

PROJECTED DATE OF RECOVERY

Hon. Richard A. Donahoe: Honourable senators, I should like to address a question to the Minister of State for Economic and Regional Development.

On the basis of its composite indicator at the end of March, the Canadian Imperial Bank of Commerce has projected economic recovery no earlier, and possibly later, than the fourth quarter of 1982.

My question is a very simple and straightforward one. Does this differ from the government's assessment of when recovery will begin to take place?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there have been a number of prognostications of when there may be some upturn in the economy. I think there is, perhaps, a preponderance of prognosticators now who think there could be some mild, gentle or slight upswing going into the third quarter of 1982. On the balance of those prognostications, it is not viewed as being a particularly significant upswing.

Senator Donahoe: I have a supplementary question. It is the practice of the minister, when he answers our questions, to take exception to our use of private forecasts as to what the future may hold, and regularly we try to get up-to-date figures from the government itself, but they are seldom if ever—in fact, I would say almost never—forthcoming.

Despite the fact that the Minister of Finance has himself admitted on a piecemeal basis that many of his assumptions of late November have proven to be inaccurate, can the minister now tell us, without undertaking to bring anything to the Senate, or can he at least reassure us, that the government has its own updated economic assumptions?

If the government is not relying on material provided by those in its own employ, has it any private forecasts on which it relies?

Senator Olson: The honourable senator is correct when he recalls that the Minister of Finance has indicated that there have been changes in the performance of the Canadian economy that would lead to some differences between many of the indicators now and those at the time of his budget forecasts of November 1981.

● (1430)

I do not take the time to object to the use by honourable senators opposite of private forecasts, and that sort of thing, because in spite of the objections I have made in the past they continue to do this. The preamble to my honourable friend's question was, again, a reference to a report of an economic

projection by some bank or other private organization, but I will not object. However, with regard to the other part of his question as to whether the government has an updated statement and list of projections available, I have to tell him that that will come along with the statement of the Minister of Finance on the economy, whenever he announces the date, which, as we all know, will be relatively soon.

PUBLIC WORKS

NOVA SCOTIA—NORTH SYDNEY—DILAPIDATED STATE OF FEDERAL BUILDING

Hon. Robert Muir: Honourable senators, I would like to return to the more mundane but nevertheless quite important subject of employment.

On June 9, I posed a question to the Deputy Leader of the Government with regard to creating employment by undertaking the repair of the federal building in North Sydney, Nova Scotia. If that were done then, at least, the civil servants working there would not have to dodge the drops of rain coming in through the roof that is leaking so badly.

At the time I asked the question Senator Frith said, in response to my comment, that the building was constructed in 1958, that he is in as good shape now as he was in 1958, and I believe that. His roof may be a little thinner on top, and so on, but I really believe that he is in good shape.

In any event, he said he would dig into this matter and see what would happen. I wonder if he has any further information in this connection. It is quite important. I would also like to know whether, in the future, buildings of this kind are going to be maintained by the Department of Public Works or by Canada Post. I appreciate that the deputy leader probably does not have the information at this moment, but I would be obliged if he would produce it as soon as possible.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I remember the question. I do not have a report from the Department of Public Works yet, but when I send a further request for it I will add the other question the honourable senator has asked.

NATIONAL DEFENCE

AIR TRANSPORT COMMAND—AVAILABILITY OF AIRCRAFT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with reference to the question asked by Senator Lafond on May 13 concerning the procurement of airliners, the question and inherent suggestion, indicating that a large number of airliners is available at very attractive prices, is a valid observation. Indeed, were it possible for the Department of National Defence to avail itself of this unprecedented situation, it would likely be an ideal time to procure a strategic air transport fleet in sufficient numbers to meet all Canadian Forces commitments.

The Department of National Defence has been aware of this opportunity and is currently investigating the possibility of

taking advantage of this exceptional source of procurement. Such a purchase, however, could only be pursued following an examination and an adjustment of the department's priorities, in view of the many programs competing for the limited funds in the capital budget.

VETERANS AFFAIRS

RELOCATION OF OFFICE IN LONDON, ENGLAND

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I now have a reply to a question asked by Senator Marshall on June 3 regarding the transfer of the veterans affairs division of our high commission in London from Canada House to Macdonald House.

Over the past decade, the Department of External Affairs gradually moved almost all of the line and functional operations of the high commission to Macdonald House because of the space limitations of Canada House. With the exception of the veterans affairs office, Canada House now contains only the cultural, public affairs and travel promotion programs of the high commission, and its operation is, in concept, that of a Canadian cultural centre. The transfer of the Veterans Affairs office is the final step in this process. It is required because of the expanding needs of the other Canada House programs.

A further consideration has been the need for the high commission to prepare for the future. At present, only Mr. Towgood and Mrs. Watson of the veterans affairs division have any knowledge of that division's operations. This change will enable personnel in the consular division to familiarize themselves with the veterans affairs division workload and files so that continued services can be guaranteed when Mr. Towgood is away, as well as after he decides to retire.

While Canada House is better known to the public, Macdonald House is equally accessible and provides the additional benefits of proximity to the immigration, passport and consular programs, as well as 24-hour access. There should be little, if any, inconvenience to veterans and their dependants. The necessary steps will be taken to ensure they are aware of the change.

Although there is no British Rail station nearby, Macdonald House is as close to the Bond Street tube as is Canada House to Charing Cross. Bus service is also nearby on both Oxford and Davies streets.

FOREIGN AFFAIRS

LEBANON—ISRAELI INVASION—SAFETY OF CANADIAN NATIONALS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, our embassy in Beirut continues to advise Canadians who may be at risk in the current situation to move to safer areas of the country.

Thirty-five Canadians and three returning residents were assisted in leaving Lebanon aboard the French ship *Azur* which arrives in Toulon tomorrow, June 18. In their latest

[Senator Perrault.]

report today the embassy staff mentioned that they are trying to arrange for 12 other Canadians who wish to leave to do so.

Two Canadian families who have fled to Jordan from Lebanon are being assisted to return to Canada by our temporary office in Amman. Our embassy in Beirut is continuing its efforts to establish the safety of Canadians in Lebanon, whose presence has been reported by their families in Canada.

Honourable senators, recent news reports indicate that a Canadian doctor is one of a group of 50 hospital workers arrested by the Israeli defence forces in Sidon on June 12.

We can confirm that Christopher Giannu, a Canadian-Born doctor, is believed to have been working as a surgeon at a hospital in southern Lebanon at the time of the Israeli invasion.

Our embassy officials in Tel Aviv have been actively pressing the Israeli authorities for further information with respect to Dr. Giannu since they first became aware of the media report on June 16. They have been given no information as yet.

LEBANON—ISRAELI INVASION—GOVERNMENT POLICY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the current policy position of the Canadian government with respect to Lebanon is as follows:

We deplore the use of force in Lebanon. We oppose all acts of terrorism but we do not believe that the present Israeli military activities are justified, or that they will provide long-term security for the Israeli people.

We hope the ceasefire between Israel and Syria will hold and that a ceasefire between Israel and the Palestinian Liberation Organization can be consolidated.

We continue to support the Security Council resolution of June 6 calling for an immediate ceasefire and unconditional and immediate Israeli withdrawal.

Honourable senators, the Canadian government is concerned about the displacement and suffering of the people in Lebanon as a result of the present hostilities. It has announced a contribution of \$1 million to the International Committee of the Red Cross for immediate relief.

The Canadian government will be keeping developments under review and, as the situation warrants, it will consider further contributions. A number of United Nations agencies have begun responding to the Secretary-General's efforts to mobilize urgent humanitarian assistance.

Honourable senators, it is premature to indicate what the Canadian government reaction would be to a multinational force within or outside the United Nations or to Canadian participation in it if invited.

FALKLAND ISLANDS—ARGENTINE PRISONERS—GOVERNMENT ATTITUDE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I now have a brief word on the Falklands situation, as of this afternoon.

There have been reports that Canada has offered to help the British to maintain Argentine prisoners of war and to assist in their return to the mainland.

British authorities have asked Canada and other countries to use whatever influence we may have with Argentina to encourage that country to agree to grant British ships safe passage for the return of prisoners. We have instructed our ambassador in Buenos Aires to stress the humanitarian nature of our concern and the need to prevent further loss of life or suffering.

The British have not asked Canada for any direct assistance for the care of prisoners. We understand that the International Red Cross is trying to negotiate the transfer of Argentine prisoners either to Chile or Uruguay.

CRIMINAL CODE

BILL TO AMEND—THIRD READING

Hon. Richard J. Stanbury moved the third reading of Bill C-117, to amend the Criminal Code.

Motion agreed to and bill read third time and passed.

[*Translation*]

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA—MOTION OF CONGRATULATION TO GOVERNMENT AND PEOPLE OF GREAT BRITAIN ON RESOLUTION OF CONFLICT—ORDER STANDS

On the order:

Resuming the debate on the motion of the Honourable Senator Croll, seconded by the Honourable Senator McIlraith, P.C.:

That this House congratulate Prime Minister Thatcher, the Government and the people of the United Kingdom on their resolution of the conflict in the Falkland Islands that maintains the principle that armed aggression must be

resisted, that respect for the United Nations Charter and the rule of law in international affairs be observed and force not used to settle territorial disputes between states, regrets the loss of life and injuries on both sides and urges a peaceful settlement of all outstanding issues between the U.K. and Argentina.—(*Honourable Senator Asselin, P.C.*).

Hon. Martial Asselin: Honourable senators, I would like to ask the motion's sponsor for some information, but since he is not present, I ask that the order be allowed to stand.

Order stands.

● (1440)

[*English*]

The Senate adjourned during pleasure.

● (1745)

ROYAL ASSENT

The Honourable W. Z. Estey, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to provide supplementary borrowing authority.

An Act to amend the Criminal Code.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Monday, June 21, 1982, at 8 p.m.

THE SENATE

Monday, June 21, 1982

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

THE ROYAL FAMILY

THEIR ROYAL HIGHNESSES THE PRINCE AND PRINCESS OF WALES—ANNOUNCEMENT OF BIRTH OF A SON

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators who have not heard the news will be delighted to learn that Their Royal Highnesses the Prince and Princess of Wales became the parents of a son a short while ago.

Hon. Senators: Hear, hear.

Senator Perrault: Mother, son and father are reported to be doing well. We have been informed that in the other place a resolution is being drawn up proposing that a message of congratulations be sent to Buckingham Palace.

I am sure that honourable senators would think it appropriate that we in this place join in any congratulation message sent from Parliament to Buckingham Palace. May I say that a copy of the message from the other place should be available shortly. Perhaps when it arrives here we can adopt a similar motion and join in the parliamentary message to Buckingham Palace on this happy occasion.

Hon. Senators: Hear, hear.

[Translation]

Hon. Jacques Flynn (Leader of the Opposition): It will be a pleasure to second the motion by the Leader of the Government. Indeed, on this side our sentiments entirely reflect those on the opposite side of the House.

[English]

COOPERATIVE ENERGY BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-116, to establish the Co-operative Energy Corporation and the Co-operative Energy Development Corporation.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

[Translation]

GARNISHMENT, ATTACHMENT AND PENSION DIVERSION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-38, to provide for the garnishment or attachment of Her Majesty in right of Canada and for the diversion of pension benefits payable by Her Majesty in right of Canada under certain enactments.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate, and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later today.

Motion agreed to.

[English]

SUPPLEMENTARY RETIREMENT BENEFITS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-120, to amend the Supplementary Retirement Benefits Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

[Translation]

CANADA PENSION PLAN DEFENCE PRODUCTION ACT EXCISE ACT EXCISE TAX ACT INCOME TAX ACT

PETROLEUM ADMINISTRATION ACT UNEMPLOYMENT INSURANCE ACT, 1971

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-118, to amend certain Acts that provide for the retention of records.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f),

moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

[English]

THE ESTIMATES 1982-83

REPORT OF NATIONAL FINANCE COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the report of the Standing Senate Committee on National Finance on the main estimates for the fiscal year ending March 31, 1983, is virtually ready, but not yet in both languages. Therefore, I am informing honourable senators now that if we receive both versions later this evening I will ask honourable senators' permission to revert to Reports of Committees.

[Translation]

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(a):

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit at four o'clock in the afternoon on Tuesday, June 29, 1982, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

[English]

He said: Honourable senators, before leave is given, and in explanation, the bill that will be the principal subject matter of the meeting for which special permission is sought is the Young Offenders Bill. Provision has been made for this further meeting of that committee which has been studying Bill C-61 for some time. As you know, the committee will be meeting tomorrow at 8.30 p.m. The particular concern of the committee—and the chairman may want to add something—is that two provincial governments and the bill's sponsor want to make representations on the bill. They will be able to attend at that time, and I believe we should give them the opportunity to make representations before the committee then.

● (2010)

Hon. H. Carl Goldenberg: Honourable senators, at the request of the committee, I asked the Solicitor General to appear once again, and 4 p.m. on Tuesday, June 29 is a convenient time for him. He will be available to answer questions which the committee was discussing at its last meeting.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[English]

THE ECONOMY

COMMENT BY PRIME MINISTER

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development. My question is based on the comments of the Right Honourable the Prime Minister in western Canada this weekend that the general direction of government policy in the past six months has been:

—to scare the hell out of people by creating enough unemployment and causing enough bankruptcies of small businesses that people will bring their expectations down to more realistic levels and realize that they live in a hard world, that Canada can't isolate itself from the global village.

In view of the fact that we now have 1,200,000 Canadians out of work, the Canadian dollar dropping to new lows every day, an unacceptably high rate of inflation and bankruptcies being created at record levels, will the Minister of State for Economic Development indicate what further disasters will be needed before the Right Honourable the Prime Minister is satisfied that Canadians are sufficiently frightened?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, let me begin by correcting two of the so-called assertions that have been attributed to the Prime Minister by Senator Murray. First of all, it is not government policy to create all these matters of economic distress. What he indicated was that that is one solution that is apparently being followed by some of our neighbours, particularly the United States now—

Some Hon. Senators: Oh, oh!

Senator Olson: —and by the Thatcher government in England some time ago. He immediately said, if my honourable friend would like to read the rest of the article—at least, the one I read included it, but some of the articles did not—"That is not my preferred position."

Hon. Raymond J. Perrault (Leader of the Government): That's right.

Senator Olson: He said that—

Hon. Jacques Flynn (Leader of the Opposition): It is a chosen position.

Senator Olson: —one way of reducing inflation is to have people so concerned that it starts to reduce expectations. Again, I want to repeat that immediately afterwards he said, "that is not my preferred solution." He went on to say that he would like to find a consensus in this country as to a reduction

in expectations, thereby leading to a reduction in inflation. He said that all of those other things could happen if we have a consensus and some sharing within this country of that kind of problem. I am sure that Senator Murray would like to rephrase his question now that he has more accurate information as to what was said.

Senator Murray: It is not a matter of rephrasing the question; it is a matter of reading in greater detail the comments of the Right Honourable the Prime Minister, as reported.

● (2015)

The Prime Minister pointed out that there were two options.

Senator Olson: Three options.

Senator Murray: I am quoting from an article in today's *Ottawa Citizen*, which states:

"Government interventions," he said, though not as drastic as those followed by the Reagan administration in the U.S., are designed to "scare the hell out of people" to make them realize they have to lower their expectations.

Speaking at a Western Liberal policy conference here this weekend, Trudeau stressed his government has not "completely" followed the Reagan policy as a means of combatting inflation.

"I don't think it's a very good Liberal way," he declared.

The better way, he said, is for the government to continue pressing provincial governments, business and labor to exercise voluntary wage restraint.

As he had argued in a TV interview taped in Calgary Friday night, Trudeau said all sectors of the economy must voluntarily restrain wage increases as an alternative to Reaganomics.

Controls were only imposed in 1975, he said, after two years of pressure from the provincial premiers on him to use federal emergency powers to combat inflation.

"I don't believe it is the Liberal way," the prime minister said.

The policy adopted by the Reagan administration in the U.S., squeezing the money supply and causing more unemployment, is another option, the prime minister said.

I invite the attention of the Minister of State for Economic Development and of all senators to the next quotation. The article states:

"It is to scare the hell out of people by creating enough unemployment and causing enough bankruptcies of small businesses that people will bring their expectations down to more realistic levels and realize that they live in a hard world, that Canada can't isolate itself from the global village," Trudeau said.

"It's not the way we've completely gone yet," he said, "but it is the general direction of what government intervention has been following in the last six months" since the November budget cut taxes for some Canadians.

[Senator Olson.]

I ask the minister again: What other disasters have to befall the Canadian economy—

Senator Perrault: A Conservative government!

Senator Murray: —before the Prime Minister is satisfied that he has scared the hell out of people?

Senator Olson: Honourable senators, it is the same old story: Senator Murray has gone to great lengths to read some more statements. However, as he conveniently does, he has left out the most important part of the whole statement, and that is that there is a third option that the Prime Minister preferred. The third option may not be contained in the article the honourable senator read, but I happen to have here a transcript of the whole speech which went on for an hour.

Some Hon. Senators: Read it.

Senator Olson: The Prime Minister indicated that there are three options. The first option is control, and he went on to explain some of the difficulties related to that and the lack of total effectiveness of the end result of that. He went on to point out that you can have this kind of distress, and that that does scare the hell out of people.

Senator Murray: And that is the policy the government has been following for the past six months.

Senator Olson: No, it is not the policy the government has been following.

Prime Minister Trudeau went on to say that we have gone down that road for a way—

Some Hon. Senators: Down, down, down.

Senator Olson: Some senators like to cut me off in the middle of a sentence. If you want to interfere with the movement of capital in and out of this country and our dependence on international trade, which is a fact, then you get into controls.

My honourable friend continues to fail to read the whole statement, and I do not think he should get away with it this evening, tomorrow or any other day.

The preferred option, as stated very clearly by the Prime Minister, is that there should be an attempt to have a consensus by the government, the private sector and the labour sector to reduce expectations and lower interest rates so that we can all share in the difficulty that we all know occurs when there is a downturn in the economy. My honourable friend, however, has not come to that, because he wants to misinterpret the situation by stopping short of what was declared very clearly to be the preference of the Prime Minister.

● (2020)

Senator Flynn: You have not got the approval of Senator van Roggen. How can you have a consensus?

Senator Murray: I trust the minister has a transcript of the Prime Minister's interview on the Calgary television station on Friday night. I do not have one myself.

Senator Olson: You are referring to a different speech, but the content of both was the same.

Senator Murray: Then the minister will have no difficulty in finding the reference to last fall's budget in the transcript. In this connection Mr. Trudeau said, according to this article, "Some of the tax measures contained in last fall's budget were ill advised."

I see the minister shuffling through the transcript. Will he see if he can find there any identification of which policies the Right Honourable the Prime Minister finds ill advised, since this newspaper story is not precise on the point, and then, will he assure the Senate that the policies the Prime Minister considered to be ill advised are withdrawn and are no longer before Parliament?

Senator Olson: Honourable senators, you don't need to thumb through anything to find the answer to that. My honourable friend knows that there have been some 22, and perhaps more, modifications to the tax laws since then. Some came out on December 18, some on other days.

Senator Asselin: You are trying to be funny now.

Senator Olson: A lot of people in this country do not find it funny at all.

Senator Asselin: You are a funny guy.

Senator Olson: I am not funny. If the government had not felt that these measures were ill advised, I expect the Minister of Finance would not have listened attentively to the people who made representations about them and would not have modified them, as this government always does when it listens to people.

Senator Flynn: He is good listener, anyway.

Senator Murray: Will the minister again check the transcript and see whether the Prime Minister has identified those who furnished this bad advice to the government? Perhaps the minister himself has some idea of who these people are, and perhaps he would care to put their names on the record.

Senator Olson: Honourable senators, if my friend wants to go on some kind of witch hunt to find out who it was who proposed this or that tax law, he may. The Minister of Finance, in my view, has done a very responsible thing; he has listened to the representations made to him after, as is required of him, maintaining absolute secrecy with regard to proposed new tax laws, which, of course, as my honourable friends know, is a tradition in this country and in other parliamentary democracies. When those proposed measures did see the light of day, however, and representations were made with regard to them, he introduced modifications. My honourable friend knows that.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to pursue the issue as to the influences behind the budget of last fall, which my honourable friend so coyly refuses to attribute to himself.

I see in the *Calgary Herald* of June 1, 1982 the following heading:

Economic strategy a triumph for him, ... Olson emerges as budget's leading theoretician.

So now we know.

Senator Olson: Your colleagues are making too much noise. I did not hear what you said.

Senator Roblin: I will tell you again, though I am sure you have seen the article I referred to and may, for all I know, even have it enshrined on the notice board in your office.

It says: "Olson emerges as budget's leading theoretician". It goes on to quote part of that famous leaked document that we are all familiar with and that represented the minister's advice to his colleagues about a year ago:

"Capital investment," it said, "is key to increasing (the) level of productive activity in resource development and in industrial renewal—

• (2025)

I compare that statement, and I ask the Minister of State for Economic Development to comment and to confirm that the recent surveys by the Government of Canada show that for the first time since 1968 there may be no real increase at all in investment in this current year.

While my honourable friend is thinking up the answer to that question, I would also ask him to consider the statement:

"The leading opportunity (for economic development) lies in the development of Canada's rich bounty of natural resources," the budget paper said.

I wonder whether that article is referring to the Alsands project, the Cold Lake project, the pipeline or the Beaufort Sea. I thus say to my honourable friend that I think he should rebuke the *Calgary Herald* for attributing to him the fact that he is the budget's leading theoretician. If he is the budget's leading theoretician, then I think we would have to blame him for everything that is in the budget, and I do not think we can do that. But I think we can point out to him that if he gave this advice to his budget colleagues, as the secret document alleges, it certainly has turned out to be a very poor bargain for him because the things he has promoted and asked for are simply nowhere to be seen.

An Hon. Senator: What he should do is resign.

Senator Roblin: He will resign one of these days, certainly, when the government is dismissed. However, I have more regard for my honourable friend than I may have indicated so far.

Senator Olson: Well, that's good.

Senator Roblin: I have regard for his common sense.

Senator Perrault: Do you have any other news clippings? You are like Harvey Kirck over there tonight.

Senator Roblin: I have all kinds. I might even have one for you, if you ask for it nicely.

The Minister of State for Economic Development also said in *Calgary* on June 18, I believe—that seems to be a great place to make speeches—that things look particularly difficult for people who went into debt because they did not believe there would be an end to the inflationary spiral. There is more

to the article, but I shall deal with it later on. I really cannot believe that my honourable friend is the author of that statement. I give him an opportunity to deny it.

Senator Olson: My friend has been very careful, and I will not walk into the trap. I probably did say words similar to those he has just quoted, but I did not say the words to the effect that "they have never had it so good." In any event, I made some comment, and I am not complaining about the interpretation of the comment to the effect that there are a lot of people in Canada who are not carrying a lot of debt service charges who are as well off as, or are better off than, they have ever been. I do not retract that statement because it happens to be the truth as I know it.

I also said, though perhaps it was not reported, that it does not diminish in any way the concern this government has for those who are in severe economic difficulty, whatever the reason may be.

Senator Asselin: That is an advertisement.

Senator Olson: I ought to say one other thing in response to the long preamble given by my honourable friend about some advice that I am alleged to have given, assuming that if I do not respond then there was no purpose to the remarks.

Senator Roblin: I enjoy your responses; go ahead.

Senator Olson: In the first place, there must be something wrong with me and my office—

Some Hon. Senators: Hear, hear.

Senator Olson: —because I had not picked up that particular article in the *Calgary Herald*, but I shall ask them to bring it to my attention.

The second thing is that insofar as the wealth of Canada's natural resources and the potential of this country are concerned, I would not like my honourable friend to think, as some people in this country do—because in some cases that is where their attention is concentrated—that our great natural resources are confined to liquid hydrocarbons. This country has enormous resources in a lot of other sectors, all of which I include when I talk about economic development. We are richly endowed in natural resources in such areas as forest products, mining products, and a lot of other areas, including, but not exclusively, liquid hydrocarbons.

I can also tell my honourable friend, that the potential, or whatever word he likes to use, for the exploitation of these resources for the benefit of all Canadians has diminished somewhat in the last six to eight months. In fact, in some areas it is a very difficult and disastrous situation because of the international market demand and the price attached to it. I do not think I need spend a great deal of time explaining that there has been a downturn in expectations regarding the potential and the confidence in making the kind of investments that some eight, ten or eighteen months ago looked attractive, but which, for those reasons, are not so attractive today. I think my honourable friend is fair and reasonable enough to understand that, when the market drops off rather drastically in relation to the costs of the capital investment for the

production that could have met those potential markets some time ago, there is a diminution of the optimism that could have been present about a year ago.

● (2030)

Senator Roblin: My honourable friend apparently attributed to me a charge against him that I have not yet made—I might make it now—about a statement that "the people have never had it so good." I never mentioned that; he brought it up himself. Perhaps that is bothering him. I think that phrase of his must be giving him a little difficulty now, and I would not be a bit surprised if it is.

The honourable senator leaves one with the impression that people entered deeply into debt because they did not think inflation would come to an end. The fact is, of course, that it has not yet come to an end. I suggest to my honourable friend that these people did not enter into debt because they were concerned about the ending of the inflationary spiral; they were concerned about keeping a roof over their heads; they were, and are, concerned about renewing their mortgages. How many tens of thousands of people will be renewing their mortgages this year? They are not doing so because they are looking for the end of the inflationary spiral: they are doing so because they have no other choice. What about all of the small businesses that are in the same position?

I think that my honourable friend made a mistake to speak in those terms, and the sooner he gets them out of his mind, the better.

I agree with my honourable friend when he says that it is a matter of confidence, among other things, with respect to the conduct of our economy. I agree with him when he says that natural resources include a good many things besides oil. They include mines and forests. I think he will find it rather difficult to find any more signs of life in the mining industry of this country, or, indeed, in the forest industry, than he can in the oil industry. In fact, he will probably find fewer signs of life because of the enormous layoffs we have seen in the mining and also in the pulp and paper industry. There is, however, one other natural resource that my honourable friend could have referred to; that is the people of this country.

An Hon. Senator: Question!

Senator Roblin: I am answering the points raised by my honourable friend. I think I am entitled to do that, but if I am not, I will come to an end pretty quickly.

My honourable friend is obviously on an untenable piece of ground. The natural resources of this country are, basically, the people who live in it. They have suffered the greatest damage of any in this depression which I think is now upon us. I say to my honourable friend, then, that what we are waiting for from him and his colleagues is some sign of leadership as to how we are going to get out of this morass into which they have led us. I ask him whether he can tell us when the government will be making its long awaited statement on economic renewal in Canada.

[Senator Roblin.]

Senator Olson: Honourable senators, the answer has not changed since last week, when the same question was put to me.

Senator Roblin: What a pity!

Senator Olson: In my reply, I understood the operative part of the question to be "when." The Minister of Finance will be making an announcement very shortly.

Senator Roblin: Does my honourable friend have any idea when he can advise this chamber that the minister will be making this announcement?

Senator Olson: Yes, I can. I will advise this chamber as soon as I know.

Senator Roblin: Will it be before the end of this month?

Senator Olson: The Minister of Finance has given some indication that that is a distinct likelihood.

Senator Roblin: Will the minister give some assurance to this chamber that, when the statement comes down, there will be ample opportunity to debate it?

Senator Olson: Honourable senators, the Senate is in charge of its day-to-day proceedings. I am sure there will be ample opportunities, one way or another.

Senator Roblin: My honourable friend must be aware of the fact that adjournment motions will carry if the government decides that they will.

Senator Olson: Honourable senators, I think it would be presumptuous of me to give some indication of what the Senate may do with the hours it has between the time the statement is made and the time of an adjournment motion, which will obviously be several days and certainly many hours later. I suppose what we are getting down to is what my friend considers to be adequate. Is he talking about hours, days, or weeks as being adequate?

Senator Roblin: Honourable senators, I do not know about adequacy, but I do know that some time ago we were invited by the Leader of the Government to submit a motion on the economy so that we could have a good debate on the subject. My honourable friend, Senator Phillips, did the house a service by presenting such a resolution, and not a single member of the government has risen to speak to it—not the leader of the house, not the minister, not anyone in authority.

Senator Flynn: Not even Senator Lamontagne.

Senator Roblin: I would like to know whether the members opposite do intend to take part in that debate. That would certainly help to speed things up.

Senator Flynn: Since the honourable minister is representing the western provinces, particularly the province of Alberta, does he agree with the Prime Minister when he said, in his criticism of the western Liberals for their being closet Conservatives, that the Liberal Party should go more to the left? In other words, is the minister on the side of the Prime Minister or is he on the side of Senator van Roggen?

Senator Olson: Honourable senators, I am on the side of truth.

Some Hon. Senators: Oh, oh!

Some Hon. Senators: Hear, hear.

Senator Olson: The truth, as I perceive it, honourable senators, is that the Prime Minister did not accuse the western Liberals of being tinged with Tory blue, as the newspapers said.

Senator Flynn: No?

Senator Olson: That would be a terrible affliction, of course.

Senator Flynn: I suppose you were cured.

Senator Olson: Yes, but having been cured, I expect there is hope for everybody.

Let us get back to the statement that has been made. There was some perception—or at least an accusation made which was, I suppose, based upon a perception—that the Prime Minister said that the Liberals in western Canada were too conservative. I was there all the time, listening very carefully, because it is my business to do so. There were some options suggested, one of which was to do what a Conservative Party might do. The Prime Minister suggested that it would be wrong to try to out-conservative the Conservatives, because that is the road to disaster.

Senator Flynn: Where do you think we are now?

Senator Olson: Honourable senators, we had a trial of nine months of that, after which the people decided that they did not much care for what they saw during those nine months.

Senator Flynn: Give them a chance to reconsider it.

Senator Olson: My honourable friends keep wanting another chance. The important part of all of this, however, is that the Prime Minister described another option, which Senator Murray and now Senator Flynn refuse to acknowledge, and which I am not sure was even reported quite as well as the other statement—let us be clear on that—which was the preferred position of the Prime Minister.

Senator Flynn: The honourable minister made mention earlier of consensus. How can the Prime Minister get consensus all across Canada when he cannot get it in his own party?

Senator Olson: That is the honourable senator's interpretation.

Senator Flynn: That is obvious.

Senator Olson: I can tell my friend one thing; I do not think anybody over on that side should give those on this side a lecture about consensus in our party.

Senator Flynn: We will believe you when Senator van Roggen and Senator Lamontagne say what they think about the fiscal and monetary policy and the general policy of the government, if they want to be frank.

INDUSTRY

DOME PETROLEUM LTD.—SUGGESTED GOVERNMENT ASSISTANCE

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Economic Development concerning a Canadian who does not think he is being left out in the cold.

Is the government actually considering acquiring equity in Dome Petroleum, as has been asserted by that company's president, Jack Gallagher, at Dome's general meeting last Friday?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot give a positive or a negative answer to that question. If there have been discussions going on amongst cabinet ministers, my friend knows that I cannot respond. If the chief executive officer of that company, Jack Gallagher, says that some overtures have been made to the federal government, then I suppose we have to accept that they have made some overtures.

Senator Nurgitz: Honourable senators, I have a supplementary question. On June 8 in a delayed answer to a question, the Minister of State for Economic Development indicated that talks had not taken place at senior levels between Dome and the government. He indicated that the Minister of Energy, Mines and Resources last met with executives of Dome Petroleum on March 23 of this year. I take it that since June 8 there obviously have been meetings held. Could the minister confirm that that, indeed, is the case?

• (2040)

Senator Olson: Honourable senators, all I can do is update my reply. The reply I gave at that time was that I had sent a request to the Minister of Energy, Mines and Resources. I will try to find out whether there have been any meetings since then. I should tell my honourable friend that I do not intend to break the oath I have taken, namely, not to report here on Cabinet meetings.

Hon. Jacques Flynn (Leader of the Opposition): Blah, blah, blah!

VETERANS AFFAIRS

INDEXING OF PENSIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on May 12, questions were asked by Senator Bird and Senator Marshall concerning the indexing of veterans' pensions. The Minister of Veterans Affairs has sent me a letter in reply to those questions, which I should like to read because it responds to many of the concerns voiced by honourable senators over issues concerning veterans in Canada. The letter is addressed to the Leader of the Government in the Senate, and reads as follows:

I am writing in response to questions raised in the Senate by both Senator Bird and Senator Marshall, concerning the indexing of veterans' disability pensions. You

[Senator Flynn.]

had also raised a supplementary question related to the basic rate of pension.

I wish to point out that the annual indexing of veterans' pensions insofar as changes in the Consumer Price Index are concerned, has been a part of the legislation governing such pensions for some time now. Effective January 1 each year all pensions, compensation, and allowances payable from the Canadian Pension Commission are adjusted in accordance with the Consumer Price Index. Effective January 1, 1982 the increase amounted to 12.2% across the board, in accordance with Section 58.2 of the Pension Act.

In 1973, the basic rate of disability pension was set so that a pensioner without dependants, whose disabilities were assessed at 100 per cent, would receive a pension equivalent to the average salary of five selected categories of unskilled public servants, after income tax had been deducted, as if the composite employee lived in the province with the lowest income tax rate. The amount of pension paid is increased by 25 per cent if the pensioner is living with or maintaining a spouse. It is increased by 13 per cent for a first dependent child, 22.5 per cent for two dependent children, and an additional 7.5 per cent for each additional dependent child. It should be pointed out that only 24 per cent of disability pensioners in receipt of pension are actually paid at single rates. In 1978, the basic rate of pension was increased to bring it into line again with the average annual salary of the five categories of public servants.

The basic rate of pension is currently lower than the average salary of the select group of public servants. Fluctuations do occur from year to year depending on increases in salary and annual changes in the Consumer Price Index. As of January 1, 1982, the average annual salary of the five categories of public servants was \$10,371. This meant that there was a difference of \$46.21 a month or \$554.52 per annum between the average annual salary after taxes in favour of the 100% unmarried disability pensioner, who receives \$10,925.52 per annum.

Following recent wage adjustments in certain of the civil service categories used in computing the composite average salary, as of April 1, 1982, the salary after tax of the average of the five selected categories of single public servants is \$988.91 a month, or \$11,867 per annum, while a 100% unmarried disability pensioner receives \$910.46 per month or \$10,925.52 per annum, for a difference of \$78.45 per month or \$941.48 per year in favour of the composite public servant. A married 100% disability pensioner with no dependent children receives \$1,138.08 per month or \$13,656.96 per annum, whereas the married average public servant will receive \$12,613.00 per year after tax for a difference of \$86.99 per month or \$1,043.96 per annum in favour of the disability pensioner.

As can be seen from the above statistics, the average salaries of the public servants in question are sometimes slightly higher than the unmarried 100% pensioner, and

sometimes they are slightly lower. It should also be noted that, as approximately 76% of disability pensioners are married, most pensioners actually receive substantially more than the composite public servant who receives nothing extra for being married.

Both Senator Bird and Senator Marshall may be assured that close checks are kept on the relationship between the current salaries of the relevant public servants and those of disability pensioners. From year to year the differences in either direction have been minimal, but you may be assured that any time the pensioner falls behind, the feasibility of an increase, other than the Consumer Price Index increase, is considered. It should also be kept in mind that when the select categories of public servants renew their contracts, the cost of living is a prime factor in determining the amount the wages will increase. Most civil service contracts are for longer than a one year period, as well, so increases generally do not occur as frequently as would be the case of the pensioner whose pension is adjusted every year at January 1.

In closing, I would like to emphasize that I fully realize how difficult it is for some veterans to manage in these days of escalating costs. As you may know, Canadian veterans' and widows' benefits are among the most generous of any country in the world today. The legislation, nevertheless, is constantly under review to see whether ways can be found to improve the lot of veterans, their dependants, and survivors.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have some information concerning the question asked by the Leader of the Opposition regarding legislative business that can be expected to come before the Senate prior to the summer recess. I refer those senators who are interested to a statement made by the government house leader in the other place and reported at page 18550 of *House of Commons Debates* of last Thursday, June 17, 1982.

The following are the bills which I understand can be expected. First, there will be all the energy bills, which means Bills C-101 to C-108 inclusive, Bill C-112, to amend the Excise Tax Act, and Bill C-116, which is now before us.

Hon. Jacques Flynn (Leader of the Opposition): They are all here.

Senator Frith: Yes. They are the bills which the government wishes to have passed prior to the summer recess.

As to other bills that we can expect, but which we do not yet have, there will be an appropriation bill; Bill C-115, to establish a national program for occupational training, the subject matter of which is presently being studied by the Standing Senate Committee on Health, Welfare and Science; Bill C-43, the freedom of information bill; and Bill C-110, to amend the Export Development Act. I could not find that bill in the file

on my desk, but having now obtained a copy I can say that it appears to deal with the membership of the board of directors of the Export Development Corporation, and to widen and make more flexible the powers of that board.

We can also expect Bill C-92, the ports bill; and Bill C-109, dealing with urea formaldehyde foam insulation. There is the possibility of our receiving the Canada Day bill, and Bill C-53, dealing with sexual offences and the protection of young persons, which has not yet been reported from committee.

Honourable senators will understand that I cannot give a firm undertaking that they will all be received. The list I have given is the result of the inquiry I made at the request of the Leader of the Opposition.

Senator Flynn: Do I understand that that is a list of all the bills we can expect to receive?

Hon. Raymond J. Perrault (Leader of the Government): It depends on events.

Senator Frith: I cannot say that that is the maximum number. I believe it will be, because I cannot see how the other place can deal with more than that number of bills, particularly since there will be two Fridays when the Commons will not be sitting. Usually those Fridays are set aside for non-controversial bills. It is usually a clean-up day.

That is my best estimate, but I cannot say that it is ironclad.

Hon. Daniel A. Lang: During the course of his remarks, the Deputy Leader of the Government referred to bills which the government would like passed before the summer recess. By "recess" does he mean the adjournment of this session or prorogation?

Senator Frith: I cannot say at this stage.

Senator Flynn: In any event, it will only be a recess because, according to custom, we will adjourn to the day prior to the opening of a new session.

Senator Frith: Honourable senators, I cannot give any reply to that question at this time because I do not know the answer.

Hon. D. G. Steuart: We don't think there will be an election.

An Hon. Senator: You hope.

DISTINGUISHED VISITORS IN GALLERY

SIR WILLIAM JARDINE, CHIEF OF THE CLAN JARDINE, AND
LADY ANNE JARDINE

Hon. Charles McElman: Honourable senators, may I be permitted to draw the attention of honourable senators to the presence in the Speaker's Gallery of some distinguished visitors, in the persons of Sir William Jardine, Chief of the Clan Jardine, and Lady Anne Jardine. We take this opportunity of welcoming them.

Hon. Senators: Hear, hear.

● (2050)

THE ESTIMATES 1982-83

REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND
PRINTED AS APPENDIX

Leave having been given to revert to Reports of Committees:

Hon. Douglas D. Everett: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on the estimates for the fiscal year ending March 31, 1983, and I would ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix, p. 4407.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Everett: Honourable senators, I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate, and that it be the first order of the day.

Hon. Jacques Flynn (Leader of the Opposition): Why?

Hon. D. G. Steuart: Why not?

Senator Flynn: Why?

Senator Everett: The supply bill is coming tomorrow.

Senator Flynn: That is all right. Why do you want it to be the first order of the day?

Senator Everett: I am not sure where the supply bill will be on the Orders of the Day.

Senator Flynn: It is not coming this evening, in any event.

Senator Everett: I beg your pardon?

Senator Flynn: We will not be getting the supply bill this evening.

Senator Everett: No, we will not be receiving it this evening, but we will be receiving it tomorrow. It will be placed on the Orders of the Day at that time.

Senator Flynn: I do not see why you have to have consideration of this report as the first order. It should go on the Order Paper in its proper place.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the reason I ask that it be placed on the Orders of the Day—

Senator Flynn: It will be on the Orders of the Day.

Senator Frith: The reason I ask that it be the first item on the Order Paper—and honourable senators may not agree—is that Senator Everett is required to be out of the city tomorrow

afternoon. That is why I ask to honourable senators to give him that indulgence.

Hon. Martial Asselin: He did not say that.

Senator Frith: That is one of the reasons why I ask that it be the first item on the Order Paper tomorrow.

Senator Flynn: Let Senator Frith say that. If he wants our permission, he can ask for it.

Senator Everett: I apologize to the Leader of the Opposition. I had spoken with the Deputy Leader of the Government and he asked me to speak to the Leader of the Opposition, but I have not had an opportunity to do so. I apologize to him for that. If the Leader of the Opposition can accommodate me, I would appreciate it very much.

Senator Flynn: For the reason given by the Deputy Leader of the Government?

Senator Everett: Fair enough, for the reason given by the Deputy Leader of the Government, if that will satisfy the Leader of the Opposition.

Senator Flynn: That does not sound too convincing.
Motion agreed to.

PETROLEUM ADMINISTRATION ACT

BILL TO AMEND—SECOND READING

Hon. George J. McIlraith moved the second reading of Bill C-103, to amend the Petroleum Administration Act and to enact provisions related thereto.

He said: Honourable senators, in moving second reading of this bill I find I cannot give it a general description, because it is probably the key bill of the eight energy bills that are before us for consideration in that it deals with the Petroleum Administration Act.

This bill amends to a considerable extent the Petroleum Administration Act, and in addition contains some new provisions. It also embodies in one or two instances the legislation flowing from certain budget resolutions which were presented quite some time ago. In this context, I am not referring to the recent budget. For those reasons, the bill is a complex one.

Basically, the bill amends the Petroleum Administration Act, and the main part of it consists of amendments to that act.

The Petroleum Administration Act came into force in 1975, and was amended in 1978. That act contains four main parts. Part I provides for the petroleum export charges; Part II deals with domestic oil pricing; Part III deals with domestic gas pricing; Part III.1 provides for the charge on domestic petroleum and import petroleum and petroleum products; and Part IV deals with cost compensation—that is, petroleum import cost compensation and petroleum supplies transfer compensation.

The bill before us this evening would, first of all, change the name of "Petroleum Administration Act" to the more appropriate "Energy Administration Act," and formal authority is

sought for several oil and gas pricing compensation initiatives. These would, in specific terms, establish a new oil export charge ceiling of \$350 per cubic metre and provide authority to share one-half of the revenue from that charge with the producing provinces.

Secondly, this bill would establish the transportation fuel compensation recovery charge on marine and aviation fuel used by carriers in international transportation with a ceiling of \$350 per cubic metre. That charge, I might add, was in effect for a definite period of time for aviation fuel—that is, from May 1981 to January 1982. It is still in effect as far as marine fuels are concerned. I will have more to say about that later. The authority for that provision arose out of a budget resolution presented in the October 1980 budget.

Honourable senators will recall that the charge, as announced in October 1980, was implemented by a ways and means motion in May 1981.

Thirdly, this bill would establish a new ceiling of \$75 per cubic metre on the petroleum compensation charge to refiners and importers, and broaden the scope for payment for compensation to include expensive new domestic oil.

Fourthly, this bill would establish the Canadian ownership special charge and the Canadian ownership account.

Fifthly, this bill would establish authority for—and this is unusual in legislation—to terminate the special compensation charge which went into effect when the Government of Alberta imposed limits on the production of oil. It is not often that we receive legislation which establishes a charge put into effect by a budget resolution and, at the same time, terminates it. The charge was applied to all petroleum consumed in Canada to pay for the additional oil imports necessitated by the cutbacks in domestic oil production as initiated by the Alberta government. That began on March 2, 1981, and ended on September 21, 1981, as a result of the Canada-Alberta energy agreement.

I shall now deal with these proposed amendments. Honourable senators will recall that the oil export charges, which will be found in clauses 4 to 12 on pages 2 to 7 of the bill, were established in 1974 to ensure that when Canadian oil was exported the federal government received the difference between the domestic price of oil and the rapidly rising price which normally would have accrued to the exporter. The reason for the charge still holds true. There should be no price incentive, as I think will be obvious, to export our oil while Canada continues to be a net importer of oil.

● (2100)

The ceiling on the export charge in May 1979 was \$50.50 per cubic metre. The charges have been increased since then by various ways and means motions. This bill would raise the ceiling on the export charge, but not the charge itself, to \$350 per cubic metre effective May 1979.

Crude oil export charges would be shared in the following ways. The Government of Canada has indicated its intention to share with the producing provinces 50 per cent of the export charge revenue on crude oil exports found by the National

Energy Board to be surplus to Canada's needs and that are subject to oil export charges. The National Energy Program proposed that that sharing would be effective November 1, 1980.

So far, the oil export charge has been applicable only to domestic crude-origin oil products. The government requires, however, companies which import foreign crude oil and receive import compensation for it to refund the full amount of this compensation for products which are derived from foreign crude oil and then exported. It is understood that if, in the future, an oil export charge is levied on oil products made from foreign crude oil, the exporter will not have to refund the import compensation.

The next item is the transportation fuel compensation recovery charge. For the life of me, I never understood how legislatures got some of the terminology applicable to some of these particular charges. That is an aside perhaps not germane to a debate on second reading, but it does arouse some philosophical speculation. In any event, that charge is dealt with in clause 12 at pages 7 to 10 of the bill. The transportation fuel compensation recovery charge will be placed on fuel used in international transportation by domestic or foreign aircraft and vessels. The purpose of the charge first announced in the October 1980 budget and implemented in a ways and means motion in May 1981 is to recover compensation paid in respect of oil imports. As a consequence of representations from foreign countries which claimed that the charge might contravene our bilateral air transport agreements, and in order to avoid the uncertainties pending a final and binding interpretation by an arbitration board of that matter, the government terminated the charge on aviation fuel as of January 31, 1982, and refunded the moneys paid indirectly by the foreign air carriers during those months. It did not refund the money paid by Canadian companies for fuel that they were using for flights into other countries. That point was somewhat controversial in the House of Commons.

In the future a "minimum just and reasonable price" will be maintained for aviation fuel exports to ensure that there is no leakage of subsidized domestic fuel oil prices for export into other countries. There no longer will be an incentive in foreign carriers to fuel up on subsidized Canadian fuel for use in other countries.

There are no bilateral agreements affecting fuel sold to foreign marine carriers as exist in respect of aviation. Therefore, that charge on marine fuel has been maintained. There is no provision for its discontinuance.

There were a great many questions about this charge in the House of Commons Standing Committee on Energy Legislation, and I do not think I need go into that. However, I ought to indicate to honourable senators who may be concerned that the Air Transport Association has requested to make a presentation to the Standing Senate Committee on Banking, Trade and Commerce. I mention that in case honourable senators want to pursue it.

I should also make clear that that charge was not applied to other international modes of transport like the trucking and rail industries, because a modest amount is involved and the difficulties of administration are almost impossible in the latter cases.

The next particular charge I wish to deal with is the petroleum compensation charge and the compensation provisions of the bill. The ceiling on the petroleum compensation charge in July 1980 was \$6.30 a cubic metre. However, the actual charges since then have been increased above the ceiling. This bill will raise the ceiling to \$75 per cubic metre from July 1980. The actual charges under the petroleum compensation charge provisions will be set at levels that ensure that this charge is not a net revenue generator for the government. It is the fulfilment of a commitment made by the government in its energy agreement with Alberta last September. However, the new ceiling is high enough to allow the government flexibility to vary the charges to respond to changes in supply, demand and the international price of petroleum. The petroleum compensation charge ensures fairness among the various regions of Canada. As we know, the Atlantic provinces and certain parts of the province of Quebec depend upon high-cost imported oil to meet a large portion of their energy needs. The Government of Canada has taken steps to ensure that these regions will soon have access to domestic oil and gas production, but these efforts will take a few years to come to fruition.

Since 1974 it has been the policy of the government that no region in Canada should have to pay substantially higher oil costs because of the accident of geography which made them dependent upon imported oil. That is why the largest portion of the petroleum compensation charge, presently 65 per cent, is used to compensate refiners in these regions for the difference between the international oil price they must pay for imports and the price paid by refiners in the other parts of the country who have access to the less expensive Canadian production.

● (2110)

Another 23 per cent of the revenues raised by that charge is used to pay the international price for synthetic crude production from Syncrude and Suncor; about 10 per cent is used to provide the new oil reference price; and 2 per cent provides the special price for oil discovered after 1973 but before 1981, as outlined in the National Energy Program Update.

Since 1974 the government has paid \$13.7 billion nationally to protect Canadians from sudden and dramatic rises in the world price. In Atlantic Canada, which is totally dependent on imports to meet its oil needs, consumers have been protected by \$6.5 billion in compensation during this period.

The broadening of the petroleum compensation provisions in the bill will ensure that the enhanced price incentives for new oil exploration and development will be effective, thereby enhancing Canada's energy security and increasing industry activity in western Canada.

[Senator McIlraith.]

A major goal of the National Energy Program is to achieve oil self-sufficiency by 1990. The government is committed to trying to do this at prices that are fair and realistic both to the industry and to the general public.

The pricing and taxation regime set out in the National Energy Program and amended by energy agreements with the provinces, provincial royalty adjustments, and the National Energy Program Update, provide both large and small producers with the kind of return on investment they need to get on with the job of exploring and producing oil for Canada. Returns for the new oil reference price, for example, compare favourably with returns offered anywhere else in the world. This price applies to all companies developing oil discovered after 1980 anywhere in Canada.

At the same time, the government is providing a blended oil price that is less than prices prevailing elsewhere in the industrialized world. This regime provides the Canadian economy with the certainty and stability needed to plan economic development in the 1980s, no matter what happens to world oil prices.

I have with me this evening some figures showing the netbacks at the wellhead. Perhaps honourable senators would wish me to submit these figures to committee rather than refer to them in the chamber.

Some Hon. Senators: Yes, in committee.

Senator McIlraith: The net result of the prices offered to producers of different types of oil will be blended into one made-in-Canada price that will apply to all regions of the country, regardless of what kind of oil they use or whether it is domestic or imported.

I should point out that the Government of Canada does not set the price of gasoline to the consumer at the pumps. I think it is important to mention that. It establishes the price refiners pay for the crude they buy. This is the blended price, and it stood at about 70 per cent of the world price in January of this year.

After the refiners purchase the crude, several costs not under the government's control are added to the price. These costs are the cost of refining and transporting the oil to market; profit margins for refiners and retailers; and retail sales taxes. These retail sales taxes include a constant 9 per cent in federal sales and excise taxes. Provincial taxes then vary from zero to 40 per cent, depending on the province. It is zero, of course, in Alberta and about 13½ cents per litre in the province of Quebec. I should point out that 13½ cents per litre in Quebec is shockingly high when you bear in mind that the highest retail sales tax in any state of the United States is about 4½ cents. Undoubtedly, the provinces have very good reasons for levying these taxes.

It should be understood that I am trying to compare the prices of Canadian oil with foreign oil and the prices of gasoline at our pumps with foreign prices.

I should cite, for your reference, the special compensation charge which is dealt with in clause 40 of the bill. This

provides the authority to terminate the special compensation charge.

The bill also provides for a Canadian ownership special charge and a Canadian ownership account. This seeks the formal authority for the Canadian ownership special charge which may finance acquisitions in the oil and gas industry by the Government of Canada. Revenues from this charge must be placed in a Canadian ownership account. Funds from this account are used to defray the cost of Petro-Canada's purchase of Petrofina more than a year ago.

In the future, this revenue could be used to finance additional purchases, including purchases on behalf of Petro-Canada or any other crown corporation created under the provision of Bill C-102.

In that regard, there is a rather interesting provision. The bill authorizes this to be done by order in council. However, this provision has a significant difference from most of our previous sections. Such order in council providing for the future use of the revenue can be dealt with by Parliament if, within so many days of the order in council's being tabled, steps are taken by the government to introduce a positive motion asking Parliament's concurrence or, if that is not done by government, a group of members bringing forward a negative motion asking that it be destroyed. The provisions in that regard are quite interesting. They arise out of some action taken by the Senate and a Senate committee dealing with Bill S-24 to enact the Canada-Germany Tax Agreement Act, 1982. A clause in that bill did not provide a safeguard; it permitted the Governor in Council to replace the existing agreement, amend it, or vary it in any way without anything further. Objection was taken to that in committee. In any event, similar provisions were put in this bill, when it was being prepared, after the omnibus energy bill was presented for first reading in the other place. I think honourable senators will agree that this satisfactorily deals with the problem that arose as a result of the granting of rather extensive power to the Governor in Council. That is a rather interesting sidelight, and a very important one, in my view.

● (2120)

I think, honourable senators, that it will be seen from my remarks that the bill is somewhat complicated, and, if you like, rather confusing to follow. If and when this bill receives second reading, and is referred to the Standing Senate Committee on Banking, Trade and Commerce, arrangements have been made to have the minister available for detailed questioning on these various charges, and for the attendance of various appropriate members of the departmental staff, who can give better and more precise information on this subject than I could ever hope to.

Honourable senators, I commend the bill to you for your favourable action.

Hon. John M. Godfrey: Honourable senators, may I ask a question? Just so that the public and some of the senators can get a better appreciation of the figures you have mentioned,

could you put on the record how many barrels there are in a cubic metre?

Senator McIlraith: Yes. A cubic metre would contain 6.29 barrels.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, after that feat of memory I feel somewhat intimidated in following my honourable friend in his discussion of this bill. I do so, however, because it is quite similar in principle and in impact on the people of Canada to Bill C-112, which I had the privilege of talking about last Tuesday.

This is a very complicated bill. It is an amending bill. If you cannot see it side by side with the legislation it amends it is something of a puzzle. I confess that for me, even after seeing it side by side with the bill it amends, it remains something of a puzzle. There are, however, certain themes or principles that can be discerned in the legislation before us.

First of all, this bill is a taxing measure. It provides for measures to deal with the innumerable different levels of taxation that are now being devised for the energy industry. We went over some of them in Bill C-112, and now in Bill C-103 we get more. The oil export charge is one, the transportation fuel compensation recovery charge is another, the price restraint provision is another, the petroleum compensation charge is another, and the Canadian ownership charge is another. We therefore have this wide variety of different forms of tax included in this bill, and I hope that at some stage we can hear how much money is involved. It seems to me that we can easily overlook the enormous quantities of money that are going to be drained out of the public pocket into the government purse when these taxes are proceeded with in the future.

There are just a couple of features of the bill I certainly find it hard to be enthusiastic about. First, I think I may say, in the case of almost every one of these different kinds of taxes I have referred to, that we find the Governor in Council deciding how much shall be taxed. I have always found that a difficult principle to agree with. The technicians may give us lots of good reasons why this is the way things have to be done; if so, it reinforces my opinion that the National Energy Program leaves something to be desired. When you consider, however, the enormous amounts of money that are to be raised—and I hazard the guess that my honourable friend who introduced the bill will tell us that it is in the billions of dollars—and when you know that they can be raised by order in council, you are certainly given food for thought. I would like to suggest to the Senate that this kind of principle in a taxing measure is one that is rather difficult to approve.

Secondly, this bill is filled with little special clauses by virtue of which the minister, in a particular instance where Parliament may have appropriated a certain sum, can spend more than that sum. Certain conditions and classifications of this kind of over-expenditure are laid out, but, there again, we have a completely open-ended situation with respect to the levying of taxes and the spending of money by the executive. That, too, I find to be a remarkable clause, and one that I cannot get very enthusiastic about.

Thirdly, there is an override provision in a number of sectors where no agreement on matters of mutual interest between the federal government and provincial governments is arrived at. It is very general, and does not lay down what is specifically at issue, but there are, I think, two or three clauses in terms of which, if no agreement is arrived at in an area where agreements are expected or anticipated, the federal government can go ahead and set a price or rate of tax by itself, anyway, unilaterally. There may be explanations as to why this should be the case, but, personally, I find it rather difficult to imagine why we should be enshrining this kind of executive power in legislation that the Senate is asked to pass.

We find many, many instances of executive action here, in the field of finance, completely at the discretion of the executive branch, with Parliament, in most cases, not even being informed in any formal way as to what has been done. There is a clause with respect to the purchase of other oil companies in Canada, like the purchase of Petrofina. As I read this bill, there is a clause that says that the minister, subject to the Governor in Council, can go ahead and spend any money he wishes in order to procure another oil business, as was done with Petrofina. He is completely able to do this in any amount, without restriction, on his own initiative, approved by his colleagues in the cabinet.

The Honourable Senator McIlraith was fair enough to point out that there is a provision in this bill for retroactive approval by Parliament. Fifteen days after the deal is consummated, or whatever the time is, the minister can produce a resolution requesting approval; or, if he does not do that, 20 members of this house and 40 members of the other house, or either one, can produce a negative resolution saying that it should not be done. I cannot understand why we do not adopt the simple, straightforward procedure of approving these things before they are done. Surely that is the time to do it. Can anyone imagine, in a House of Commons that operates by majority rule—and the government does have a majority—that the negative resolution will be anything more than a device to—

Hon. Jacques Flynn (Leader of the Opposition): A rubber stamp!

Senator Roblin: A rubber stamp? Well, someone may say, "If they do it ahead of time, that is being a rubber stamp, too," and there is a great deal of weight in that argument; but it seems to me that it would be sensible for us to ask that this bill be amended to provide for approval before any transaction of the type visualized is carried out, rather than afterwards. I refer, of course, to situations in which approvals are required, and here is one case where the government, apparently, is willing to consider approvals.

In the practically unimaginable case where negative approval carried, and the deal was cancelled, can you imagine trying to unscramble that egg after it had been broken in the first instance? It is just an impractical proposition, and if there is going to be any kind of approval at all, it seems to me that it should be given in advance. That clearly is the sensible and reasonable way in which these things should be done.

[Senator Roblin.]

One is struck, on reading this bill, by the power of the executive to define terms. In all these transactions the man who controls the definitions is the man who runs the game. There is not any question in the world about that. In this act we have, time and time again, power given to the minister to define the issues in which he is involved.

● (2130)

With regard to the drafting of bills, perhaps I was educated in an old-fashioned arena. A dear old gentleman, Gerald Rutherford, Q.C.—I think he is about 100 years old now, and I am not exaggerating a bit—who was the legislative counsel for the Manitoba Legislature, taught me all I know about the drafting of bills. He always advised me to put the definitions in the bills, in that way leaving the minimum possible amount to order in council or to regulation, whereby the legislative authorities are bypassed and the power is conferred on the bureaucrats, the unelected government of the country. Of course, there are occasions, and I admit it frankly, when defining things in a bill is pretty difficult. But it seems to me that in this piece of legislation the government has gone out of its way not to define the issues of the bill, but to leave them to ministerial discretion, regulation and devices of that sort. I think this is another area of the bill that should be examined by the committee.

The bill provides for certain charges to be levied which can be appealed to the Tariff Board. I am sure that there is a reason for this, but it escapes me. If one does not like what the Tariff Board says, what does one do then? Presumably nothing, because no appeal procedure is provided for. All these items over which there is ministerial or bureaucratic discretion, particularly matters of definition, price, value and that sort of thing, as far as I can tell—and I stand to be corrected—are not subject to any review by anybody at all. In fact, the executive can do what they like. I do not like such provisions in a bill.

An effort was made to relate the tax structure to the price of gasoline. It is perfectly true that the government does not set the price of a gallon of gasoline. I am sorry, but I am not going to talk about litres at the present time; I am comfortable with gallons, and I am going to stick with gallons as long as I can. In any case, the government may not set the price but, by the Lord Harry, it is the biggest factor in price setting. The biggest chunk of the price of a gallon of gas goes to the federal government, not to the Province of Alberta, or to the province where the gas is sold, or to the industry. As I explained in this house on Tuesday, the share of the price of a gallon of gas going to the federal government was 18 cents when this government took office. It is 60 cents in this year of grace, including the taxes in this bill.

Hon. Martial Asselin: Shame!

Senator Roblin: The public may think it is a shame, but those on the other side do not seem to worry about it. Next year the government's share will be 77 cents.

Senator Asselin: The government lied to the people.

Senator Roblin: So that shows you what we have to look forward to.

This spring in Winnipeg one could buy a gallon of gas for \$1.91. That is the made-in-Canada price that we all voted for in February 1980. This price was made in Canada to make sure that the OPEC countries did not rip us off. This is the government's protection to the gasoline consumer. As I also told the house the other day, if I trundle that little old car down to St. Paul, Minnesota, which is the nearest big American centre, the price of a gallon of gasoline is \$1.83. I am speaking in terms of Canadian gallons and Canadian dollars. That is made-in-Canada prices and that is made-in-America prices. Only God knows where the price will go from here; I certainly do not; they change all the time. But it seems to me that we have an interesting gloss on the price of gas in this country and what has actually happened to it over the past eighteen months to two years.

Honourable senators, I will detain you no longer. The bill will go to committee and we will do our best to look into it there. But this entire exercise strikes me as an apt illustration of the undesirable and unnecessary problems in which we have involved ourselves with this gigantic effort to have administrative pricing and bureaucratic control over what was formerly a self-regulating industry. If the government wants the money, then I suggest that it tax the industry off the top and save all this trouble and mess that it gets into when it tries to tax it in this way. That is my recommendation to the Senate, and I hope that we will be able to get some support along the lines indicated by my honourable friend, Senator Asselin.

Senator Flynn: Honourable senators, I would like to put a question to the sponsor, the same question as I put to Senator Godfrey with regard to Bill C-102. In comparing clause 65.273(2), on page 30, with clause 65.274(2), on page 31, in the first case the Senate should consider the motion on the fifth day at the latest and in the second case on the sixth day. Why is there that difference?

Senator Godfrey: If I may, I would like to answer the question. I asked the department the same question, and they did not give me a very satisfactory answer. However, they have since supplied me with a memorandum, and I shall read it, though I still do not think they are right. The memorandum reads:

The procedure contained in Bill C-102 for the establishment of a new crown corporation is intended to allow for the establishment of such corporations in a relatively rapid manner. It was thought that since a motion to have an order affirmed or revoked is to be filed first in the House of Commons, the Senate would be aware that a particular order is the object of scrutiny in the other place and would not, thus, be taken by surprise if a request for concurrence on the motion filed in the Commons or a motion to the effect that the order be revoked is filed. On the other hand, the house would not have such advance warning.

However, that overlooks the fact that in Bill C-102, in connection with affirmative resolutions it is the fifth sitting day and in connection with negative resolutions it is the sixth sitting day. I intend to phone the department tomorrow and point that out to them.

Senator Roblin: Honourable senators, may I have your indulgence to thank Senator Godfrey for sending me a note about the number of signatures required in the House of Commons for this negative resolution? He properly corrects me that it is 30 members. I think I said 40.

Senator McIlraith: And 15 in the Senate.

Senator Roblin: And 15 in the Senate. In any event, I appreciate the opportunity to make this correction. This bill was sprung on me a little quickly.

Hon. Douglas D. Everett: Honourable senators, I would like to ask a question of Senator Roblin, who made some excellent points in his speech. What gave me cause to wonder was his point that the ratification of a take-over bid should be made prior to the bid, not afterwards. It seems to me that such a proposition might create the situation where, if a public company were being taken over, the price might go up during the ratification process. To analogize it to a corporate situation, a take-over bid might be approved by the board of directors, but would probably not be the subject of a shareholders meeting prior to the making of the bid itself.

The honourable senator also stated that if the bid failed to be ratified after it had been made, it would create an impossible situation. Would he not agree that any bid that was made would be subject to ratification by Parliament?

Senator Roblin: Honourable senators, if I may answer the question, if the price established for Petrofina is any advertisement for following the secrecy system, then it fails to convince me that it is the proper way to go. In my humble opinion, one could hardly conceive of a more inflated price for Petrofina than that which was actually agreed upon in secret negotiations between the parties concerned. So, while it is perfectly true that negotiations are confidential, if the government is going to subject the matter to any form of approval at all, that certainly ought to be done before its signature is finally placed on the deal, rather than after. Apart from that, I think it is perfectly true that any arrangement made in advance with the board of directors would have to be contingent on subsequent approval. But I do not see that you are any worse off having that contingent vote related to prior approval by Parliament than you are with regard to retroactive approval by Parliament.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator McIlraith moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

● (2140)

GARNISHMENT, ATTACHMENT AND PENSION DIVERSION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-38, to provide for the garnishment or attachment of Her Majesty in right of Canada and for the diversion of pension benefits payable by Her Majesty in right of Canada under certain enactments.

He said: Honourable senators, the short title of Bill C-38 is the Garnishment, Attachment and Pension Diversion Act, and it will be appreciated from its number that it has been around for some time. As a matter of fact, it is even older than the number would indicate, because in principle, I believe, it preceded the Clark government, and was to have been presented by our distinguished colleague, Senator Flynn, as a part of that government's legislative program. Senator Flynn may know more about garnishment, attachment and pension diversion than I, but I will give what I consider to be the highlights of the bill, following which I hope we will have an intervention on the same subject from him.

I shall first deal with garnishment, since that is the key to the bill. Garnishment is a statutory proceeding whereby a person's property, money or credits in possession or under control of, or owing by, another are applied to payment of that person's debt to a third person. More simply put, and by way of example, if one is owed money, particularly after a judgment, one way to collect it is to try to divert, seize or garnish it from the salary of the debtor. Garnishment is almost always used for that purpose.

What is the reason for this bill? What is the wrong to be righted by it? It is this, honourable senators: While it is difficult to believe—although lawyers will believe it—at the present time, the statutory process by which monies are seized to satisfy a judgment given by a court cannot be used against those of us who receive our salaries from the Crown's purse.

Honourable senators might wonder why that is so. I would remind them of what Sir Walter Scott, in his short story entitled "Imprisonment for Debt," called "the elegance of the legal fiction." The elegance of this legal fiction is that monies owed by a servant of the Crown cannot be garnisheed because the royal prerogative prevents court orders from binding the Crown. Bill C-38, in creating the Garnishment, Attachment and Pension Diversion Act, would remove the royal prerogative from the garnishment process, thereby permitting the garnishment of the salaries of federal public servants. This bill would permit income received from the federal Crown to be garnisheed to satisfy family support orders and other debts of a commercial nature. Once this bill is passed, public servants will be in the same position as their neighbours. They will no longer be able to hide behind the royal prerogative to avoid honouring their debts.

The plan of this bill, is to use the provincial garnishment laws to determine how much of the salary of a public servant living in a particular province can be garnisheed. Honourable senators will understand that it would not be reasonable to permit someone's entire salary to be garnisheed. There are various limits provided in provincial law. Other procedural rules will apply unless they result in heavy expense or in an expanded work force to handle additional administration.

Those of us who have been involved in the garnishment process as a creditor or an employer will appreciate the improved and simplified procedures, which should result in savings to the debtor by reducing court costs. I will explain some of these procedures, after which I will ask honourable Senators' commendation and support for the bill.

The procedures outlined in this bill that will result in the simplified process include, first, a notice of intention to garnishee. This notice must be given to locate the proper employee from a large, decentralized public service—in other words, to ensure that the creditor gets the right John Doe.

Secondly, regardless of the time at which the garnishee process is served, it will apply to the next closest pay period. This sounds rather esoteric and arcane, but honourable senators would not believe how arcane the garnishment law has been up to this point. It was always imperative that the garnishment order be served on the exact day the debtor was paid, because if it was served one day too late, the creditor would receive nothing for his efforts because nothing was considered to be owed. Therefore, this should simplify the process a great deal.

Thirdly, the bill provides that there is no need to calculate what is "due or accruing due". The calculation is made on the basis of a pay period—for example, two weeks.

Fourthly, there is no need for personal service, and registered mail can be used.

Some of the other features of the bill and regulations also clarify which crown corporations will fall under this act—and that will depend on whether the crown corporation or department concerned receives its moneys out of the consolidated revenue fund—and those which will follow in total provincial law.

At the present time, there is a special provision that applies to the Canadian armed forces with reference to family financial support orders. The Canadian armed forces have compulsory pay allotments of up to 10 days' pay and allowances per month to satisfy family financial support orders. The new rules under these regulations will follow the principles under the new act in their application to the armed forces.

Honourable senators will notice that the second part of the bill deals with pension diversion, about which I will say a few words, since it is a major part of the bill. It is covered by sections 21 to 37.

Presently under the Public Service Superannuation Act, the Canadian Forces Superannuation Act, and the Royal Canadian Mounted Police Superannuation Act, the responsible minister has the discretion to divert pension benefits in order to pay

a valid support order. That discretion has always been exercised to pay support up to 50 per cent of the pension benefit. This bill removes the ministerial discretion, and makes it mandatory, for a family support order, to pay the amount permitted by provincial law and, where there is no provincial law, to pay up to 50 per cent of the pension benefit.

Honourable senators, the entire bill signifies a great improvement in the area of family support orders. Statistics indicate, although it is very difficult to believe, that 70 per cent of all family support orders, after five years, are in default. By streamlining the process, as this bill does, I think that that situation can be vastly improved.

I should emphasize that Part II of the bill applies only to employee-employer financed benefit plans, and applies only when benefits become payable. Those pensions which are not included in the bill are the Canada Pension Plan, Old Age Security pensions and the veterans' pensions. These are not subject to diversion provisions contained in this act.

Honourable senators, the bill has the support of provincial governments, women's groups, public service unions and creditors' organizations, and I hope that, with this background, you will be able to find your way through the bill more easily.

● (2150)

The operative clause that sets up the entire principle, is clause 3. That is the one that removes this exemption from garnishment of Her Majesty and Her Majesty's servants, particularly Her Majesty's servants. Division I deals with crown corporations whose funds come from the consolidated revenue fund. That takes in clauses 4 through 13. Division II deals with crown corporations whose funds do not come from the consolidated revenue fund. Division III deals with Canadian forces, and Division IV deals with general provisions.

Part II deals with diversion of pension benefits to satisfy financial support orders. There are also some general provisions and the usual consequential amendments. In this case there are a number of consequential amendments because there are so many separate statutes under which public servants receive their income.

Honourable senators, the principle established in this bill is long overdue and I believe it sets out, in an organized way, the implementation of that principle, namely, the garnishment of pay due to servants of Her Majesty the Queen.

I would ask honourable senators to support the bill on second reading. In view of the principle of the bill and the length of time it has taken to get it before Parliament, I suggest that it does not require study by committee.

Hon. Jacques Flynn (Leader of the Opposition): I may have a few comments to make on this bill, but due to the lateness of the hour I shall move the adjournment of the debate. In any event, I may tell the Deputy Leader of the Government that I agree that the bill need not be referred to committee.

On motion of Senator Flynn, debate adjourned.

THE ROYAL FAMILY

BIRTH OF A SON TO THEIR ROYAL HIGHNESSES THE PRINCE AND PRINCESS OF WALES—ADDRESS TO HER MAJESTY THE QUEEN

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

RESOLVED,—That an humble Address be presented to Her Majesty the Queen in the following words:

TO THE QUEEN'S MOST EXCELLENT MAJESTY:
MOST GRACIOUS SOVEREIGN:

We, Your Majesty's most dutiful and loyal subjects, the Commons of Canada, in Parliament assembled, beg leave to offer our congratulations to Your Majesty on the birth of a Prince, a son to Their Royal Highnesses, The Prince and Princess of Wales, and assuring Your Majesty that this happy event affords the greatest joy and satisfaction to Your faithful Members of the House of Commons of Canada.

ORDERED,—That a Message be sent to the Senate informing Their Honours that this House has passed an Address to Her Most Excellent Majesty the Queen, expressing congratulations on the occasion of the birth of a Prince, son of Their Royal Highnesses, the Prince and Princess of Wales, and requesting Their Honours to unite with this House in the said Address.

Attest

C. B. KOESTER

The Clerk of the House of Commons

Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(h), I am pleased to move, seconded by the Honourable Senator Flynn, P.C.:

That the Senate do agree with the House of Commons in the said Address by filling up the blank spaces left therein with the words "Senate and".

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

Senator Perrault: Honourable senators, I move, seconded by the Honourable Senator Flynn, P.C.:

That the Honourable the Speaker do sign the said Address to Her Majesty the Queen on behalf of the Senate.

Motion agreed to.

The Hon. the Speaker: Ordered, That the Clerk do go down to the House of Commons and acquaint that house that the

Senate do agree to the Address to Her Most Excellent Majesty the Queen offering congratulations on the birth of a Prince, son of Their Royal Highnesses, the Prince and Princess of Wales, and have inserted in the blank spaces therein the words "Senate and".

ADDRESS TO THE GOVERNOR GENERAL

Senator Perrault: Honourable senators, I move, seconded by the Honourable Senator Flynn, P.C.:

That the following Address be engrossed and presented to His Excellency the Governor General, namely:—

To His Excellency the Right Honourable Edward Richard Schreyer, Chancellor and Principal Companion of the Order of Canada, Chancellor and Commander of the Order of Military Merit upon whom has been conferred the Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

May it please your Excellency:

The Senate of Canada, in Parliament assembled, have agreed to an Address to Her Most Excellent Majesty the Queen expressing congratulations on the occasion of the birth of a Prince, son of Their Royal Highnesses, the Prince and Princess of Wales, and respectfully request that your Excellency will be pleased to transmit the said Address to Her Majesty the Queen.

That a Message be sent to the House of Commons to acquaint that House that the Senate have passed the said Address and request the House of Commons to unite with this House in the said Address to His Excellency the Governor General by inserting therein the words "and Commons".

Motion agreed to.

Senator Perrault: Honourable senators, I move, seconded by the Honourable Senator Flynn, P.C.;

That the Honourable the Speaker do sign the said Address to His Excellency the Governor General on behalf of the Senate.

Motion agreed to.

The Hon. the Speaker: Ordered, That the Clerk do go down to the House of Commons and acquaint that House that the Senate have passed an Address to His Excellency the Gover-

nor General respectfully requesting that His Excellency may be pleased to transmit the Address to Her Most Excellent Majesty the Queen expressing congratulations on the occasion of the birth of a Prince, son of Their Royal Highnesses, the Prince and Princess of Wales, and request the House of Commons to unite with this House in the Address to His Excellency the Governor General by inserting therein the words "and Commons".

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA—MOTION OF CONGRATULATION TO GOVERNMENT AND PEOPLE OF GREAT BRITAIN ON RESOLUTION OF CONFLICT—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Croll, seconded by the Honourable Senator McIlraith, P.C.:

That this House congratulate Prime Minister Thatcher, the Government and the people of the United Kingdom on their resolution of the conflict in the Falkland Islands that maintains the principle that armed aggressions must be resisted, that respect for the United Nations Charter and the role of law in international affairs be observed and force not used to settle territorial disputes between states, regrets the loss of life and injuries on both sides and urges a peaceful settlement of all outstanding issues between the U.K. and Argentina.—(*Honourable Senator Asselin, P.C.*).

Hon. David A. Croll: Honourable senators, I was absent when this matter came before the house last Thursday, and I understand the order stood. There is no reason why we should not proceed with this order.

Hon. Jacques Flynn (Leader of the Opposition): I understand that the honourable senator does not want to add anything to the motion; that he does not wish to speak to it. Senator Asselin moved the adjournment because he wanted to make some comments. If Senator Croll wishes to speak to it, then he may do so.

Senator Croll: No, I do not want to speak to it. The motion speaks for itself.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 4398)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

REPORT ON THE ESTIMATES LAID BEFORE PARLIAMENT
FOR THE FISCAL YEAR ENDING MARCH 31, 1983

June 21, 1982

The Standing Senate Committee on National Finance to which the estimates laid before Parliament for the fiscal year ending March 31, 1983, were referred has in obedience to the order of reference of Tuesday, February 23, 1982, examined the said estimates, and reports as follows:

The Committee was authorized by the Senate, as recorded in the Minutes of Proceedings of the Senate of February 23, 1982, "to examine and report upon the expenditures proposed by the estimates laid before Parliament for the fiscal year ending March 31, 1983."

OVERVIEW

Introducing the main estimates for the year 1982-83, the Honourable Donald Johnston, President of the Treasury Board informed the Committee of the levels of anticipated spending. The forecast requirement for \$16.8 billion for public debt represented 23 per cent of the total budget of \$72.9 billion. Almost one-half of the total increase in anticipated expenditure—\$4.4 billion—was caused by higher interest rates and growth in the debt itself. Transfer payments account for another 31 per cent of the growth in expenditure, especially for old age security and family allowances. Of the remaining \$2.6 billion increase, which was attributable to departmental and agency operating and capital costs, the Department of National Defence is to receive \$1.1 billion more funds than last year. Increases in person-years in the public service have been kept to 0.8 per cent.

INTEREST RATES AND THE RATES OF EXCHANGE

In the course of its review of the departmental estimates for the year 1982-83, the Committee decided to explore a number of issues regarding the relationship between the value of the Canadian dollar and interest rates in Canada.

Over the past year, Canadian interest rates have followed a volatile course at historically high levels. These interest rates and their movements have been claimed to be the major source of the current economic recession and more stable and moderate rates are said to be the necessary ingredient for economic recovery in the future. Such concerns over Canadian interest rates have led to considerable controversy in Canada. Some have argued that such rates are the result of the Bank of

Canada's slavish following of U.S. interest rate movements in efforts to protect the exchange value of the Canadian dollar; while others believe that the rate movements are reflections of financial market pressures originating within Canada. Resolution of such divergent views and the selection of an appropriate policy in the future are obviously very important and contentious matters given the current depressed economic environment.

The major issues discussed with the witnesses by the Committee included the following:

1) What is the cause of high and volatile interest rates in Canada and are they primarily a reflection of domestic economic and financial conditions or are they being imposed mainly by external forces emanating from the United States?

2) Are high interest rates appropriate for the Canadian economy under current conditions of simultaneous recession and inflation and has there been a satisfactory trade-off between the costs of recession and the anti-inflation benefits under this policy approach?

3) What would be the impact of a lower Canadian dollar exchange rate on inflation and growth in Canada and would the improved competitive position arising from a devaluation of the currency offset the inflationary impact of a lower Canadian dollar?

4) How much lower would the Canadian dollar fall if interest rates in Canada were lowered significantly below U.S. levels and how would the exchange rate be maintained at the lower level?

5) What other factors have influenced the level of the Canadian dollar exchange rate in the recent past and should action be taken to strengthen these influences on the currency in order to offset the impact on the currency of lower Canadian interest rates?

6) Are there other policy initiatives that could be taken to reduce the inflationary impact of a lower Canadian dollar and would price and income controls be an alternative policy approach?

The witnesses called before the Committee to explore these issues and give their views on the future course of interest rate and exchange rate policies in Canada were:

| Issue no. | Date | Witness |
|--------------|----------------|--|
| 44 | March 23, 1982 | Mr. Gerald K. Bouey, Governor, Bank of Canada |
| 46 | March 25, 1982 | The Honourable Walter Gordon, P.C., Chairman, Canadian Institute for Economic Policy |
| 47 | March 30, 1982 | Mr. James W. Burns, President, Power Corporation of Canada |
| 52 | May 4, 1982 | Dr. Robert MacIntosh, President, Canadian Bankers Association |
| 53 | May 6, 1982 | Dr. Thomas Courchene, Department of Economics, University of Western Ontario |

These witnesses were chosen by the Committee to provide a cross-section of views from the federal government, financial institutions, business corporations, and the academic community.

Evidence given by witnesses before the Committee indicated that the high interest rates experienced in Canada over the past year have been the result of a number of factors with no single one being the prime cause of high and volatile interest rates. It was emphasized by Mr. Bouey that given the current inflation rate in Canada, interest rates have been in the range that one would expect. However, much of the volatility of Canadian interest rates around this trend to higher levels was due to the volatility in U.S. interest rates during this period. He stated that it was an unavoidable fact that shifts in financial conditions in the United States affect the Canadian situation, causing reactions in interest rates or the exchange rate, or both. However, he pointed out that developments within Canada could also have substantial impacts on both interest rates and the exchange rate. He cited the impact on the exchange rate of the high levels of Canadian take-overs of foreign controlled businesses during the middle part of 1981. This was followed by a steep upward interest rate movement as the Bank moved to reduce the extraordinary downward pressures on the Canadian dollar which resulted from the movement of capital from Canada. He maintained, however, that the reactions of the Bank were not motivated by a fixation on any particular exchange rate but rather by a desire to avoid aggravating an already highly inflationary situation.

Since the Canadian inflation rate is now significantly higher than in the United States, the Governor stated that it would be

extraordinary to expect that Canadian interest rates could be reduced significantly without generating a sharp decline in the exchange rate. He concluded by saying that the goal of the Bank of Canada is to lower the rate of inflation in Canada and that monetary policy has responded to the developments that have posed a threat to that objective, whether the developments originated in Canada or abroad. Dr. MacIntosh and Dr. Courchene observed that care has to be taken in drawing conclusions from the consumer price index figures announced each month in the two countries, and the two indices are constructed quite differently. For example, had the Canadian index for January and February been constructed using U.S. practices, the rate of inflation reported in Canada would have been 7 or 8 per cent, considerably below the officially reported rate of over 11 per cent. Dr. Courchene commented on the reasons for this difference as follows:

There are two differences—two important differences—between the way we calculate our CPI and the way Americans do. The first difference is that the typical figure which appears in the U.S. is a month-to-month inflation rate, January to February, taken to the twelfth power, or cumulated for the whole year . . . In Canada, we normally tend to express our rate of inflation from January to January—for one year. So, if things are moving downward in the U.S. in terms of inflation, that gets captured much more quickly in their inflation rate than it would in ours.

The second difference that is equally important is that the Americans tend to assume that everyone has mortgaged his house at the current interest rate, whereas we use a five-year average. So, if interest rates go up from 14 per cent to 18 per cent in the U.S., that 18 per cent is viewed as the rate at which everyone is mortgaging his house. When you recognize that, and recognize what I said in the first point, a rise in interest rates in the U.S. can give a steep increase in the inflation rate simply because everyone's current mortgage interest rate is used as the housing component and that gets multiplied by 12.

In Canada, we have a five-year moving average. So, if interest rates go from 14 per cent to 18 per cent, we take that 18 per cent figure in this year and drop the figure from five years ago, and we have the average. So, interest rates have a much smaller influence on our housing component.

I suppose the correct answer is somewhere in between, because the mortgage term is closer to two years now than it is to five years.

So, because of this, one can see tremendous volatility in U.S. inflation rates. For example, in early 1980, the American inflation rate was 18 per cent, but by August, it was zero—in fact, it was negative, and that reflected a very severe decline in interest rates in the U.S. of 10 percentage points in six or eight weeks. This decline in the U.S. inflation rate was due primarily to the fall in interest rates and the way they entered the CPI via the housing component.

There are disadvantages and advantages to this procedure. The only point which the Governor has made on several occasions—and that I think that we ought to be very aware of as well—is that quite often our inflation rates are compared one to the other, and we should be careful that we are comparing oranges and oranges and not oranges and apples.

In his testimony, the Honourable Walter Gordon took exception to the Bank of Canada policy. He expressed the opinion that the anti-inflation policies of high interest rates, tough restrictions on the growth of the money supply, and preoccupation with maintaining the exchange rate had been a dismal failure and that costs of these policies have been much too high in terms of slow growth and high unemployment. As an alternative to these policies, he suggested that the monetary policy pursued by the Bank of Canada since 1975 should be discontinued immediately and the Bank rate should be reduced by 3 or 4 percentage points and should not be allowed to follow any further uptrend in U.S. interest rates. This would result in a decline in the Canadian dollar exchange rate which, in his view, would be less harmful than the present high rates of interest. He pointed out, however, that he does not advocate an uncontrolled increase in the money supply; the money supply should only be raised only moderately from time to time to accommodate the expansion of Canadian business. Under these proposals, he did not foresee the dollar dropping sharply but if it did encounter serious speculative pressures it should be defended by the use of stand-by credit arrangements and not by raising Canadian interest rates. He also suggested that a limited program of price and wage controls should be implemented to control inflation in the Canadian economy as a replacement to the current monetary and exchange rate policies.

Mr. Burns argued strongly in his testimony, that inflation is by far the most important problem confronting Canada and the western world at the present time and that it would be foolhardy not to address the issue of inflation and inflationary expectations. He also felt that as long as the inflation rate was in the 10-12 per cent range we could not expect anything but high interest rates, and he would not support any measures that would artificially lower interest rates in the context of continuing high inflation. Any sharp drop in the Canadian dollar exchange rate below the 80 cents U.S. level could, he thought, be a trap for Canadian exporters because of the higher wage rates currently being paid in Canada compared to those in the United States. Under these circumstances, if the Canadian dollar recovered again, the Canadian export industry would be priced out of markets because their exchange rate benefit would have disappeared and they would by then be paying even higher wage rates. In addition, he claimed that any sharp decline in the exchange rate would be inflationary and tend to raise wage demands further. Mr. Burns also expressed serious concern about the relative wage rates in Canada and the U.S., which had moved against Canada, and the different attitudes and philosophies that now existed in the two countries regarding wage settlements. Expressing the opin-

ion "that time is not on our side", he thought that reality would eventually catch up with Canada.

Mr. Burns drew attention to the financial problems facing major corporations, which was not limited to high interest rates. More serious, he suggested, was the unavailability of longer-term fixed rate funds that corporations required for long-term investment decisions. "If you are a business person and you have to borrow money to survive, there is no long term . . . you are whipped on two sides. You are hit on your cash flow operations, on the one hand, and your only available financing is at a floating rate. It is a very dangerous time" to invest and long-term planning is impossible.

In commenting on the proposal to lower Canadian interest rates arbitrarily by 3 to 4 percentage points below U.S. rates, Dr. MacIntosh pointed out that large amounts of capital would flow out of Canada instantaneously under these circumstances causing a corresponding instant reaction of the Canadian dollar exchange rate. He went on to state that this would require the use of exchange controls to stop this type of outflow and he felt that the cost and complexity of such controls would not be tolerated by Canadians. As a result, he concluded that any efforts to arbitrarily lower Canadian interest rates below U.S. levels would simply not work. He did point out, however, that Canada's personal savings rate has been substantially higher than that in the U.S. and that this should mean that Canada could have a lower level of interest rates. This has not happened, he claimed, because these savings have been drained off to finance the very large federal deficit and the corporate take-overs associated with the Canadianization measures in the National Energy Program. Dr. MacIntosh's major criticism of the monetary policy being followed by the Bank of Canada is their use of the M1 definition of money supply as the main indicator of money supply growth. He felt that a much broader definition that would include all highly liquid deposits held at the chartered banks, trust companies, and credit unions should be used to guide monetary policy.

Dr. Courchene's major criticisms of the Bank of Canada's policy were: that the Bank implemented the policy too gradually; that it should not have made the exchange rate a goal of its policy; that the use of M1 as its definition of money supply hampered its performance; and that the use of interest rates as a control mechanism reduces the effectiveness of its policy. He also pointed out that other federal policies, especially energy and fiscal policies have failed to provide support to the Bank in its anti-inflation fight. In his view the appropriate aggregate to use was "the current M1 plus a range of assets or liabilities . . . used for chequable deposits and for short-term repositories for funds used for that purpose".

Professor Courchene recommended that the authorities continue with the policy of monetary gradualism after taking account of their errors in implementing the policy in the past, and he strongly opposed the imposition of wage and price controls as part of a policy package that called for a considerable easing of monetary policy. This, he felt, would only

postpone and exacerbate the problem of dealing with inflation and would hinder the response of Canadian industry to the new international challenges that it now faces. This is particularly so given the evidence that the private sector wages and prices are on the verge of quite a dramatic decline similar to that which is taking place in the United States. By establishing the exchange rate as a goal of monetary policy, the U.S. discipline on wages and prices is now being imported into Canada and Dr. Courchene felt that this could be part of the Bank of Canada's strategy.

The majority of testimony received by the Committee supported the view that the major cause of high interest rates in Canada has been the high rate of inflation in the Canadian economy coupled with the policy of monetary gradualism followed by the Bank of Canada. The volatility of interest rates, however, has been accentuated by the behaviour of U.S. interest rates and some concern was expressed about the Bank of Canada's response to these U.S. developments. In particular it was felt by most witnesses that the Bank could have avoided following these short term fluctuations in U.S. rates, as they did on some occasions and let the Canadian dollar decline somewhat for temporary periods. Generally, the majority of witnesses agreed with the Bank's policy of gradual monetary restraints but a view was expressed that the Bank should have been more aggressive and consistent in following their policy of monetary gradualism. In addition, the M1 definition of money supply used by the Bank in their policy formulation process was questioned by a number of witnesses who felt that a broader definition would be more appropriate and effective in conducting monetary policy. An opposite view was expressed to this consensus view by the Honourable Walter Gordon, but even he recommended only a cautious move towards greater monetary expansion.

Most witnesses also expressed concern about attempts to lower Canadian interest rates below U.S. rates and the effect this would have on the Canadian dollar exchange rate. Dr. MacIntosh described in considerable detail the volume of liquid funds which could be moved almost instantaneously to the United States. "If interest rates were to be moved down several percent . . . (we would be hit) so fast that the exchange reserves in the Bank of Canada . . . would go between Tuesday and Thursday." Most felt that the Bank could have been more flexible in its attitude towards the level of the Canadian dollar from time to time but opposed any significant decline in the exchange rate because of the likely impact on inflation in Canada. In fact, one view was that only foreign exchange control would now be effective in stopping the decline of the Canadian dollar, although other witnesses argued strongly against the feasibility or desirability of exchange controls. On this point Dr. MacIntosh stated:

For 1981, there were 147 million border crossings. If we talk about foreign exchange controls, first of all we are talking about having a bureaucratic system which would examine the pockets of everybody going over the border, because that is just what we would have to do. Border

crossings are only part of it. If you go to Buffalo, Miami, or Seattle, or wherever you can use a credit card. The Visa card systems are worldwide now and we have a settlement system with the Visa card. If you had exchange controls, you would have everyone checking out his Visa card, to get his limit, and also the Master card, Diners Club, the Texaco credit card, and so on. If you talk about solving the problem of unemployment in this country, if you had a foreign exchange control board I daresay we would absorb the one million unemployed people in Canada. We would solve the unemployment problem. That is to say nothing of capital markets—I have not mentioned them—or ordinary business transactions, the flow of transactions, and exports and imports. The stock market, the bond market, the money market, the commodities market: you would have to go into every single one of them.

Sometimes people say without thinking "Well, let us not do all that. Let us just do transactions over \$1 million. Let us just do the capital markets"; but there is no such thing. Money is—the word is frangible: you can divide it infinitely. You can change its form; you can buy stocks and sell them. If you could not get a Visa card or Master card transaction, you could buy American Telephone stock today in New York, and sell it tomorrow, and you would have U.S. dollars. So you cannot separate the capital market from the current market; and you would never succeed in separating the big market from the small market. You would still have flows which would adjust to that. It would be impossible. If you go in for exchange control, you go the whole way.

One of the major reasons cited for the weakness of the Canadian currency was the lack of confidence in other Canadian policies, especially fiscal and energy policies. In particular, the National Energy Program's Canadianization measure which resulted in a series of corporate takeovers of foreign-owned companies, was claimed both to have weakened the Canadian dollar and increased the demand for credit in Canada, which in turn had the effect of putting upward pressure on Canadian interest rates.

Considerable concern was expressed by a number of witnesses regarding the competitive position of Canadian industry in the world economy and the threat posed by the recent and current high wage settlement experienced in Canada, particularly in the public sector. This concern has been increased further by the perceived rapid decline in inflation and wage settlements in the United States during the current recession, and the absence of such a reaction in Canada. Most witnesses felt that current monetary policy in Canada would eventually reduce wage settlements in the private sector, although they expected this impact would be much less in the sheltered public sector. As a result, even though the majority of witnesses opposed the imposition of general price and wage controls in Canada, they expressed a desire for greater restraint in the case of public sector wage settlements. Dr.

Courchene stated that "I have long argued that if the federal government wants to lend manufactured support to the Bank of Canada, it should set wage guide lines for its own employees, guide lines which would be consistent with the inflation projection of the ongoing monitoring policy."

The majority were of the view that the federal government should have used fiscal policy more aggressively in support of the restrictive monetary policy and that a smaller fiscal deficit would be helpful in reducing interest rates and inflation in Canada. Again the Honourable Walter Gordon argued the opposite case and suggested fiscal policy should now become more stimulative as part of an economic recovery package that would also include wage and price controls.

The major areas of concern expressed during the testimony related to the demand for credit and the definition and measurement of money supply. The annual rate of growth of over 40 percent in short-term credit during the second and third quarter of 1981 was a matter of particular worry. The take-over of corporations during that period had distorted the expected rate of growth of credit based on prevailing economic conditions. Mr. Bouey suggested that this distortion had made the conduct of monetary policy more difficult during that period. Several witnesses also argued that some important policy decisions taken by the government, such as the National Energy Program, had had a major impact on the financial system.

Considerable discussion took place regarding the M1 measure of money supply. Mr. Bouey expressed serious reservations about the measure in the light of the greater flexibility now offered to depositors by the banking system, as a result of which a wide range of deposit accounts had become available. The Bank of Canada had attempted to adjust for these movements between various types of accounts, but they had found this step to be difficult and unreliable, and they had been obliged to make major revisions to their money supply numbers from time to time. Several other witnesses expressed serious doubts about the appropriateness of the M1 measure of monetary supply and generally favoured a broader definition, although there was no consensus on a precise alternative. It was emphasized by some witnesses that the monetary gradualism approach followed by the Bank of Canada was very dependent on having an accurate and reliable measure of money supply, which was a major variable taken into account in determining policy changes.

LOAN GUARANTEES AND LETTERS OF COMFORT

During an earlier hearing to review Supplementary Estimates (E) for 1981-82, the Committee asked the Treasury Board for information relating to the appointment and responsibility of directors of firms which are Crown corporations or heavily supported by the Crown, and information regarding loan guarantees and the use of letters of comfort.

A hearing was arranged on June 15 to receive the Treasury Board's report and to question the President of the Treasury Board, The Honourable Donald J. Johnston. He was accom-

panied by Mr. J. L. Mannion, Secretary of the Board, Mr. H. J. Mullington, Assistant Secretary, Program Branch and other senior officials. At that time the President of the Treasury Board provided the Committee with material respecting the government's spending as outlined in the main estimates for the year ending March 31, 1983.

The Committee was informed that directors of Crown corporations are appointed by the Governor in Council. However, for corporations in which the government does not have an equity interest but which have significant federal support, there is a monitoring process to protect the governments financial interest. The responsibility for monitoring lies with the Minister to whom the corporation reports and involves approval on an annual basis by the Governor in Council of operating and capital budgets and, in some cases, corporate plans. Annual, quarterly and in some instances monthly financial reports are also received by the government. A few corporations also have provisions for annual reports to Parliament and can be called before parliamentary committees. However, this does not apply to Canadair Ltd. or de Havilland.

Most directors of Crown corporations are drawn from the private sector but are appointed by the government. In the case of Canadair Ltd. and de Havilland, one official of the department to which the corporations report is a director of both corporations. Not all corporations with government guarantees have government directors. The Committee was informed that in the case where the government does not hold an equity interest, a government director could face a conflict of interest between public policy goals and the maximization of profit. The Committee was also told that in cases where directors are appointed by the government, they receive instructions from the responsible Minister to whom they report. A more general set of instructions and terms of reference for government directors is currently being studied by the government.

Canadair Ltd. and de Havilland are not scheduled Crown corporations because the government intended to dispose of these corporations to private investors and did not wish to take a step which would be in conflict with this objective. This decision might now have to be reconsidered.

The Committee enquired about the issuance of letters of comfort to support borrowing by Crown corporations or corporations largely or wholly owned by the Crown. This has been a relatively common practice in recent years and the only requirement is approval by the Governor in Council. There is no time limit, the Committee was informed, before these letters must be replaced by formal government guarantees and the Minister admitted that the time lapse has appeared to be unusually long in some cases, particularly in the case of Canadair Ltd. Treasury Board agreed to provide the committee with a list of comfort letters currently outstanding and a further list showing the time lapse between the issuance of letters of comfort and the approval of guarantees during the past five years.

The Minister acknowledged several criticisms: that these letters of comfort did not appear as contingent liabilities in the accounts of the government, have not been made public and provide inadequate control once issued. While he supported the controlled use of letters of comfort in circumstances of urgency in which there was insufficient time for a guarantee bill in supplementary estimates, the Minister asserted that they should be replaced quickly by formal and public guarantees. He expressed the opinion that the practice appears to have grown too quickly and without adequate attention by Parliament. Members of the Committee felt that they constituted contingent liabilities and should be supported in supplementary estimates. The Minister appeared to agree with this opinion.

The Committee also raised the matter of a secret report on Consolidated Computer Incorporated (CCI) that had been leaked to the press, but never officially released by the govern-

ment. The Minister informed the Committee that this report was currently being studied by the Department of Justice which had just hired outside counsel in order to determine whether charges should be laid against individuals involved in the company. As a result, a decision had been made by the government not to release the report to the public. The Minister stated that the priorities in dealing with this report were to hold individuals responsible for their actions and to ensure a mechanism is in place to prevent future events of this type.

The Committee was informed by the Minister that in the very near future legislation will be tabled that will increase the monitoring and policing devices at the disposal of the government.

Respectfully submitted,

D. D. EVERETT,
Chairman.

THE SENATE

Tuesday, June 22, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

APPROPRIATION BILL NO. 2, 1982-83

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-121, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

Hon. Jacques Flynn (Leader of the Opposition): Leave is being asked, Your Honour, but I think some explanation should be given because we have voted interim supply until the end of this month. Whether we pass the bill today, tomorrow or on June 30, the government will be able to manage.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Flynn is quite right. Interim supply has been voted. I cannot say that it has run out or that the government will be starved for funds if we do not pass this bill today. However, since the bill was passed by the other place early this morning, and since Senator Everett will be speaking to the report of the National Finance Committee on the main estimates, which constitute the subject of this bill, it seems to me that this afternoon is an appropriate time to deal at least with the second reading stage. In essence, the bill is simply the statutory version of the estimates. After second reading we can decide when to give it third reading and have Royal Assent today or tomorrow. The reason for asking that the bill be put on the Order Paper for second reading today is that that will allow an opportunity to deal with it immediately after we consider the report of the National Finance Committee on the main estimates.

Senator Flynn: The deputy leader has mentioned that we could dispose of the second reading stage today. There is therefore no demand by the government to have the bill today.

Senator Frith: Honourable senators, it was my hope that we could have third reading today, but I am certainly not insisting on it. The reason for asking that second reading of the bill be proceeded with today is, as I have explained, that the commit-

tee's report on the main estimates will be considered this afternoon. While honourable senators have their attention on the estimates, it seemed to me an appropriate time to proceed with second reading. We will then be in a position to discuss whether something in the bill, as distinct from the estimates, or even something in the estimates, requires further study.

If honourable senators are not satisfied with the report of the committee on the estimates, or if there is some feature of the bill that needs further study, the debate can be adjourned. It seems to me that we would be in a much better position to deal with it if we proceed to second reading today, and then the whole matter would be before the Senate.

The opposition may not wish to give this bill second reading today. However, I suggest that it is appropriate to introduce the bill on second reading this afternoon, and if leave is granted we can then go on to establish whether there is a good reason for not having Royal Assent this week after hearing the debate on the consideration of the committee's report and the introductory speech on second reading.

Senator Flynn: Honourable senators, I am quite sure that the deputy leader realizes that a debate on a bill such as this could cover a very large territory. We could review the whole policy of the government relating to matters of expenditure, restraint, and so on.

If the idea is that the sponsor of the bill should move second reading today and that the debate would be adjourned until tomorrow, with third reading taking place next week, that puts a different perspective on the matter. If that is the intention of the Deputy Leader of the Government, the opposition will allow the sponsor to move second reading of the bill, and we will adjourn the debate until tomorrow, and perhaps third reading could be given next week.

Senator Frith: Honourable senators, the summation of the Leader of the Opposition does not quite take my point. I am not asking for an undertaking from anyone that the bill get third reading either today or tomorrow. All I am asking is that that option remain open.

Obviously, without unanimous consent, the debate can be adjourned until tomorrow and, unless a further adjournment is refused, which is highly unlikely, the matter could go on until next week.

I am asking the Senate to permit me to introduce the bill today, and then we can try to ascertain when we can complete the debate and proceed to third reading. I do not want to give an undertaking that the bill will not receive third reading this week because it may turn out that it will.

Senator Flynn: I misunderstood the Deputy Leader of the Government. I thought he wanted the bill to receive Royal Assent today, and that the government would be happy to have the bill read the third time today.

Senator Frith: It would.

Senator Flynn: If that is not the intention or the desire of the government, then we will take our time and the bill will be assented to next week.

On the other hand, if the government would be happy to have third reading today, we on this side might agree on the condition, for instance, that the Leader of the Government or the genial Minister of State for Economic Development undertake to participate in the debate on the motion of Senator Phillips before, let me say, Wednesday of next week. This would give us some idea of the direction the government is taking. If we had that undertaking, we would agree to third reading of the bill today. We would have a substitute for a full debate.

Senator Frith: Honourable senators, as to the happiness or otherwise of the government concerning third reading of this supply bill, we would be very happy if the bill were to receive third reading today; and quite happy if it were to receive third reading tomorrow.

Hon. Martial Asselin: And unhappy for it to receive third reading next week.

Senator Frith: I suppose the happiness would be gradually reduced from there on.

I should like to give any undertaking necessary to get third reading today, but the undertaking was not asked of me and, therefore, I yield to my colleague.

Senator Perrault: Honourable senators, I hereby give the requested commitment to the Leader of the Opposition. I would be most pleased to make a statement with respect to economic policy by Wednesday of next week.

Senator Asselin: A speech—a real speech.

Senator Perrault: If the honourable senator promises to be in the chamber, it will be a real speech.

Senator Asselin: I will be here.

Senator Perrault: If we can have the assurance that this bill will be dealt with expeditiously, as discussed, I would be more than pleased to comply with the request to speak by Wednesday on the resolution moved by Senator Phillips.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: It proves that politics, like life, is an exchange.

[Senator Frith.]

Motion agreed to.

● (1410)

AGRICULTURE

"INDUSTRY IN TURMOIL"—COMMITTEE REPORT ON THE LONG TERM STABILIZATION OF THE BEEF INDUSTRY IN CANADA TABLED

Hon. Herbert O. Sparrow tabled:

Report of the Standing Senate Committee on Agriculture on the long term stabilization of the beef industry in Canada, entitled "Industry in Turmoil."

He said: If I may, honourable senators, I would like to make a few comments on the report.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Sparrow: With leave, now.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Sparrow: First of all, honourable senators, I appreciate your giving me leave to speak on this report today. I shall be as concise as I can in giving you some information on it.

I am pleased, honourable senators, to present the report "Industry in Turmoil," because I believe it fairly represents what we think is the consensus reached by beef producers in Canada at this time. This study is dedicated to the Honourable Senator Harry Hays, and, if I may, I would like to quote the In Memoriam as it appears in the report:

This study is dedicated to the Hon. Senator Harry W. Hays, P.C., who spent his life in the service of agriculture. Elected to the House of Commons in 1963, he was Minister of Agriculture for Canada from 1963 to 1966. In his term as minister the policy for entry of the exotic breeds of cattle to Canada was established, as was the new classification for show ring standards. The display herds at the Central Experimental Farm in Ottawa were put in place, and the groundwork for the later introduction of the Canadian Dairy Commission and Canfarm was completed. He has one of the first and most successful promoters and exporters of Canadian breeds of livestock. As a rancher he developed the Hays' Converter breed of beef cattle. He was chairman of the Standing Senate Committee on Agriculture from May, 1980, until his death in May, 1982.

I want all honourable senators to know that Senator Hays put a great deal of work, time and effort into the studies leading up to this report, and into the report itself.

I want to give special thanks to the members of the committee who spent a great deal of their time and effort in travelling across Canada to attend public hearings and in attending the meetings of the committee in Ottawa. I would be remiss in my duty were I not to extend thanks and appreciation for a job well done to our two consultants, Mr. S. B. Williams and Mr.

Max Roytenberg. Mr. Williams, sharing his vast knowledge of Canadian agriculture, was invaluable to the committee. Mr. Roytenberg, of Roygold Marketing Systems, provided important data and advice to the committee.

The committee staff, Dr. Grant Carman, Sally Rutherford and Aileen Collins, worked long and hard in arranging for the committee hearings and in preparing this report. The clerk of the committee, Mr. John Desmarais, provided valuable assistance which was much appreciated. Last, but by no means least, our thanks go out to all of those organizations and individuals who made representations to the committee, whether in committee hearings or through the expression of their views in other ways.

Honourable senators, this is the second report that has been published by the Standing Senate Committee on Agriculture relating to the beef industry. The first was published on October 19, 1977, and was entitled, "Recognizing the Realities: A Beef Import Policy for Canada." The result of that report has been the approval by Parliament of an act to regulate the importation into Canada of fresh, chilled and frozen meat. This was only a step on the road to long term stabilization in the beef industry. There is still a long way to go.

• (1415)

The present report is the result of two years of further study with the purpose of trying to find answers to the many problems confronting the beef industry in Canada. If adopted as policy, this report will not solve all of the problems that face us, but may perhaps constitute a step which will give hope to the industry for long-term stability.

The beef industry has experienced financial hardship for many years, resulting in many producers having to liquidate their herds and leading to an increasing number of farm bankruptcies. Heavy losses in all segments of the industry have resulted in a diminishing of the demand for beef, the spiralling of costs, and high interest rates.

Producers themselves, and through their organizations, are divided as to where the real problem lies and what the solutions are. There has been, however, a noticeable change in producer attitudes in the last two years, in the sense that there now appears to be a general consensus in the industry that something has to be done by producers and governments to bring some long-term stability. Many representatives of the industry told us that something has to be done to achieve long-term stability, but the majority do not appear to want this at the cost of greater government control of the industry through supply management features.

The committee heard the views of producers, consumers, provincial ministers of agriculture, government officials, academics and business and trade officials. The committee learned two things: one, that the industry is in serious trouble; and, two, that there is no agreement on remedies for the industry's problems.

From the representations and facts obtained the committee formulated two principles on the basis of which conclusions

should be formed. The first of these is that Canada must have a strong and viable beef industry. The benefits this industry generates for all Canadians are significant. The lost revenue and unutilized resources resulting from a weakened beef industry will cause great economic and social costs to Canada. Secondly, beef industry policy approaches must be flexible and developmental. This is necessary for us to provide a combination of approaches which encourage improvement of the existing institutional framework and measures which foster the long-term viability of the beef industry in ways which achieve general acceptance on the part of beef producers.

Based on these realities, and considering the differences of opinion among producers, your committee came to the conclusion that before new programs are implemented there must be a considerably greater advance towards a consensus in the industry than at present exists. As a vehicle to try to obtain greater consensus in the industry, to gather more information, and offer solutions to the problems, your committee recommends the following:

The establishment of a national beef producers agency through an amendment to the Farm Products Marketing Agencies Act, made up principally of producer representatives in close co-operation with provincial governments. It would not have price-setting or quota-granting powers, but would act on behalf of producers in a co-ordinating, informational and advisory role. The committee notes that such an agency could serve as the basis for a marketing board if producers should choose to take the step.

The mandate of the agency would include: the collection, collation and co-ordination of data and general information about the beef industry in Canada; the investigation of improved price discovery mechanisms and systems for the improvement of market information; the examination of industry/producer matters, such as the negotiation of grade price differentials and weight ranges; the monitoring and assessment of the impact of beef imports and exports; the investigation of forward contracting; the evaluation of the development of grading and livestock specifications; the development of a national beef promotional program; consultation and co-ordination with existing red and white meat producer agencies and institutions; and acting in an advisory capacity in the co-ordination of federal and provincial government activities in the same fields of interest.

The committee further recommends that the Government of Canada investigate the advisability of establishing income averaging programs, which would create a capital pool for beef operation financing at favourable interest rates.

We know, honourable senators, that this action in itself will not solve all the problems facing the beef industry; but we believe that this is an important step along the road to stability in the beef industry in Canada. I hope you will have a chance to study the report in detail.

On motion of Senator Bielish, debate adjourned.

● (1420)

THE ECONOMY

ANNOUNCEMENT BY MINISTER OF STATE FOR ECONOMIC DEVELOPMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I ask the consent of honourable senators to make an announcement for which the Opposition has been asking for several days. It concerns the economic statement by the Minister of Finance.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Olson: Honourable senators, the Minister of Finance has just announced that he will be making an extremely important speech in the form of a budget on Monday evening, June 28.

Some Hon. Senators: Oh, oh.

Hon. Jacques Flynn (Leader of the Opposition): I am glad to hear that.

Hon. Duff Roblin (Deputy Leader of the Opposition): Are we going to offer our congratulations to Senator Phillips for getting action on his proposal?

Senator Olson: You may congratulate whomever you wish.

Senator Flynn: Perhaps we should congratulate you.

THE SENATE

COMMITTEES—REPRESENTATIONS BY PROVINCES—NOTICE OF MOTION

Hon. John M. Godfrey: Honourable senators, I give notice that on Wednesday, July 14, 1982, I will move:

That whenever a bill or the subject-matter of a bill is being considered by a Committee of the Senate in which a province or provinces have a special interest, then as a general policy, the government of such province or provinces where practicable, shall be asked by the Committee as to whether or not they wish to make written and/or verbal representations to the Committee, and any province that replies in the affirmative shall be given a reasonable opportunity to do so.

I think I should explain to honourable senators that I really have no intention of moving that motion on July 14.

I shall wait until there has been a meeting of the chairmen of standing committees to consider this question. I hope they will express an opinion on it and other matters I have raised with them, and then I will proceed with the motion.

A meeting of committee chairmen was scheduled a week ago, but it had to be postponed. It does not appear as though we will be able to have that meeting before the summer recess, so I thought I should put this particular proposal on the public

[Senator Sparrow.]

record. This is something that I have been advocating for some time.

FOREIGN AFFAIRS

POLAND—REMOVAL OF MARTIAL LAW—NOTICE OF MOTION

Hon. Stanley Haidasz: Honourable senators, you will recall that six months have passed since the imposition of martial law in Poland. Last week the President of the Canadian Polish Congress submitted to Parliament a petition signed by more than 40,000 Canadians opposing martial law in Poland, with its sad aftermath, and requesting the Polish government to allow a process of national reconciliation. Last week also a motion supporting this endeavour was adopted unanimously in the other place, so I intend to move a similar motion this afternoon.

Therefore, with leave of the Senate and notwithstanding rule 45(1)(h), seconded by the Honourable Senator Asselin, P.C., I move:

That in the spirit of the Helsinki Final Act, the Senate urge the Polish Government to remove martial law, release from detention Lech Walesa and other members of Solidarity, and commence negotiations with the Church and Solidarity to solve the political and economic problems plaguing Poland.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, no.

I should like an opportunity to look at the motion. Senator Haidasz showed me the Notice of Motion at approximately 2.10 p.m., so I have not had an opportunity to study it. I suggest that it appear as if he had given notice in due course and that it appear under Motions at the next sitting, which will be tomorrow. I certainly have no difficulty in consenting to having it appear on the Orders of the Day for tomorrow.

● (1425)

The Hon. the Speaker: Therefore, leave is not granted. Does the Deputy Leader of the Government wish to make a formal proposal?

Senator Frith: Leave to move the motion today is not granted, but Senator Haidasz has given proper notice of motion and it will appear under Motions tomorrow.

Hon. Jacques Flynn (Leader of the Opposition): As if he had given notice.

QUESTION PERIOD

[English]

THE ECONOMY

UNEMPLOYMENT—TRANSFER OF 300 JOBS TO UNITED STATES

Hon. Guy Charbonneau: Honourable senators, I should like to address a question to the Minister of State for Economic Development. The minister is probably aware that Ayerst-McKenna, the pharmaceutical manufacturer, has decided to move its research and development from Montreal to the United States, thereby transferring 300 jobs. In view of the fact that other pharmaceutical companies are seriously thinking of taking the same step, due to the government's policy as legislated in Bill C-102 of 1969—that is, in section 41(4) of the Patent Act, which says that anyone can apply to the Patent Commissioner for a compulsory licence to import or manufacture pharmaceutical products—will the minister tell us whether the government will consider amendments to the act in order to prevent other companies from following Ayerst McKenna's decision?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to take that question as notice, because I am reasonably sure that if the consequence of making some amendments would have the end result desired by my honourable friend, then we would want to give consideration to that. However, I would like to have a more detailed reply from the minister responsible for those patent rights.

Senator Charbonneau: I might add, for the information of the minister, although this is unofficial, that I understand the Quebec government is looking into the situation with a view to alleviating the problem.

Hon. John M. Godfrey: Honourable senators, I have a supplementary question for the minister, following upon Senator Charbonneau's question. Would the minister, in obtaining information for Senator Charbonneau, find out exactly in what time period those research laboratories were established in Canada and whether or not Ayerst-McKenna at that time was a Canadian controlled company and whether or not control has changed since that time?

Senator Olson: Honourable senators, I will take that into account.

ANNOUNCED STATEMENT BY MINISTER OF FINANCE

Hon. Martial Asselin: Honourable senators, a few moments ago the Minister of State for Economic Development said that next week the Minister of Finance is going to make an economic statement or pronounce a semi-budget. I would like to know if the minister is ready to detail the kind of statement the Minister of Finance is going to make. Will it be a mini-budget or an economic statement?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I said that the Minister of Finance has announced that he will be making an important

economic speech. I also said that it will be in the form of a budget next Monday evening, June 28.

Senator Asselin: If that is the case, can the minister tell us if the previous budget is going to be withdrawn?

Senator Olson: Honourable senators, my honourable friend has to understand that when a budget is brought in it supercedes all other budgets—last year's, the one before that, or whatever. A budget speech, of course, takes precedence over all previous budgets.

Hon. Lowell Murray: Honourable senators, can the minister say whether the tax bills now before Parliament are being withdrawn?

Senator Olson: The minister will say that the honourable senator will have to wait until Monday night to find out the contents of the Minister of Finance's speech.

[Translation]

FOREIGN AFFAIRS

ARGENTINA—LIFTING OF SANCTIONS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, my question is directed to the Leader of the Government. The countries of the European Community have announced they are raising the sanctions imposed on Argentina. I understand that Canada's Secretary of State for External Affairs has indicated the government is preparing to do so as well. Can the Leader of the Government confirm or deny this?

[English]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question will be taken as notice.

UNEMPLOYMENT INSURANCE

EXTENSION OF BENEFITS

Hon. Richard A. Donahoe: Honourable senators, I should like to address a question to the Minister of State for Economic Development. I perceive that there are hundreds of thousands of Canadians who, because of their protracted unemployment, are finding that their eligibility for unemployment insurance benefits is running out. Is it the government's intention to allow those people to go on welfare? If that is so, then it is not necessary for me to show that they will become a burden on the provinces and the municipalities. Does the government have any intention of increasing substantially the period during which unemployment insurance can be drawn?

• (1430)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, a number of matters respecting that are being considered by the ministers involved. We recognized the intense severity of that problem.

Senator Donahoe: May I pose a supplementary question? Among the matters being considered this may be one of them, but if the government does opt for the latter of the two courses

I described, what then does it intend to do about the fund under the Unemployment Insurance Act which will, on the basis of current contributions and payouts, run dry very shortly? Has any consideration been given to improving the standing of that fund?

Senator Olson: Honourable senators, there is, I think, an obligation on the part of the government to provide sufficient funds for the statutory payments to be made to those who have entitlement. But if the senator's next question is whether we are going to bring in proposals to change the level of contributions into the fund, that, of course, is another matter. Perhaps I have to give the standard answer, which my honourable friend knows, and that is that when the ministers directly responsible are ready to make an announcement about it they will make it, and I will give an undertaking to bring that information to the attention of my honourable friend as soon as possible.

PARLIAMENT

SUMMER RECESS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, in view of the announcement made by Senator Olson with regard to the budget to be presented next week by the Minister of Finance, is the Leader of the Government or the deputy leader in a position to tell us if the objective of adjourning for the summer on June 30 remains the same?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as far as my information is concerned, that is still the target date.

Senator Flynn: There would be approximately two days to debate that budget in the other place, and in this place we would have the advantage of listening to the Leader of the Government on the same topic.

Senator Frith: Honourable senators, I thought the question was: Does the government still intend to try to adjourn on June 30? My answer is that the government is working towards that end, but it may not be possible because there will not be enough time to debate that or other measures. But it is still the target date.

Senator Flynn: I was wondering if there was an announcement made at the same time in the other place.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as a result of the Minister of Finance's statement and presentation of the budget on Monday, there will be, I understand, a full budget debate, and we will then see the effect that may have on the ultimate summer recess.

ECONOMIC DEVELOPMENT

COMMON STOCK OWNERSHIP—SUGGESTED FEDERAL-PROVINCIAL INCENTIVE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to a ques-

[Senator Donahoe.]

tion raised on May 26 by Senator Murray relating to federal-provincial incentive in common stock ownership. May I have permission for that answer to be taken as read?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Honourable senators will know that there has been no definite proposal received by the federal government from the Government of Ontario respecting a federal-provincial incentive for promoting common stock ownership. The government would certainly be willing to discuss such a proposal with Ontario if it was brought forward.

The government supports stock ownership and the present tax system contains important incentives to this end. The dividend gross-up and tax credit mechanism reduces the tax payable by individuals on dividends by one-half. Its attractiveness was increased in 1977 when the rate of gross-up and tax credit was increased from 33½ per cent to 50 per cent of dividends received. This type of mechanism does not exist in the United States. The effective tax rate on capital gains on stocks in Canada was covered by the inclusion of only one-half of gains in income. The top marginal tax rate on capital gains was further reduced in 1982 from approximately 33 per cent to 25 per cent as a result of the general lowering of the personal marginal tax rates in November 12, 1982 budget.

REPORT OF SCIENCE COUNCIL OF CANADA

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to a question raised by Senator Smith on May 19 about the Science Council of Canada report entitled "Planning Now for an Information Society." The answer is rather lengthy, and I ask permission to have it taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

The Government realizes the tremendous potential of information technology and has developed two technologies which are entirely dependant on microelectronics: Telidon and communication satellites.

The Telidon program is intended to encourage the creation of a videotext industry in Canada which will capture a significant share of the world market.

Canada led the world in communications technology with the launching of the Alouette I in 1962. This early lead has been actively pursued since then and, last December, the Minister of State for Science and Technology announced that the space budget would increase by about 40% so that total federal expenditures on space, between 1981 and 1985, would be just under \$500 million.

The Government of Canada has invested in many areas of the new technology. This economic strategy was reconfirmed in the document "Economic Development for Canada in the 1980's".

The Government has allotted \$14.5 million for the Office Communication Systems program to ensure that Canadian manufacturers can capture, not only a significant portion of the domestic market of office equipment, but can also expand into foreign markets.

Finally, last January the Government announced an expanded support program of \$93 million for microelectronics. The program, Support for Technology Enhanced Productivity, a major extension of the Special Electronics Fund, will operate during the next three years and will promote the manufacture and use of microelectronics in Canadian industry. This program will help finance feasibility studies and it will support the incorporation of microelectronics into products or manufacturing processes and the design of custom micro-circuits.

As part of this program, ten microelectronics centres will be set up in different universities. These centres are intended to develop and maintain an outstanding technical competence in microelectronics. In addition, they will provide training in the application of microelectronics and will offer technical assistance to local industries in the application of microelectronics to their products and manufacturing processes.

In response to Senator Smith's criticism of the state of research in high technology, I would like to point out that on the contrary Canada has made considerable progress in recent years and can be proud of the achievements which have resulted from government initiatives and private sector entrepreneurial spirit.

I have already mentioned that we are recognized world leaders in telecommunications technology. Canada has an impressive record for innovation in the fields of telecommunication chips, fiber optics technology, video systems and certain areas of computer technology.

The Government of Canada is determined to develop the new technologies for Canada's future prosperity. It is also concerned with the societal impacts of this new technology.

The Canada Employment and Immigration Commission has launched a number of labour adjustment programs to support the counselling, training and mobility needs which may result from technological change. The Industrial and Labour Adjustment program introduced in 1981 also provides a range of industry and labour adjustment support services.

More recently, the Minister of Labour announced the establishment of a Task Force on microelectronics technology to examine the status, implications and extent to which this technology is used in industries under Canadian labour-code jurisdiction.

As you can see, the Government is indeed aware of the importance of the new technologies to this country's future and it is determined to continue the promotion of high technology.

THE BUDGET

ECONOMIC DEVELOPMENT—REDUCTION IN EXPENDITURES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to a question raised on November 17, 1981 by Senator Murray related to the economic development envelope. This is a long and detailed answer, and I ask permission for that answer to be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

I have reviewed the relationship between the Economic Development Envelope projections of planned expenditures contained in the 1980 budget and those given in the 1981 budget and have confirmed that Senator Murray's calculations with respect to reductions in the envelope are invalid. There has not been a reduction of \$400 million as he alleged.

In addition to its principal functions in providing resources for economic development activities the Economic Development Envelope was assigned accounting and control responsibility for parts of the Western Development Fund as the Minister of Finance explained in both budget presentations.

There has been no reduction in the funds provided for economic development. As I reported to honourable senators in March 1981 in connection with the differences between the 1980 budget and the 1981-82 Main Estimates, the differences are matters of accounting practice and display rather than content. The 1981-82 Main Estimates and the new 1981 budget include the effects of repayments by crown corporations and others amounting to \$205 million in 1981-82 and \$211 million in 1982-83 not offset by new loans. The 1980 budget showed the gross amounts of loans made and the envelope levels were therefore higher by these amounts. In other words the apparent reduction does not represent a reduction in overall spending but simply an accounting transaction which offsets a portion of the gross expenditures within the envelope by crediting revenues arising from loan repayments. Taking account of this change in display, provision for economic development increased from \$6600 million to \$6619 million in 1981-82 and from \$7157 to \$7377 in 1982-83 between the two budgets.

With respect to the Western Development Fund, the Minister of Finance stated in the other place on November 12, 1981 that planned expenditures from the fund had been reprofiled as a consequence of the larger sums flowing to the provinces through the conclusion of energy

agreements. Allocations from the fund have been made for western transportation initiatives in coming years. In addition allocations have been made to the Social Affairs Envelope to meet the economic development objectives of native people.

In summary, then, economic development *per se* has not been reduced and there has been a reprofiling of Western Development Fund expenditures.

THE ESTIMATES 1982-83

MOTION FOR ADOPTION OF REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on the Estimates laid before Parliament for the fiscal year ending 31st March, 1983, which was presented yesterday.

Hon. Douglas D. Everett moved that the report be adopted.

He said: Honourable senators, the report of the Standing Senate Committee on National Finance on the estimates was printed as an appendix to yesterday's *Debate of the Senate*.

Briefly, dealing with the main estimates, the budget requirements for the year ending March 31, 1983 are \$72.935 billion. We add to that loans, investments and advances of \$1.218 billion, bringing the total of the main estimates to \$74.153 billion.

The government does create reserves which are added to those estimates and which will be brought into the spending by supplementary estimates through the course of the year. These reserves are under statutory programs in the amount of \$530 million, and reserves for the increase in the various envelopes which govern our spending of \$3.327 billion. That projects a total for estimates for the 1982-83 year of \$78.010 billion as compared to the comparable figure for the previous year of \$70.109 billion.

We have already had supplementary estimates (A) in the amount of \$114 million, bringing the expenditure under the main estimates to \$74.267 billion, although that does not increase the total projected estimates of \$78 billion because the supplementary estimate was taken from the envelope reserve.

I should like to deal very briefly with the total estimated outlays for the year, which is what senators will really be interested in. The projected total estimates, as I stated, are \$78.010 billion, but that amount has to be reduced by an estimate of the lapses in spending that will take place in this fiscal year of \$1.230 billion, and the repayment of previously made loans in the amount of \$480 million. That means that the total estimated outlays for the 1982-83 year will be \$76.3 billion, up from \$68.3 billion the previous year. What that means is an increase in total outlays projected of 11.7 per cent from year to year.

It is interesting to note that the person-years will, on a comparable basis to last year, aggregate 255,322. That is an

increase of 2,152 person-years from year to year, or an increase of eight-tenths of 1 per cent.

Honourable senators will be aware that a considerably greater amount of information is provided under the estimates than was provided before. First of all, there is available a guide to the estimates of the Government of Canada which gives readers an idea of how the estimates are set up and how the spending of the Government of Canada is ordered. There is another book entitled "1982-83 Estimates, the Government's Expenditure Plan." This gives the government's five-year projected expenditure plan details that are broken down under the heading of the various envelopes, and considerable additional analysis. Also included is the blue book of estimates which senators have been used to in the past. Finally, interestingly enough, there are ten booklets that give detailed expenditures for the organization of various government programs. This is a great increase in the amount of information that is available to Parliament on the spending of government. For this, I think we have to congratulate both sides of the house. When they were in power, the Conservatives did much to bring about this new approach to spending and the provision of more information. The present government under the Honourable Donald Johnston has continued that initiative begun by the Conservatives.

• (1440)

In the course of examining the estimates, we looked at the matter of the control of loan guarantees and letters of comfort. We reviewed the processes by which the government monitors its loan guarantees. We found that where the government has an equity interest, it monitors its loans and guarantees through the appointment of directors, and that where there is no equity interest, it has a monitoring process which consists of reports and budgets being given to the responsible ministers. We were informed that the government is introducing legislation in the near future to improve the monitoring process.

We also had a look at letters of comfort. Honourable senators will be aware that letters of comfort are undertakings that are not specific guarantees. Letters of comfort are replaced later by guarantees, but, at the point of issuance, they are nothing more than a commitment by the government. However, the President of the Treasury Board admitted to the committee that that commitment is almost in the form of a guarantee. He agreed to provide the committee with a list of the outstanding letters of comfort going back five years, showing all the letters of comfort that have been issued in that period and the time lapse between the issuance of the letter of comfort and the eventual putting in place of the guarantee. The President of the Treasury Board agreed to shorten the time between the issuance of the letter of comfort and the issuance of the guarantee. The committee brought to his attention the fact that it was its opinion that letters of comfort should be shown as a contingent liability of the government. The minister gave no undertaking in regard to this suggestion, but he was obviously impressed by it.

Finally, in examining of the estimates, the committee looked at the correlation between interest rates and exchange rates. A number of the witnesses discussed this topic, and I have to say

that there was no particular consensus between the witnesses, as honourable senators might expect, but there were some interesting points made. One of those points, for example, was that the level of exchange rates should reflect the relative rates of inflation, real and perceived, between countries. It is true that interest rates affect flows between countries, and that those flows will affect the exchange rate.

It is also true, as witnesses pointed out to us, that the Canadianization policies under the National Energy Program caused money to leave the country, increased the demand for credit and had some effect on the exchange rate. The fact is, however, that those are aberrations, and over the long period the exchange rate will reflect the correlation between relative inflation rates and expectations of inflation rates in various countries.

It is interesting to know—and it was brought to our attention by two witnesses—that the inflation rate in Canada is overstated by as much as three to four per cent. If we were to establish our consumer price index on the same statistical basis as that used in the United States, we would find that instead of showing an inflation rate of roughly 11 per cent, we would be in the neighbourhood of six to seven per cent. The reason for that is that the United States takes its inflation figures on a monthly basis to the twelfth power. We take our inflation figures on an annual basis. In addition, the United States takes the current mortgage rate that exists at that time, while, on the other hand, we take a five-year moving average of mortgage rates.

This means that the Americans are more sensitive to inflation price movements than we are. When prices and wages are going up, they reflect it much quicker, and when they are going down they reflect the reduction much quicker.

Our witnesses, with one notable exception, had little enthusiasm for wage and price controls. One of them, a leading economist, was of the opinion that the increases in wages and prices were, and will be, on the decline. It was interesting to note—and this was brought to our attention—that when we are able to hold the exchange rate at the level that we held it at before this latest drop, we will, in fact, in economic terms, be importing the wage discipline that is being employed in the United States. Now that the dollar is dropping we are in danger of losing that discipline, and that is based on the fact that our export industry will find it a great deal easier to avoid labour strife by paying higher wages.

While our witnesses were against the idea of comprehensive wage and price controls, they were generally in favour of an incomes policy for the public sector. One witness, Mr. J. W. Burns, President of Power Corporation, gave us some interesting information on the effect of inflation on borrowing and planning. He pointed out that in this inflationary environment, it is virtually impossible to get long-term money at a fixed interest rate, and he graphically outlined for us the effect that that had on corporate planning and corporate investment decisions.

A number of witnesses said that we ought to have a more reasonable definition of money supply, but there was no agreement on what that definition should be. Honourable senators will be interested to know that the Bank of Canada itself is having trouble with this particular problem and keeps shifting, as it did in its most recent report this week, what it puts into its definition of M-1. Dr. MacIntosh, the President of the Canadian Banker's Association, outlined an interesting scenario, which is included in the report, on how difficult, if not impossible, it would be to institute foreign exchange controls in Canada.

Honourable senators, that generally deals with some of the issues that were raised by our witnesses. The report is available for honourable senators to look at, if they want an enlargement of the points I raised.

I would like to conclude my remarks with some views of my own that arise out of our examination, and having been exposed to the witnesses who came before the committee. It has always been a question as to whether we should really try to reduce inflation. People are inclined to say, "Well, inflation hasn't been all that bad and most people have prospered rather than suffered under inflation, so why not let there be a certain amount of controlled inflation?" There are very valid reasons for not permitting that to happen. In the first place, nobody in history has been able to control the rate of inflation. If inflation cannot be reduced to a rate of less than three per cent, there is no reason to think that it can be held at 10 per cent, 20 per cent or 30 per cent. Once moving, inflation tends to move away from you, if you accept the fact that it is just going to exist.

The difficulty with inflation is that it creates a very short-term time frame. As Mr. Burns pointed out, you cannot think in terms of long-term money or rates being locked in for a long term. All you can think of is short-term money—one-year and two-year mortgages and floating rates. Everybody stops thinking in the long term, which is essential to good investment, and starts thinking in the very short and medium term.

• (1450)

Worse than that, investors move away from productive investments to investments that they perceive will protect them against inflation. They move into gold, paintings, land and things such as stamps and comic books—things that have nothing or very little to do with productive investment.

Eventually—and it is historically true—inflation allowed to proceed ends in a disaster, and very often a disaster that destroys the social fabric of the country. There is no question that, regardless of what is happening today, regardless of how much we are suffering, we still have to act to end inflation.

How do we do that? I think it is clear and that very few would disagree with the fact that expectations of continuing inflation have to be lowered. That means that there is no easy way of getting out of this cycle. It takes time and it takes guts.

We have had an almost runaway inflationary economy for a number of years, perhaps up to 10 years. We cannot get out of that just by saying that it has to disappear; we have to take the

kind of brutal actions that we are taking today. It is true that if we take those actions we run the risk of a loss of confidence and we run the risk of a disaster.

Hon. Martial Asselin: You already have.

Senator Everett: No, we are not there yet, but we are close. That is the risk we take.

The option is continuing inflation that will get worse and worse. Everyone is trying to avoid the hard, harsh choice. Everyone is coming up with nostrums: Balance the budget and it will be all over. Get rid of fear and your problems will disappear. End the NEP; reduce tax; lower interest rates.

Everyone of those suggestions may well be a valid medium-term policy option that would make the economy work better. If they were in place, or had been in place a number of years ago, they would make the adjustment process that is so painful now much more efficient than it is. But not only those changes would do it; many other changes would make the adjustment process work faster. The end of marketing boards, a valid, sound competitive policy, the end of union intransigence—all those things would make it easier.

Hon. Jacques Flynn (Leader of the Opposition): What about the NEP?

Senator Everett: I said that the NEP is one that would make it easier.

But do not confuse those changes with an end to inflation. They are medium- to long-term policies that can be put in place and will take a long time to have effect. There is only one way out of this problem, and that is to lower demand because it is a fact that you cannot increase supply fast enough to meet demand that is not restrained. Demand will always increase faster than supply.

Let us look at some of those items. A number of businessmen say, "Let's balance the budget, and it will be all over; we won't have a problem any more." Their argument is that the demand for funds keeps interest rates high and causes crowding out. I suggest to you that we are going to see otherwise. I believe that what will happen, first in the United States and later in Canada, is that aggregate demand will reduce and the requirements of government will be accommodated without an increase in interest rates and, in fact, will be accommodated at a very much lower interest rate than we have today.

Hon. Royce Frith (Deputy Leader of the Government): That is, demand for money and not consumer demand?

Senator Everett: That is correct, demand for money.

I do not know if honourable senators have given this matter thought, but it is very interesting to note that in every other downturn we have had we have had cries for increased spending and greater deficits and yet, as we face this situation, the cry is for a balanced budget. It is quite fascinating how we have changed our thinking.

At the time we started these hearings, we had a call for lower interest rates. No doubt honourable senators will remember all the provincial premiers and many people on the other side calling for lower interest rates and to accept a lower

[Senator Everett]

exchange rate. We do not hear much about that suggestion any more because, obviously, we have found that we can have a lower exchange rate at higher interest rates. If the government had taken the advice to lower the interest rates, we would not be looking at a 76-cent dollar; we might well be looking at a 60-cent or a 50-cent dollar.

Senator Asselin: They should have taken our advice to produce a new budget.

Senator Everett: There are others who say that the NEP is the cause of all the problems.

Senator Flynn: Yes, part of it, but not all of it.

Senator Everett: There are those in Calgary who say that the NEP is the cause of all our problems. What is interesting is that the oil companies in Alberta went on a buying spree of land, assets and drilling rights based on their perception of what was going to happen to the oil price. When they turned out to be wrong and found that they had over-paid for what they had, that they had borrowed money on floating rates, and that they were caught in the classic squeeze of a long-term, low-producing investment against a short-term, high-rate borrowing, then they turned around and blamed the NEP. There may be things wrong with the NEP, but the NEP is not the cause of many of the problems the oil industry is beefing about today.

Senator Flynn: It was the delay in bringing it about.

Senator Everett: What about the exchange rate? Senator Olson has been making a very good point. There is no question that our dollar has been dropping, but our dollar has stayed in line with virtually every currency other than the American dollar. What we are looking at is the world-wide strength of the American dollar.

I do not know if honourable senators realize that all of a sudden we have moved into a surplus on our current account at the last report. I would not bet on a lower dollar. I think a lot of people who today are going out and moving their funds down to the United States will find themselves in the same position as the people who went out and bought gold when it was \$800 or \$850 an ounce. I would not bet on a lower dollar.

Finally, we are confronted with all sorts of suggestions of what ought to happen. The wildest was made yesterday. I quote from the newspaper article which stated:

The Conservative motion had urged the government to lower interest rates, stimulate jobs, strengthen the dollar and lower the inflation rate.

If you lower the interest rate, then you will reduce the dollar, not strengthen it. If you stimulate jobs, you will create more inflation, not lessen it. If you strengthen the dollar, you are going to increase interest rates and you are going to do the opposite of stimulating jobs. How anyone can suggest, as a policy, "Lower the inflation rate," absolutely mystifies me.

● (1500)

We have listened to all of the ideas that have been put forward on what the government ought to do to solve this problem. I say to honourable senators that the government

ought to continue what it is doing today, namely, to support the monetary policies of the Bank of Canada. There may be many things wrong with gradualism, but gradualism is working. Inflation is being drained out of the economy. There are risks attached to what the government is doing, but it is working.

If the opposition had any wit at all, it would let the process continue, because it is working. If it is left to proceed the way it is going we will achieve, as they will in the United States, a growing economy with very little or no inflation.

Hon. Frederick W. Rowe: I wonder if I might ask a question of the honourable gentleman. As a preface to the question, I will say that I have listened, as I am sure every honourable senator has, with intense interest to the eloquent and lucid statement made by the Honourable Senator Everett.

There is, however, one point on which I am unclear. I understood him to say that, if Canada uses the same criteria as the United States has used in assessing inflation, instead of coming up with 11 per cent we will find that our inflation rate is something like 6 or 7 per cent. Am I correct in inferring from that statement that, in reality, it is not costing us 11 per cent more this year, which was the figure issued this past week, but only 7 per cent?

Senator Everett: That would depend, honourable senator, on which definition is used. The point made by both Dr. Courchene and Dr. MacIntosh was that, if we used the same statistical method as is used by the Americans to arrive at the consumer price index, our rate would be three to four percentage points lower than that shown. Whether Canadians or Americans use the right statistical method is open to debate. It was mentioned only because everybody has said, "Well, look at the terrific job the Americans are doing in reducing their inflation." Dr. Courchene and Dr. MacIntosh were simply saying, "Don't be fooled."

The statistical method of arriving at the CPI in Canada is quite different from that used in the United States. If we were to use the method used in the United States, it is claimed that our inflation rate would be 3 to 4 per cent lower.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I must say that I am inspired by Senator Everett's speech to make some observations in the course of this debate this afternoon. It is not so much that I find myself opposed to the flow of his ideas, because Senator Everett can always be relied upon to give a careful and reasoned exposition of his views, and they are to be respected. I certainly approach anything that I have to say with that thought in mind. He is an excellent chairman of the committee on which I have the honour to sit, and I am glad to pay my compliments to him in that respect.

Honourable senators, I am not going to cover the waterfront the way he did. I simply want to raise a couple of points which I think require some further development if we are to get a balanced view of the problem that lies before us.

In passing—and perhaps I might make a comment on the inflation rate question that was raised by Senator Rowe,—I,

too, have heard the explanation that, if the inflation rate of our two countries were calculated on the same basis, they might be closer together than they are now. That may well be the case. I merely observe, however, that, in the last 12 months or so the American inflation rate—which was as high as ours and perhaps a little higher at times—has come down in an absolutely extraordinary fashion to some 3 per cent at the present time. American mortgage rates, however, have not fallen to the same extent. In fact, I do not think they have fallen to any great degree at all. Therefore, whatever else might account for any difference between the American and Canadian inflation rates, it crosses my mind that mortgage rates may not be the reason for the differential.

I admit that this view was placed before the committee by distinguished economists, as Senator Everett has reported. When I reflect, however, upon what I believe to be the facts—namely, that the American mortgage rate did not go down appreciably but that the rate of inflation certainly did go down to perhaps a quarter or a third of what it was—then I have to believe there were other factors involved besides that one. I am sorry that I cannot clear up the mystery at this particular time, but I can say that I approach this explanation for the difference between our two inflation rates with some caution. I am not convinced beyond the shadow of a doubt that that is indeed the major reason for the change, if there are reasons of other kinds. I offer that caveat in comparing the situations that exist in the two countries.

Senator Everett gave us what I think is a very useful and thought-provoking analysis of the way in which we should try to approach the problem of inflation in this country. I think he made an excellent start when he referred to the expectations of people. It seems that it is often thought that if we could only reduce expectations—which means what working people are thinking about, or what people who have mortgages are thinking about, or what businessmen are thinking about—the problem would be solved. Perhaps it would, but we have to ask a prior question: Why are their expectations so perverse as to envision continued inflation? The answer to that question has to be the cold, hard voice of experience. That is what these people have seen.

If honourable senators will allow me to express my own view, one of the important factors of that expectation is the performance of the government. While we have a strong monetary policy—perhaps too strong in respect of the leadership that the Bank of Canada is displaying to the country—I am afraid that I cannot detect the same dedication to restraint in the fiscal policy of the government that has been before us in these past few years. I do not know what we will hear on Monday, but so far the fiscal restraint stance of the federal government obviously has not inspired the businessmen or the working community of Canada to think that the government itself is taking that attitude towards inflation—the very attitude which might entitle them to change their expectations.

It seems to me, therefore, that while expectations are an important factor in this matter, unless we see leadership on the side of government with respect to dealing with that subject,

we cannot really blame anybody who thinks that inflation will continue. It does appear that it will. Prophecy is a gratuitous exercise, but I do not perceive, at the present time, any good reason to think that inflation will come down very quickly in Canada. I say that with the greatest regret. I acknowledge that there are many factors involved and that it would not be fair to say that the government fiscal policy is the only reason behind it. It is an important reason, in my opinion, but let us assume that there are others. The outlook is certainly not encouraging, from my point of view.

From that standpoint, then, I think that the senator's reference to "brutal" action being needed in order to tackle the inflationary problem is questionable. I do not know whether we need more of what we have now. I think that it is brutal enough at the present time. I am at a loss to understand this concept that one of the keys to beating inflation is to lower demand. I am at a loss to understand how that brutal action will lead to lower demand.

Senator Frith: He did not refer to lower consumer demand.

Senator Roblin: My note tells me that that is what the honourable senator said. I believe that we had two discussions, one regarding lower consumer demand and the other regarding lower demand in the capital market. I am talking about lower consumer demand, and I hope that I have heard my honourable friend correctly. He left me with the impression that the pressure of the consumer demand upon the productive resources of the country today is boosting inflation. I cannot see that. The capacity of the industrial structure of this country is not stretched—far from it. The industrial capacity of this country is limping along on one foot. It is working at approximately 65 per cent of the manufacturing capacity as last I saw the figure. When one looks at the productive capacity of other sectors of the economy, such as the mining or the forest industry—and, indeed, in Alberta these days the oil industry—one cannot really say that the pressure of demand is forcing inflation up.

I do not think, therefore, that we are in a typical situation of demand pressure forcing prices and inflation up in this country. If there is any force in this country which is driving prices up, it has to be interest. It has to be the real engine of inflation in Canada at this particular moment in time.

The solution to the problem is not simple. The honourable senator pointed that out, and I heartily agree with him. It is a very difficult question. I cannot accept the view, however, that pressure of demand is a factor in inflation these days, and that we should indulge in more brutal activity to have more unemployed and less demand in order to bring this inflationary factor down within reasonable scope. Heaven knows we are looking at bankruptcies which exceed anything we have seen in recent times. We are looking at a rate of unemployment which is over 10 per cent. We are looking at an idle industrial machine which is working at far below its capacity. While I am not going to proceed from that statement to say that you should follow Walter Gordon in reinflating the economy in the way he would like us to, I do not think that those factors can be blamed for inflation or that it is necessary to have more

brutal action on the part of the federal government to redeem the situation.

● (1510)

Hon. Maurice Lamontagne: When did he say that?

Senator Roblin: I took the words down as he was speaking, and "brutal action needed" is my note.

Senator Lamontagne: Walter Gordon said that?

Senator Roblin: Oh no, not Walter Gordon. He has another slant entirely. He is on the other side of the argument.

Perhaps Senator Lamontagne, whose economic views are well respected in this country, will explain Walter Gordon's view to us—

Senator Flynn: Up to now he has disagreed with it.

Senator Roblin: —because I do not think it fits very well with Senator Everett's view, and I am not sure that I would endorse it entirely myself. That, however, is a side issue. We are talking about ways of restraining inflation.

We are told that the deficit really does not matter. That is probably not a fair way to put it, but we are told that we should not be straining to reduce the deficit, and I can see the argument on that side. Heaven knows, if restraining the deficit were to tighten the screws on the operation of the economy, then I would be hoist with my own petard, talking about the economy not working at full force, and if the deficit bears on that matter it has to be weighed in the balance.

But there are other considerations as well, for example, that we have a deficit now which is going to be about \$18 billion. If one translates that into American terms, it comes out at \$180 billion. They are turning themselves inside out over a deficit that is slightly over half that amount, and yet we seem to be happy to carry on with that in mind. The consequences, however, are what count, and there are several consequences, I suggest, that arise.

First, as long as you use the Bank of Canada as the financing system to raise the money to meet this deficit, you inevitably import a little more inflation into the currency of the country. Governor Bouey does not agree with that, but I think that if you searched hard you could find reasons to think that there is some merit in that point of view. Not that all of it is inflationary, but some of it is—the part that is monetized by the bank itself.

The second consequence is that we encumber our annual income, the revenues of the Government of Canada, with the burden of paying the interest on that debt, which prevents the government from doing the other things they would like to do. Right now it is about 23 cents on the dollar to pay the interest on the debt alone. After we have succeeded in borrowing another \$10 billion, let us say, to bridge the cash gap in our national finances, will it be 25 cents on the dollar that we have to pay in interest? And how much of that, these days, is going outside the country? I suggest that in the light of the recent fate of government borrowings in the Canadian market, that is not altogether out of the question.

[Senator Roblin.]

It seems to me, therefore, that the question of the deficit is important. There is a point of balance here. We have gone overboard. The deficit cannot be eliminated, but surely it can be made more manageable and less of a burden on the capital-raising structure of the country, and on the national budget itself.

Senator Everett raised another interesting point that I would like to debate with him, and that has to do with his view—I think I have it right—that if we tighten the screws the capital demand for money will be reduced. I presume he means by that that demands for capital from the private sector will be reduced, and that if that happens there will be sufficient elbow room in the capital-raising sector to provide the money required to support the deficit.

Well, perhaps that is so, but what grounds have we for thinking so? Every company in this country today that borrows money has got to borrow it on a short-term basis. Perhaps a few don't, but I do not know who they are. The requirements of the private sector are increasing at a time when business is not very strong, which seems contrary to all the rules; yet, we know that it is increasing borrowing in the banking sector, in the short-term money market, because they have to fund their debts. They have to fund their low cash flows, with 66 per cent going to pay the bank interest. They have to borrow to finance their other operations. The demand for money is not falling, and I do not think it will. Even if it did, however, what would it indicate? To me it would indicate that either they have gone bankrupt, and do not have to pay the money back to the banks any more, or else that the state of the economy is so weak that no one would want to borrow any money for investment. I do not really think that that is a recipe for the country that I would be prepared to endorse.

The exchange rate has come into the discussion. I have a view of the exchange rate which perhaps not many people agree with, but I think that there are more factors at work in the exchange rate than what the Americans are doing, or than what the interest rates are in the United States. I think that one of the important factors in the exchange rate is the essential strength of the Canadian dollar. Senator Everett mentioned that in talking about the balance of current payments, and he has a very good point there; but it seems to me that other factors have weakened the Canadian dollar. The flight of currency from this country in 1981, which I hope to goodness has stopped, though I have no recent figures, was in the form of a haemorrhage.

When you get that kind of thing happening your dollar is going to be weak. When you have foreigners who do not want to invest in your country—and that is what we have today—you are going to have a dollar that is weak. If you have an international community that thinks that this is a poor place for investment, you have a dollar that is going to be weak. Regardless of what other factors there may be in the market, those factors are important, and cannot be overlooked.

Therefore, I say that the exchange rate, among other things, reflects the status of our dollar in the opinion of the money markets of the world, and it seems to me that we appear to be

depicted as a country whose dollar is weak for good and sufficient domestic reasons.

These are some of the points that I felt constrained to speak to at this present time, but I do not feel that I should leave the matter there. It is simple to have a theoretical argument with my friend about what is good and what is bad, and I have to admit that there are arguments on both sides of this question. I do not pretend to be the ultimate word on such matters either, because I know that I am not; but one has to say, "Well, Roblin, if all these things you are saying are true, what are you going to do about them? Are we just going to sit and wait for it to pass? Are we going to blame it on the Americans?"

I do not think I would be content to do that. But I have to say that if I have any prescription at all, I agree heartily with what Senator Everett indicated to us, namely, that there is no quick fix, there is no easy answer. The things that we should do are going to take time to be reflected. I do not think it can be any other way. I would say that the principal point of attack would be to restore the confidence of the people of Canada and the international investment and trading community in this country as a place to invest and a place to create jobs.

Hon. Senators: Hear, hear.

Senator Roblin: How is that to be done? I do not know how it is to be done, but I can offer a couple of suggestions that I think might be useful.

Take the National Energy Program. I am sympathetic with those who want to make sure that the Canadian people benefit from the uncovenanted rise in the price of oil due to OPEC. I do not think that there is anybody in the country who objects to our getting our fair share of that incremental value. I do not think that there is anybody in the country who thinks that self-sufficiency is unnecessary or a poor thing. We all want that. I think that those goals of the National Energy Program are important and should not be in any way departed from. In the course of carrying out the policy, however, a few things have been done—and we know what they are, for they have been before us many times—that to my mind have unnecessarily damaged our reputation as a country with which people feel they can deal competently, and a country whose rules of the game are stable and will not be changed retroactively or arbitrarily. It really does not matter whether we change them arbitrarily or retroactively, but if the appearance is that we have, then the damage has been done, and I think such damage has been done.

You know what the points are. They have to do with the 25 per cent back-in on the Canada lands, and if you do have a back-in you should provide reasonable compensation. The Senate committee dealt with Bill C-48, and found that we have been acting retroactively in the 25 per cent back-in, and that we have not given full compensation. Policies of that kind should never have been allowed to arise. Furthermore, with the way in which we take money from the energy system and place it in the national treasury, we insist on being front-end loaders. Every time one does that, one makes the whole system a

hostage to changes in the international price of oil, which no one can forecast or foresee. We certainly did not foresee any decreases.

● (1520)

Senator Everett made a good point when he said that many of the people in the oil business made the same mistake that the Government of Canada made in thinking that oil prices would never go down. This has to be taken into account when we listen to their complaints about what is going on. Even so, the National Energy Program, by the principle of front-end loading, did one significant thing that has nothing to do with the price of oil *per se*, and that is that it depleted the cash flow. When the cash flow position is as vulnerable as it is in the oil industry, which lives on cash flow, one can expect trouble, and that is exactly what has happened.

If we could change the impact of the national energy tax program from front-end loading to something else, we might find that we would be clear of a lot of these difficulties.

So I say that the National Energy Program is one program which need not be abandoned—I do not expect that—but which could be altered to good effect. I say the same thing with respect to FIRA. In principle, the idea of trying to undergird and support the Canadian nature of our industry and economy is good. What Canadian would object to that? We want to see that done as far as we can do it, for we know that we have gone too far in the branch-plant system due to circumstances of other days. FIRA, in principle, is something which I do not think even the most rabid, macho free enterpriser in this country or anywhere else would object to if it operated properly.

As I have said before, and at the risk of boring honourable senators, the trouble with FIRA is that its activities appear to be conducted behind a veil. Its activities seem to be without structured rules that ordinary people can discern. Its decisions are rendered behind a veil of bureaucratic secrecy, filtered through some cabinet decision or other, and the people who look at it from the outside, whether they get by FIRA or not, detect a certain lack of “due process”, if I may use that American phrase. If we could reform FIRA to show that there is a due process, that it is not a Star Chamber, that it is not a bureaucratic invention designed to be unkind to foreigners, but a genuine institution to protect Canadian economic interests, then I think we could sell it to other people and it would be far more palatable to us at home.

Senator Frith: Of benefit to Canada rather than Canadian economic interests. Do you mean that in terms of the overall?

Senator Roblin: Take it either way. The point I am trying to make is that these things should be done because it is hoped that they will restore confidence in the country, which I think is desirable.

Now, we have heard the great news from Senator Olson that we will have a new budget. We hope to have a budget which, instead of being hostile to savings, hostile to growth, hostile to small business and hostile to the accumulation of capital, plugs legitimate loopholes, and there are some of those of which

none of us approve. We should plug those loopholes. That will do the job and will not interfere with the general interest of the economic system in the way the current budget is perceived.

Perhaps those three examples are sufficient.

I would not say to honourable senators that, if they took every word of my prescription and followed it faithfully, the sun would rise tomorrow morning and there would be no clouds in the sky. We are going to have clouds in the sky in this country for some time, but if we can start the process of re-establishing confidence in the integrity of our economy insofar as foreigners are concerned, in the integrity of our economy insofar as domestic investors are concerned, in making people feel that this is a place where growth is appreciated, a place where intervention is waning and not waxing, that we will withdraw from those areas of the economy which we should never try to control anyway and concentrate on the ones in which government has a real business to act in the interest of those who cannot help themselves, then I think we will go a long way towards setting the stage for a return to normality, lower inflation, lower interest rates, more jobs and better production in this country. That is a contribution I make with all humility, being aware of the difficulties of the problem. That is just a suggestion as to what we might do if we are to move in this field.

I apologize to honourable senators. My remarks are entirely extemporaneous and if, after I have read the “blues”, I see that I have not made much sense, I will not be a bit surprised.

Hon. Senators: Hear, hear.

Hon. Peter Bosa: Honourable senators, I should like to put a question to the Chairman of the Standing Senate Committee on National Finance. The chairman referred to the manner in which the Americans compute their inflation rate. If I understood him correctly, he suggested that Canadians should do likewise. He said that if we were to do that, the current inflation rate would be much more favourable than it is. Currently, the inflation rate is hovering around 11.5 per cent.

Senator Asselin: That will not change the facts.

Senator Bosa: It will not change the facts?

Senator Asselin: No, not at all.

Senator Bosa: I am not advocating that. I am merely putting a question to Senator Everett.

The inflation rate for the month of April was 0.5 per cent. If we were to project our inflation rate in the same manner as the Americans, that would mean we would have had an annual inflation rate of 6 per cent.

If the average inflation rate is now 11.5 per cent, there must be some months when the rate is above 6 or 7 per cent, as is the situation now. What impact would an inflation rate of 15, 16 or 17 per cent have on the rest of the economy, or on mortgage rates, if it were computed as the Americans compute theirs?

Senator Asselin: That would not change the value of the dollar.

Senator Everett: Honourable senators, my explanation was probably lacking in some way. I do not believe I ever suggested we compute our CPI on the same basis as the Americans. I leave that open to statisticians and people who deal with those sorts of things.

All I said was that they compute their inflation rate on a different basis and, therefore, they are far more reflective of the current situation than we in Canada are. We take an annual figure, and in the case of mortgages we take a five-year moving average, and so we are slower to react. When the inflation rate is dropping, as it is today, the Americans show that much more dramatically than we do. When it is going up, theirs goes up more dramatically than ours.

I would not want to say which is the best formula. We have ours; they have theirs. It is important that people compare the two rates, and when people compare the rates in Canada to those in the United States, it is important that one knows, as Dr. Courchesne told the committee, that they are talking about apples and oranges and not oranges and oranges.

Hon. David Walker: Honourable senators, in the almost 20 years I have been in the Senate, I have never been as impressed as I was this afternoon by the speeches made by Senator Everett and Senator Roblin, which were the most remarkable exhibitions I have ever witnessed in this house.

I have always admired Senator Everett, and he gave us a picture of the estimates such as we have never had before. His speech was followed by that magnificent and impromptu speech by Senator Roblin, which was a treat to listen to. Whether we are Liberal, Tory or Independent, we must feel we have experienced something we will not soon experience again.

Hon. Senators: Hear, hear.

The Hon. the Speaker: It is moved by the Honourable Senator Everett, seconded by the Honourable Senator Steuart, that this report be adopted. Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: Honourable senators, I rise on a point of order. I do not think such a report requires adoption. As was proposed last night, we should consider the report, but we should not adopt it. It can be considered and debated. In any event, if we are being asked to adopt the report, then it will certainly be on division.

● (1530)

Senator Frith: Honourable senators, I believe that Senator Flynn is right.

Hon. Heath Macquarrie: He is always right, if I may say so.

Senator Frith: I would not like to place that burden on Senator Flynn.

Senator Macquarrie: I have never known him to be wrong.

Senator Frith: For 2,000 years we have never had anyone in that category, and I am sure that Senator Flynn does not wish to be included in it now.

Honourable senators, whether Senator Flynn is always, or seldom, right, I believe he is right in this case. We have been

sliding into the practice of adopting committee reports that do not need adoption. The ones that need adoption are those that report bills. This, in effect, does not report a bill, and I do not believe Senator Everett cares that his report is not adopted, because it could mean adopting viewpoints of witnesses, and so on. Therefore, we should say that it has been received, printed as an appendix to the *Debates*, and debated.

Senator Roblin: Fair enough.

Senator Everett: Honourable senators, all that is required, I understand, is that the report of the committee on the estimates be made prior to the passing of the supply bill. There is nothing to say that it has to be adopted or dealt with before that. Senator Bosa made the suggestion that he might like to adjourn the debate and speak to it at another time. It is my understanding that there is nothing wrong with that. That does not hold up the supply bill.

Senator Flynn: In case any honourable senator would like to speak on this report, I will move the adjournment.

On motion of Senator Flynn, debate adjourned.

APPROPRIATION BILL NO. 2, 1982-83

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved second reading of Bill C-121, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983.

He said: Honourable senators, the bill before you, Appropriation Bill No. 2, 1982-83, provides for the release of the balance of the main estimates for 1982-83. I will be brief and then try to answer any questions. It will be realized that the bill, in effect, is closely related to the main estimates, and the committee's report on them has just been debated.

There are three aspects of the estimates and supply. First, there is interim supply, which as Senator Flynn pointed out earlier, has already been granted. Secondly, there is the balance of supply and, thirdly, supplementary estimates (A) which also relate to full supply. Those are the elements.

I come now to the figures. As has been pointed out by Senator Everett, and studied by his committee, the balance that is to be released by this bill amounts to \$21.884 billion, plus the whole of supplementary estimates (A) 1982-83, amounting to \$114 million. The total spending authority requested by this bill is, therefore, \$21.998 billion, being made up of the balance of the main estimates after interim supply that was already granted by Parliament.

Honourable senators, the main estimates were tabled in the Senate on February 23, 1982 and referred immediately to the Standing Senate Committee on National Finance. Those estimates were discussed in committee with the President of the Treasury Board and his officials on June 15, 1982, reported on yesterday by the National Finance Committee, and debated earlier today.

Supplementary estimates (A) were tabled in the Senate on June 1, 1982, and immediately referred to the Standing Senate

Committee on National Finance. Those estimates were discussed with officials of Treasury Board on June 3, 1982 and the committee reported back on June 8. So, in effect, we had a report on supplementary estimates (A) before we received the report on the main estimates. The difference in time was approximately 12 days.

Honourable senators, I suggest that for clarification I should add to the *Debates* two sets of figures that are not particularly long or complicated. They are supply to date for 1982-83, and the estimates tabled to date for 1982-83. I believe they should be in reverse order. First, dealing with estimates for 1982-83 tabled to date, they show the main estimates, budgetary and the non-budgetary, the amounts that are to be voted, the amounts that are provided by statute, and the total. Dealing with the total estimates tabled, those to be voted are, budgetary, \$30,345,277,948. The non-budgetary figure is \$439,770,855, for a total of \$30,785,048,803.

To give the figures exactly. Appropriation Act No. 1, interim supply, authorized an amount of almost \$9 billion. The balance of the main estimates amounts to approximately \$21.8 billion, and that plus supplementary estimates (A) of \$114,096,002, gives the total referred to in the bill.

Honourable senators will see that the bill is a short one with regard to its provisions, but a long one with regard to its appendices, which contain the estimates referred to.

Honourable senators will note that it is an Address to Our Most Gracious Sovereign, asking Her Majesty to grant supply. Clause 2 of the bill grants "a sum not exceeding in the whole twenty one billion, nine hundred and ninety-eight million, six hundred and ten thousand, six hundred and seventy-three dollars and ninety-two cents", that being, as I have explained, the balance after interim supply is subtracted.

There are subclauses setting out the figures, and they can be seen on page 2 of the bill. The figures appear as I have described them. Clause 4 refers to commitments, and deals with the ability of departments to make commitments provided they are certified by the deputy minister as being within authorized amounts.

Subclause 4(2) confers authority to spend, and, of course, there is also the question of estimated revenues, because, as honourable senators will realize, in some cases revenues are anticipated. For example, if \$100 is needed by a department and it estimates revenues of \$20, then Parliament not only votes the \$80 but it also authorizes the spending of the revenue of \$20.

● (1540)

Clause 5 deals with the appropriations charged, and it is there to solve the problem of funds that have been disbursed but require adjustments for bookkeeping or what accountants would call journal entries after the period ending March 31—that is, after the end of the fiscal year.

Clause 6 deals with the provision that amounts paid or applied under the authority of the act have to be accounted for in the public accounts in accordance with section 55 of the Financial Administration Act, the main principle regarding

accounts, namely, accountability to Parliament through public accounts.

Honourable senators, I commend the bill to your favourable consideration. I believe it should be considered with the report of the National Finance Committee on the estimates and also with the figures that I have attempted to supply during my comments.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, may I ask the sponsor of the bill if I am correct in assuming that the total budget for the main estimates is \$72.9 billion and that supplementary estimates (A) is to be added to the main estimates?

Senator Frith: Honourable senators, the total budgetary amount is \$72.9 billion, and the non-budgetary amount is \$1.2 billion. Therefore, the total of the main estimates, including the budgetary and non-budgetary amounts to be voted plus the statutory amount is \$74,153,177,297.

Senator Flynn: Does that include supplementary estimates (A)?

Senator Frith: No, it does not. Supplementary estimates (A) have a budgetary amount of \$114,096,002. That includes the two one-dollar votes that resulted from the entry of two transfers from the Department of Industry, Trade and Commerce to the Department of External Affairs. I believe we had this material before us, and honourable senators will remember that the addition of the \$114.096 million was added for old unemployment insurance adjustments.

Senator Flynn: Honourable senators, I think we owe thanks to the deputy leader for his explanation of this bill. As he has mentioned, it should be considered together with the report of the National Finance Committee. I would say that that is true, particularly in light of the speech that the Minister of Finance will make next Monday.

It is very difficult, as of this moment to assess this bill without considering what will happen next Monday. At the time of the preparation of the budget of November 12, 1981, I believe the forecasted deficit was something like \$10 to \$11 billion. I think I read somewhere that we now have a deficit of around \$16 billion, and I believe that amounts higher than that, to the extent of \$18 to \$20 billion, have been mentioned. Of course, those figures do not indicate any restraint on the part of the government.

Senator Everett mentioned that restraint is not the answer. I agree with him in the sense that restraint will not cure everything, but some indication of restraint on the part of the government might be helpful. The budget speech of next Monday may throw a completely different light on the entire fiscal, financial and budgetary situation of Canada. We shall have to wait and see what happens.

At this point, I do not think it would serve any useful purpose to continue the debate on the amounts contained in this bill. So, as we have agreed, we shall have second reading now, and we will agree to third reading immediately after the second reading.

[Senator Frith.]

Hon. Royce Frith (Deputy Leader of the Government):
Honourable senators—

The Hon. the Speaker: Honourable senators, if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Frith: Honourable senators, I simply want to say that I agree with Senator Flynn that there will be a different perspective after Monday night.

Senator Flynn: We hope so, anyway.

Senator Frith: At the same time, although we have heard a good deal about what the new budget might say, we have never heard anybody suggest that it will be less than the amount shown here. Therefore, as I think the honourable senator implied, we are safe in voting this much supply, but we may be asked to vote more.

Senator Roblin: You can count on it.

Motion agreed to and bill read second time.

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time.

Motion agreed to and bill read third time and passed, on division.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

June 22, 1982

Sir,

I have the honour to inform you that the Honourable Bertha Wilson, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 22nd day of June, 1982 at 5.45 p.m., for the purpose of giving Royal Assent to a bill.

I have the honour to be
Sir,
Your obedient servant,
Jacques Noiseux
Deputy Secretary to the
Governor General

The Honourable

The Speaker of the Senate,
Ottawa.

● (1550)

[Translation]

GARNISHMENT, ATTACHMENT AND PENSION DIVERSION BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Perrault for second reading of Bill C-38, to provide for the garnishment or attachment of Her Majesty in right of Canada and for the diversion of pension benefits payable by Her Majesty in right of Canada under certain enactments.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, first of all, I would like to thank Senator Frith for the explanations he gave regarding Bill C-38, whose title is as follows: "An Act to provide for the garnishment or attachment of Her Majesty in right of Canada and for the diversion of pension benefits payable by Her Majesty in right of Canada under certain enactments." The bill's title is pretty dry. However, the content and purpose of this legislation were very clearly described by Senator Frith. He mentioned that in substance, this legislation was to have been presented when I was Minister of Justice. That is right. I would like to add that although the bill was not presented at that time, it does have a history. A bill was tabled in 1978, and another bill was presented in March 1979, so that the subject matter of the bill has been before Parliament for over four years.

It is therefore high time to make a decision, and in the circumstances, it would be unwise to delay the passage of this bill.

The subject is straightforward. In civil law, a debtor's goods may be seized by his creditors, with the exception of goods defined by law as non-seizable. Strangely enough, until now, non-seizable goods have included the wages and salaries of all persons receiving such monies from the Canadian government or the Crown in right of Canada. This is the only case of its kind, except, perhaps, for New Brunswick. In any case, I am told that all the other provinces have provisions for allowing the garnishment of wages and salaries of those who receive such monies from the Crown in right of a province.

I have mentioned non-seizable goods which, generally speaking, are those declared as such under provincial laws. Some have this status under federal laws and will retain it. I am referring to pensions other than those required under a payroll plan, namely, veterans' pensions, Canada Pension Plan benefits and similar plans. Non-seizable goods also include alimony payments. Under provincial laws, when an alimony-type pension is awarded, it is non-seizable by a creditor. In future, salaries of public servants and federal parliamentarians will no longer be non-seizable. Public servants and parliamentarians will have to honour their debts the same as other wage earners. That is only fair, since there has certainly been some abuse.

I remember that in the province of Quebec the same non-seizable status existed. The Code of Civil Procedure stipulated that the court could be petitioned to obtain a court order against a debtor who would have to deposit, for the benefit of his creditors, the seizable part of his salary. If the civil servant or individual receiving a salary from the Crown in right of Quebec did not obey the court order, he was guilty of contempt of court. Obviously, the person in question would have to obey the court order in the end. We have made progress since that time. Only the federal Crown still provided this exemption for salaries paid to its employees.

Those salaries will now be seizable, but only to the extent provided under provincial law. The part that is considered to be family support under provincial law will remain non-seizable, and only that part of the salary that is not considered to be family support will be deducted to pay debts. The same applies to pensions paid on the basis of salaries, that is pensions paid to public servants and parliamentarians. These pensions may be attached, but only in cases of family support orders for a spouse or children. Ordinary debts cannot be paid by attaching benefits. They may be paid by attaching salaries, but not pension benefits. Once again, these are the pensions earned normally and based on salaries. Disability, veterans and old age security pensions, as well as pensions received under the Quebec or Canada Pension Plans cannot be garnisheed because they are considered basic necessities.

We are correcting a situation which was completely unacceptable. I am aware of cases where a person refused to pay financial support by invoking privileges which should have disappeared long ago.

There are certain problems, for instance, with regard to members of the armed forces. I shall not go into the details of this question. However, the principle is the same. A decision to correct this anomaly was overdue. I have no doubt that if we had enough time to refer the bill to the committee chaired by Senator Goldenberg, several senators would be interested in learning the practical implications of the various provisions contained in this bill.

The important thing is to make a decision as soon as possible. It is interesting to note that the bill provides no exemptions. Even the salary of the Governor General and the pension benefits he receives will become subject to garnishment. The same treatment will apply to judges, senators, and members of Parliament. It will apply to everyone. The privileges once enjoyed by certain Canadians are outmoded and will be discontinued. I therefore support this bill without qualification. I am sorry that Senator Godfrey is absent. On another occasion, he said that each time we would consider a bill with which Senator Flynn had been involved in his capacity of Minister of Justice, he wanted to be here to make sure that there was no conflict of interest. I do not know what conflict of interest he could have found in this case. If there is one person who does not have any conflict of interest in this case, it is certainly the Minister of Justice, whatever party in

[Senator Flynn.]

power. This bill stands by itself, unequivocally and without restriction.

Motion agreed to and bill read second time.

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate, if no one wants any explanation about some of the points made by Senator Flynn concerning important provisions of this bill and the overdue answers it provides, I would like to suggest that we proceed to third reading as soon as possible. I believe it is highly desirable to proceed as quickly as possible to obtain royal assent this evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Some Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

● (1600)

[English]

COOPERATIVE ENERGY BILL

SECOND READING—DEBATE ADJOURNED

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board) moved the second reading of Bill C-116, to establish the Cooperative Energy Corporation and the Cooperative Energy Development Corporation.

He said: Honourable senators, I am pleased to have the opportunity to move second reading of Bill C-116, to establish the Cooperative Energy Corporation and the Cooperative Energy Development Corporation. This bill constitutes a major departure for the co-operative movement in Canada and, indeed, for the Government of Canada, in that the co-operatives are coming together with the government in a joint venture to develop the oil and gas industry of this country.

The co-operatives are a very important element in Canada. There are more than nine million members of the co-operative movement from coast to coast, who control assets in excess of \$45 billion. The co-operatives are based, in the operation of their entities, on a somewhat different principle from that on which other corporations are based. The principle of a co-operative is "One member, one vote." The profits or the savings they achieve are usually paid to their membership on the basis of patronage.

While they have not been a major factor in the development of the natural resources of this country, co-operatives are very important in the retail field, and the credit unions are extremely important in the financial field. The credit unions have a membership of millions of Canadians. The credit unions in the province of Quebec, Les Caisses Populaires Desjardins, have pioneered the credit union movement in Canada and have given leadership to the rest of Canada.

I think that this particular venture is of great importance to this country because it is a pioneering venture. It is the

establishment of a new kind of company—a very broad partnership between the Government of Canada and the co-operative movement in Canada—and is designed to develop a particular part of our resource industry. In my view, this kind of venture carries with it many important advantages. To the extent that this company will go forward in the energy field, it will assist greatly in the Canadianization of that sector. The co-operatives in Canada are, as their slogan says, one hundred per cent Canadian-owned. Therefore, to the extent that this company can develop and generate profits, the necessity of dividends flowing out of the country will be somewhat reduced.

Another important feature of this bill, in my judgment, is that it is a joint venture, thereby bringing together the membership of the co-operative movement in every province of the country. It is the first time that the co-operative movement has come together in a venture of national importance. In speaking with the co-operative leaders, I have felt much of their enthusiasm towards going ahead with what is a Canadian venture and with something that will unite the co-operatives from coast to coast. I think that the support of this kind of venture is important to the national unity of this country.

The idea of co-operatives entering into the oil and gas business is not entirely new. The co-operatives established a refinery in Regina, Saskatchewan, in the early thirties. From time to time they have considered developing energy resources and a secure supply of crude oil. Over the years, however, they have been successful in supplying only about 3 per cent of the crude that goes into that refinery. Therefore, they have been anxious to obtain a secure source of supply.

The origin of Co-Enerco is more recent. As a matter of fact, it arises out of a discussion I had with Vern Leland of Federated Co-ops early in 1980. At that time I did not know, of course, that events would bring about my becoming a member of the Canadian government. After having been sworn in on March 3, 1980, I attended a cabinet meeting held at Meach Lake, at which I was able to advance some of the concepts and principles that are contained in this bill. I must say that my colleagues quickly accepted the possibilities of this type of venture and were supportive of it.

The following month I had an opportunity to make a trip to Saskatchewan. At that time I spoke again with Mr. Leland about this idea and he was enthusiastic. I might add, honourable senators, that the co-operative of which he is president, Federated Co-operatives Limited, is a western Canadian retail organization that has businesses from Thunder Bay to Vancouver Island.

I had the opportunity to meet with Mr. E. K. Turner and other officials of the Saskatchewan Wheat Pool, who also felt that it was a good idea. I met, as well, with Norman Bromberger, the chief executive officer of the Central Credit Union of Saskatchewan, who indicated to me that that organization would lend its support.

On May 7, 1980, a meeting was held in Ottawa with co-operative leaders. In attendance at that meeting was the Honourable Marc Lalonde, the Minister of Energy, Mines and

Resources. It was my privilege to sit in on that meeting as well. I can say that Mr. Lalonde has lent support to this idea from its inception. Without the kind of leadership that he displayed, the bill, of course, would not be before us today.

Between May and October of 1980, a working group, composed of representatives of the co-operative movement and of the government, met to develop proposals concerning the appropriate means by which the co-ops could become involved.

On October 28, the National Energy Program was presented to Parliament, along with a new framework for developing the energy sector and for achieving Canadianization.

On October 30, 1980, the Prime Minister met in Regina with the co-operative leaders.

Hon. Martial Asselin: Was he a great listener then?

Senator Argue: He was a great listener and a great contributor then, and pointed out to the group that, in his college days, he had taken a motorcycle trip to Nova Scotia, where he met the late Dr. Cody and some of the other great pioneers of the co-operative movement. I want to tell honourable senators that the Prime Minister has supported from Day One the idea that has resulted in this bill.

As an aside, let me say I was pleased that, when the bill was debated in the House of Commons on Friday last, it received the unanimous support of the three parties. As a matter of fact, I believe there was an arrangement whereby one spokesman was heard from each of the parties, and the bill was subsequently passed.

By early May 1981, sufficient progress had been made to permit the co-operatives, in session at an annual meeting of the Co-operatives Union of Canada, to pass a resolution endorsing the idea of a joint venture involving the government and establishing an interim board.

By July of 1981, a draft memorandum of understanding was in an advanced state of preparation. The months that followed saw the lawyers taking over from the policy-makers to transform that draft into the various documents necessary to formalize the Canada/Cooperative Energy Investment Agreement.

● (1610)

The agreement was signed in Saskatoon on December 17, 1981, on the cooperative side by Mr. Vern Leland, the President of the Federated Cooperatives, and Mr. Ira Mumford, General Manager of the Saskatchewan Pool. He may have retired at that time, but that was the office he held over the years. On behalf of the Government of Canada the agreement was signed by the Honourable Marc Lalonde and me. Legislation has taken some time to draft and some time to put forward, but we have it before us now.

There are many provisions in this measure that are different and of a pioneering nature. The cooperatives have agreed to advance a maximum of \$100 million. The federal government has agreed to provide matching funds, and to provide those funds as the cooperatives commit themselves to raising that money. The cooperatives will have the option of buying out the government equity after the corporation has been in operation

for five years. Co-Enerco, as it is being called, will consist of three organizations. The Cooperative Energy Corporation, a holding company, will oversee the other two corporations—the Cooperative Exploration and Development Corporation, which will be active in oil and gas exploration and development with shares available through the exchanges; and the Cooperative Energy Investment Fund, units of which will be sold through credit unions so that individual cooperators can participate in the project.

Co-Enerco has three objectives: to provide cooperatives and their members with a means of investing in and benefiting from development of Canadian resources; to contribute to the Canadianization of the oil and gas sector while maintaining local initiative and control; and to improve the security of supply of oil and gas to cooperative organizations and their members.

Because Co-Enerco is being created by cooperative organizations and is itself a cooperative, it has taken more than two years, from the time the cooperative resources project was first proposed, to the current legislation that is now before Parliament. This is because it was necessary for co-op members from across Canada to endorse the decision to proceed. It had to be brought into their discussions, they had to consider the idea, and had to approve of it themselves if the cooperatives were to go forward with this project.

The next step, of course, after this legislation is passed, will be to get the company viable and to accumulate the capital that is necessary to go forward to meet this objective. Initially, Co-Enerco is expected to concentrate exclusively on the oil and gas industries. Oil and gas exploration and development are expected to be, initially, heaviest in the conventional oil and gas regions of British Columbia, Alberta and Saskatchewan. Co-Enerco will also be open to consideration of involvement in the frontier areas of the east coast, of Nova Scotia, Newfoundland and Labrador, the Beaufort Sea and the Canadian Arctic. As the company becomes more firmly established, it is possible that it will become involved in other ventures, if they appear to prove profitable, such as the development of the tar sands and heavy oil regions of western Canada. Co-Enerco is also structured in such a way that it can become involved in such energy related fields as solar energy, coal and so forth, although there are no plans for early involvement in this area.

Once this company is established it will consider whether or not it wishes to acquire existing energy companies, or whether it wishes to go forward with joint ventures with existing energy companies. Of course, it would have the other option of going forward on its own. I know that a lot of consideration has already been given to the kind of action that should be taken, and the kind of investments that should be made once the company is in full operation.

The Canadian government's commitment is, basically, a long term commitment, but the government's investment can be bought out by the cooperatives any time after five years. This company is basically a cooperative venture. The government's role is one of support and encouragement. The government has shown that it does not in any way wish to control this

company, and it demonstrates that attitude by agreeing to a provision whereby the cooperatives will appoint nine members to a board of directors, while the Government of Canada will appoint three members to the board of directors. The Canadian government's contribution is, as I said, to be supportive and helpful, to provide certain sums of money, and, hopefully, the representatives of the government, along with their colleagues from the cooperative side, will be able to bring expert advice to the company that will help ensure its success.

The cooperatives have been successful to date in getting financial commitments to go ahead from a very substantial number of their organizations, and I want to read into the record the list of those cooperatives that have already agreed to commit funds to this company, together with the amount of those funds. The list of cooperatives, together with the amounts they have committed, I think, indicates the extent of the support for this company.

The companies and their commitments are as follows: The Alberta Wheat Pool, \$8 million; the B.C. Central Credit Union, \$500,000; the Canadian Co-operative Credit Society Limited, \$1 million; Co-op Atlantic Co-op Atlantique, \$1 million; Coopérative Fédérée de Québec, \$5 million; Co-operative Fire and Casualty Company, \$1,750,000; Co-operators Insurance Association, \$2.5 million; Co-operators Life Insurance Company, \$750,000; Credit Union Federation of Alberta Limited, \$500,000; Federated Co-operatives Limited, \$20 million—and their contribution is large because they own the co-operative refinery and they are already, to that extent, in the oil business; la Fédération des Caisses Populaires Acadieuses Limitée, \$250,000; Manitoba Pool Elevators, \$2.5 million; Newfoundland and Labrador Credit Union Limited, \$30,000; Nova Scotia Credit Union League, \$40,000; Saskatchewan Co-operative Credit Society Limited, \$1 million; Saskatchewan Wheat Pool, \$12 million; United Co-operatives of Ontario, \$100,000; Cumis Life Insurance Company, which is a cooperative life insurance company, \$200,000; Cumis General Insurance Company, \$50,000; the credit unions in British Columbia, through their central, \$609,000; and Prince Edward Island Credit Union League Limited, \$25,000. The grand total is \$57,804,000.

I think that is a very commendable commitment by the cooperative movement of this country to this particular company. The federal government is putting up a matching amount at this time, and as the co-operatives obtain further commitments the government will match those amounts up to \$100 million.

• (1620)

Senator Asselin: Why don't they take the money?

Senator Argue: In setting up this company, leadership has come from many people in the co-operative movement. I want to acknowledge that kind of leadership from Mr. George May of the Canadian Co-operative Credit Society; Mr. Bill Bergen, formerly chief executive officer of Federated Co-operatives; Mr. Joe Dierker, legal adviser to the co-operative movement; Mr. Bruce Thordarson, Executive Director, and Mr. Jim Milne, Assistant Director, Co-operative Union of Canada; Mr.

Jonathan Guss, Vice-President, Government Affairs, Canadian Co-operative Credit Society; and Mr. David Martin, chief executive officer, Co-Enerco, formerly a vice-president of exploration and development with a major oil company in Canada.

I am certain, honourable senators, that this kind of new venture designed to assist Canada in developing our energy resources, based on the principle of Canadian ownership and centred among nine million members of the co-operative movement, is something that will commend itself to the Senate and receive the full support of this chamber.

On motion of Senator Roblin, debate adjourned.

SUPPLEMENTARY RETIREMENT BENEFITS ACT

BILL TO AMEND—SECOND READING

Hon. Charles McElman moved the second reading of Bill C-120, to amend the Supplementary Retirement Benefits Act.

He said: Honourable senators, Bill C-120 was passed by the House of Commons on June 18, 1982, and proposed the so-called pro-rating amendment to the Supplementary Retirement Benefits Act. That act provides for the January adjustment to all public service pensions to compensate for increases in the cost of living over the preceding year.

Under its current provisions, the full annual increase is payable each January to all pensioners, even those who retired during the preceding year. This means that there is a tendency for employees considering retirement to do so at the year's end in order to benefit from both a full year's salary and a full year's post-retirement adjustment. It is proposed that this anomaly of double adjustment for the last year of work be eliminated by providing that the first post-retirement benefit be pro-rated on the basis of the time which has elapsed between the date of retirement and the end of the year. This means that the first supplementary benefit will be directly related to the actual retirement time.

Under the arrangement now proposed, a person who retired in January of a given year would receive eleven-twelfths of the full year's adjustment paid the following January. One who retired in June would receive, the following January, six-twelfths of the full benefit, and one who retired in December would receive nothing by way of an adjustment the next month, but would receive a full adjustment in January of the second calendar year following retirement.

The government has been attempting for some time to get this proposal into place. There are several reasons for proceeding now. As well as the cost savings effected by the proposal, and its personnel management implications, the matter should be settled once and for all to make it easier for public servants to make their retirement planning decisions.

Adoption of this amendment would mean cost savings that would grow year by year. There would be a cost saving of some \$6 million in 1983 alone, and because the savings are both additive and compounded, they would escalate rapidly in

subsequent years. For example, in the fiscal year 1984-85, the savings will have escalated to \$14.8 million.

As far as personnel management is concerned, adoption of the proposal should bring about a more even distribution of retirements throughout the year, which would facilitate replacement programs. Under the current law, retirements tend to bunch at the year end. Last year, for example, some 56 per cent of retirements took place during the last quarter. Moreover, with the uncertainty that has existed over the past few years, people have been leaving their decisions until the very last moment. It has not been unusual in the past four years or so for departments to have to cope with large numbers of two-week notices of retirement from long-service employees.

The final point I wish to mention with respect to this bill is its effective date. The original intention was to have pro-rating apply to anyone who retired at any time during the year in which the amendment was approved. However, there were representations that this timing would change the rules of the game for those who retired before the change was actually enacted. Accordingly, an amendment was adopted during consideration of the bill in the House of Commons, which amendment provides that there will not be any pro-rating of the first year's indexing payment for those who retire before the bill receives royal assent.

In the other place last Friday, by agreement of all parties, this bill was given approval at all stages at one sitting. Unless specifically requested to do so, I do not believe there is any need for me to recommend that this bill be referred to committee for detailed consideration. Therefore, I commend the bill to your favourable consideration.

Hon. C. William Doody: Honourable senators, I have little to say about this particular piece of legislation. As Senator McElman has pointed out, it is a fairly simple bill, and one which has been necessary for a long time now.

I would have liked to have seen a more comprehensive bill dealing with the pension situation in Canada. Attention to that area has long been deferred, and it really cannot await attention much longer. The areas that have to be looked at in terms of pensions are well known to honourable senators and, indeed, to all Canadians.

The reports that have been made on the subject are numerous and well documented. The attention they have received has been sporadic and, therefore, they have faded into the woodwork. We have been promised a green paper, a conference and so forth. There was to be a conference following the conference in late 1981. There was to be a meeting with the representatives of the provinces to look further into the pension situation in Canada as it related to provincial economies and needs. That has not happened and it now appears that the green paper we were promised will not be forthcoming. Perhaps we can look forward to seeing that next year.

The degree to which the Government of Canada and, indeed, the provinces and the private sector are involved in pension commitments and obligations must be staggering, and

it should be looked at more carefully and brought to the attention of the public.

Having said those few words, I shall now revert to the bill under consideration. First, I should like to say that I see no reason why it should be held up. It is a routine piece of legislation and there is no reason to delay it.

● (1630)

Hon. Charles McElman: Honourable senators—

The Hon. the Speaker: Honourable senators, if the Honourable Senator McElman speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator McElman: Honourable senators, I simply wish to thank Senator Doody for his comments on the bill and to say that I have no problem with his further remarks concerning pensions, because in general terms I agree with everything he has said.

Motion agreed to and bill read second time.

THIRD READING

Hon. Charles McElman, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

[Translation]

CANADA PENSION PLAN DEFENCE PRODUCTION ACT EXCISE ACT EXCISE TAX ACT INCOME TAX ACT PETROLEUM ADMINISTRATION ACT UNEMPLOYMENT INSURANCE ACT 1971

BILL TO AMEND—SECOND READING

Hon. Léopold Langlois moved that Bill C-118, to amend certain acts that provide for the retention of records, be read a second time.

He said: Honourable senators, the legislation now before us would amend the time limits provided for the retention of records. The bill will enable Canadian businesses to save part of the costs of maintaining certain records as required under federal acts. The problem is this. It is estimated that these businesses are keeping a total 170 million cubic feet of files, the storage of which costs \$500 million a year. Indeed, such a heap of papers could fill a train load of 44,000 freight cars that could extend from Toronto to Montreal.

No doubt, some records must be kept. This legislation however would allow doing away with records that various federal departments are now considering as surplus, or the retention time limits of which seem unnecessarily long. Current requirements are no longer in line with the new federal policy on special and maximum time limits. In addition to changes brought about by this measure, departments were requested to support regulations under 50 other acts, in order

[Senator Doody.]

to keep abreast of the new time limits for the retention of records.

Both Canadian businesses and federal organizations will therefore know exactly what is to be kept and for how long. These initiatives will help eliminate some \$100 million of unnecessary expenditures each year, the saving being passed on to the consumers.

The purpose of this legislation is in line with efforts made by the government to lighten the burden imposed on the Canadian economy by regulations. The legislation is also in line with the government's intention to improve public administration by updating the regulatory and relevant process.

While this bill was being drafted, consultations were held with business representatives, including those of the Financial Executives Institute, the Association of Record Managers and Administrators and the Canadian Manufacturers Association. These groups were so enthusiastic about the standardization of record retention requirements that, taking the lead from the Government of Canada, they undertook to convince provinces to amend their respective legislation accordingly. In fact, representatives of the Financial Executives Institute met with MLA's in each province in an attempt to obtain that provincial retention requirements be brought in line with federal standards.

Pursuant to the goal of lightening the paper burden that bears heavily on the Canadian economy and, second, to improve public administration by reviewing the regulation process, other activities are underway in the context of the regulation reform itself.

For instance, a wide spectrum of unnecessary acts and regulations had to be reviewed and departmental policies and regulatory programs assessed. In addition, the government is reviewing the regulation process in order to improve regulations notice, representation and impact analysis procedures.

As far as the review of existing acts and regulations is concerned, a blanket repeal legislation was recently introduced to repeal some 124 obsolete acts. In addition to the above-mentioned review, others are aimed at removing useless, inconsistent or redundant rules, especially in the Department of Consumer and Corporate Affairs, the Department of Agriculture, the Department of National Health and Welfare, the Department of Communications, the Department of Transport, the Department of Fisheries and Oceans, and the Department of Labour.

Under direction 490, the Administrative Policy Branch requires that all new regulations dealing with health, security and equity be subjected to a thorough analysis of their social and economic impact. On the basis of that principle, the Office of the Co-ordinator of Regulatory Reform is reviewing the means to improve the assessment system before other federal regulations are implemented in other areas. The conclusions of that review with recommendations dealing with the possibility of amending the system will be delivered to the cabinet to enable the ministers to consider them subsequently. As for improving the federal regulatory process, the government is

considering draft regulatory bills. Such drafts would be published twice a year. They would be used as notices for all proposed regulatory provisions. Their preliminary publication will enable the private sector to apply in due time to the department involved to get acquainted with the proposed regulation.

To carry out the recommendations of the Parliamentary Task Force on Regulatory Reform, we have undertaken to improve comprehensive consultation mechanisms in the regulatory area. The consultation process between the public and private sectors should remain flexible to meet the needs of departments while allowing the consideration of a special aspect of regulation at a given time.

As far as draft regulatory bills, such as the one on the broadening of consultation procedures with each department, are concerned, I am convinced that the quality of new rules will be enhanced if the individuals subject to the regulation take part from the beginning in the drafting of those rules. The Privy Council Office has looked into the cases of crown corporations with a special emphasis on the main regulatory bodies. This study was based—and I mean to insist on this in this house—on the recommendations which appeared particularly in the fourth report of the Joint Standing Committee on Regulations and other Statutory Instruments, and in the report of the parliamentary task force on regulatory reform—

Hon. Martial Asselin: For once!

Senator Langlois: One of the purposes of the study by the Privy Council Office was to ensure that the regulatory processes of the agencies are more efficient, in order to ease the administrative burden which Canadians must bear.

The government is currently looking into the Economic Council of Canada's final report entitled *Reforming Regulations, 1981*, in order to amend all regulations of an economic nature which apply to industries and activities under federal jurisdiction.

Besides looking into proposed regulations of an economic nature and without disregarding the government's wish to ease the administrative burden to be borne by Canadians in general, other proposed regulations were considered. This step was prompted by the excellent contribution made by the Senate and House of Commons Joint Standing Committee on Regulations and other Statutory Instruments and by the Peterson committee report which was tabled in the House in December 1980. All these studies are still very useful to the government in selecting activities to be part of its regulatory reform.

As I mentioned earlier, the proposed amending bill which I have just referred to is a concrete proposal, a series of federal standards which inform Canadian firms just what documents they are supposed to keep and for how long.

These new documents will increase the effectiveness of the people involved in the management of documents and will result in substantial savings for many corporations. In the long run, consumers will benefit. Moreover, the federal government will show the way, in the hope that the provinces will follow.

In conclusion, I must say that pursuant to clause 8 of the bill before us, this legislation, once passed by this house, will come into force 90 days after receiving royal assent.

● (1640)

[English]

Hon. Nathan Nurgitz: Honourable senators, I shall be brief. Congratulations are in order both to the government and to Senator Langlois for an excellent presentation especially with respect to the need for this kind of bill. In these difficult economic times, while it is not a large measure for business but certainly a significant one, I think honourable senators on this side of the house would agree that this is interesting and helpful legislation to business, especially small business across the country. Therefore, I see no reason why the bill should not go forward at this time.

[Translation]

Senator Langlois: Honourable senators, I merely want to add a word to remind this house that this motion was unanimously adopted in the other place on June 18 last.

Senator Asselin: It does not mean anything.

Motion agreed to and bill read for the second time.

THIRD READING

The Hon. the Speaker: When will this bill be read for the third time?

Hon. Léopold Langlois: Honourable senators, with leave of this house, I move that the bill be now read the third time.

The Hon. the Speaker: Is leave granted, honourable senators?

Some Hon. Senators: Agreed.

Motion agreed to and bill read for the third time and passed.

[English]

NATIONAL ENERGY BOARD ACT

BILL TO AMEND (NO. 3)—SECOND READING—DEBATE
ADJOURNED

On the Order:

Resuming the debate on the motion of the Honourable Senator Stollery, seconded by the Honourable Senator Anderson, for the second reading of the Bill C-108, intituled: "An Act to amend the National Energy Board Act (No. 3)".—(Honourable Senator Marshall).

Hon. Orville H. Phillips: Honourable senators, unfortunately Senator Marshall is unavoidably absent for a week. He requested that I speak on this motion in order to expedite the passage of the bill, and, with leave, I am prepared to do so.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Phillips: Honourable senators, unfortunately my remarks will not be as interesting or as informative as those of

Senator Marshall or, indeed, the sponsor of the bill, Senator Stollery.

Hon. Royce Frith (Deputy Leader of the Government): We'll decide that.

Senator Phillips: You are being very kind. I have noticed in the past that when Senator Frith is being kind it is time to watch your back.

Throughout the explanation, emphasis was placed on the fact that electrical transmission lines have now become lengthy and serve much the same purpose as many of the pipelines and, therefore, should come under the same regulations.

Clauses 12 to 30 give more power to the National Energy Board with respect to both interprovincial and international pipelines. Many of the amendments are necessary as a result of a change in transmission patterns. However, I suspect that many of them are also being made with a desire to put greater control in the hands of the Governor in Council.

The minister, in the other place, spent considerable time explaining that the amendments were not designed to affect the present agreement or, perhaps I should say disagreement, between Quebec and Newfoundland concerning the Churchill Falls. It is not my desire to tread where angels fear to tread, except to say I consider it unfortunate that the two provinces have not been able to resolve their differences and to find a more efficient way of settling their dispute than taking it to the courts. Both provinces, like the rest of Canada, have high unemployment rates and both could benefit from a settlement. The Province of Newfoundland states it lost \$500 million in the last 10 years.

The Minister of Energy, Mines and Resources is urging both provinces to settle their differences and has stated that the federal government has made no effort to mediate the dispute. I realize that this will be a most difficult dispute to mediate. The federal government would possibly be damned in both provinces. However, I ask honourable senators if it is necessary that the federal government do the mediating because it would certainly be much better if the Minister of Energy, Mines and Resources kept out of the situation. Surely, he could find a retired judge, a former premier, a law professor or, possibly, even a former senator who could attempt to mediate and make a recommendation to both provinces. The recommendation would naturally not be binding, but I would hope that it would be helpful.

• (1650)

Clause 30 will permit the Governor in Council to designate an interprovincial power line as an international line. This will permit the board to hold public hearings, cancel authority for construction and set specific conditions for continuation of the certificate. Extensive powers are granted to the federal government under this clause. The minister assures us that the government will not act alone. Surely, no one would suspect that the federal government would act unilaterally.

Hon. C. William Doody: Never.

[Senator Phillips.]

Senator Phillips: Least of all, the provinces of Newfoundland and Quebec. I wonder why the minister kept emphasizing that the federal government would consult with the provinces before acting.

The first amendment contained in the bill causes me some concern. Clause 1(1)(b)(ii)(B) reads:

to a place outside Canada from any area of land not within a province that belongs to Her Majesty in right of Canada or in respect of which Her Majesty in right of Canada has the right to dispose of or exploit the natural resources and that is situated in those submarine areas adjacent to the coast of Canada and extending throughout the natural prolongation of the land territory of Canada to the outer edge of the continental margin or to a distance of two hundred nautical miles from the baselines from which the breadth of the territorial sea of Canada is measured, whichever is greater, or

This particular subclause causes me concern in that the description, while it mentions oil, also refers to natural resources. Could it not be interpreted to mean any mineral as being a natural resource? As a Prince Edward Islander, I think of the lobsters in the Gulf of St. Lawrence, off our coast, as being a natural resource, and I would hate to think that that resource would come under the jurisdiction of the National Energy Board. I hope that the committee studying this matter will have a look at that aspect of the bill.

I also believe that this clause takes too much authority away from the right of the provinces to have some say in the control of resources off their coast. There is a dispute between the federal government and the Province of Newfoundland concerning oil fields such as Hibernia, but I would point out that this clause covers not only that field. The west coast would come under this clause, as would the provinces of Ontario and Quebec, which may be affected by the extension into James Bay and Hudson Bay. I wonder whether anyone has had a look at the possible effect of that clause in those two provinces. I have been unable to find any reference to this matter in the reports of the committee of the other place studying it.

The United Nations has in the past discussed the ownership of resources at the bottom of the sea. Canada has made certain commitments at the United Nations. Are we, intentionally or unintentionally, breaking those commitments by claiming ownership of the resources for 200 miles out to sea from what we call our baseline?

Clause 26(2) will allow those members of the National Energy Board who contributed to our National Energy Program—which I noticed this afternoon is not as popular in this chamber as it was in the past—to control the price on the exports of gas and oil. Honourable senators will recall that in the not-too-distant past the western provinces objected to a budget measure which provided an export tax on natural gas to the United States. At the present time Canada has only one export market for natural gas, and that is the United States.

The Government of the United States, as opposed to the pattern followed by the Canadian government, has deregulated

the export and sale of gas in that country. As a result, the gas prices there have dropped. In addition, consider all the oil rigs that left Canada as a result of the National Energy Program and moved to the United States where, particularly in the western states, they have found considerable amounts of natural gas. As a result, their need for our gas is not nearly as great as it once was.

I wonder why we are giving this body complete authority to set the price and the amount of gas that can be exported without any reference back to Parliament. Once this bill is passed, it is on the books for all time, unless the act is subsequently amended. I think that is a mistake and that we should have a very careful look at that aspect of the bill.

The bill also allows the Governor in Council to allocate the supply of gas and oil. This may be necessary in war time or in times of emergency, but the section does not stipulate that an emergency must exist. Section 87.1 (1) reads:

The Governor in Council may by order direct that the Board assume supervision and control of the movement of oil or gas, or both, or any quality or kind thereof (hereinafter in this Part called "designated oil or gas") out of a province or the offshore area or both—

This gives the Governor in Council complete control. They can designate where certain gas will flow. I am particularly concerned about the reference to the effect that the National Energy Board can control the movement out of an offshore area. That wording gives the Cabinet the authority to say where oil from Hibernia will be refined, and to say whether gas from Sable Island or south of Nova Scotia will be allowed to flow westward or only into the Nova Scotia market.

I think this bill leaves too much control in the hands of the Cabinet. The excuse given by the government is that it is a political matter. Certainly, it is a political matter, and that is all the more reason why it should come back to Parliament for approval. Here there is no need for that authority.

Honourable senators, I ask you to give these brief points very careful consideration before you proceed further with Bill C-108.

On motion of Senator Flynn, debate adjourned.

● (1700)

THE ROYAL FAMILY

BIRTH OF A SON TO THEIR ROYAL HIGHNESSES THE PRINCE AND PRINCESS OF WALES—ADDRESS TO HER MAJESTY THE QUEEN—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

ORDERED,—That a Message be sent to the Senate informing Their Honours that this House doth unite with the Senate in the Address to His Excellency the Governor General respectfully requesting that His Excellency may be pleased to transmit to Her Most Excellent Majesty the Queen, the Address of both Houses of Parliament expressing congratulations on the occasion of the birth of

a Prince, son of Their Royal Highnesses, the Prince and Princess of Wales, and have inserted in the blank spaces therein the words "and Commons".

ATTEST

C. B. KOESTER

The Clerk of the House of Commons.

Hon. Senators: Hear, hear.

[Translation]

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA—MOTION OF CONGRATULATION TO GOVERNMENT AND PEOPLE OF GREAT BRITAIN ON RESOLUTION OF CONFLICT—DEBATE ADJOURNED

The Senate resumed from Wednesday, June 16, debate on the motion of Senator Croll:

That this House congratulate Prime Minister Thatcher, the Government and the people of the United Kingdom on their resolution of the conflict in the Falkland Islands that maintains the principle that armed aggressions must be resisted, that respect for the United Nations Charter and the rule of law in international affairs be observed and force not used to settle territorial disputes between states, regrets the loss of life and injuries on both sides and urges a peaceful settlement of all outstanding issues between the U.K. and Argentina.

Hon. Martial Asselin: Honourable senators, it is rather late so I will try to be brief. I simply want to make a few remarks, not because I am against this motion but because I wanted to obtain some information. When Senator Croll introduced the motion in the Senate, he did not give us notice. He simply stated: This motion has been unanimously adopted in the other place. That was the main reason he gave us so that the Senate would adopt the motion. I would have preferred that such a contentious motion be introduced after proper notice so that the members of this House would have had an opportunity to study it before endorsing it and agreeing to adopt it.

The motion of Senator Croll in itself, even though it was unanimously adopted in the other place, is not sufficient reason for the Senate to act the same way and adopt it without debating its validity. That argument is unsound. Quite experienced as we know him to be, Senator Croll raised that argument because he wanted to make the Senate believe that it was not a contentious motion.

Personally, I think that the motion is premature and useless. I am not against the wording of the motion. Here is how it reads:

That this House congratulate Prime Minister Thatcher, the Government and the people of the United Kingdom on their resolution of the conflict in the Falkland Islands that maintains the principle that armed aggression must be resisted, that respect for the United Nations Charter and the rule of law in international affairs be observed and force not used to settle territorial disputes between states,

regrets the loss of life and injuries on both sides and urges a peaceful settlement of all outstanding issues between the U.K. and Argentina.

The war may be over, but the conflict is not. That is the difference.

Hon. Peter Bosa: The battle is over.

Senator Asselin: Perhaps the armed battle is over.

Senator Bosa: I agree.

Senator Asselin: That is why my first argument is the following: the motion is premature. There is so much doubt as to whether the conflict is over that the day after the arms were laid down at Port Stanley the British Prime Minister sent a message to the Argentine government asking them to confirm that Argentina, just as Great Britain, did consider that all hostilities in the South Atlantic had ended. And she added: "It is important that that be established clearly and without delay". According to one of Mrs. Thatcher's officials, Great Britain wanted to make sure that the end of the fighting would be accompanied by a suspension of hostilities on the part of the Argentine army stationed on the mainland 150 kilometers away from the Falkland Islands. Mrs. Thatcher, the Prime Minister of Great Britain, as happens in every conflict and every war, was hoping to get from the Government of Argentina a declaration, an agreement to the effect that the conflict was actually over.

Subsequently, the President of Argentina made a statement on television but failed to admit, however, that the conflict was indeed over. Even after he was deposed, the military junta refused to recognize that the conflict had come to an end. The Argentineans never admitted defeat.

Great Britain's attitude is surprising. It was reported that last Sunday the British Air Force had taken over the Sandwich Islands. They occupied the islands when everyone thought that the conflict was over.

I think it is still too early to adopt a motion congratulating Great Britain for having implemented the United Nations resolution the way it did, that is by going to war. Hostilities have not come to an end yet because Argentina has not agreed to the ending of the conflict. She has not yet agreed to sign a formal agreement to that effect.

My second point is that this motion that could be voted and passed by the Senate in my mind is pointless. We are dealing with two allied countries. Everyone should understand that. Our government has been saying over and over again that we have reached maturity a long time ago, in other words that we are a sovereign nation. This is what we have been told when the Constitution was brought home. We must not forget that Argentina is a friend of ours. Thus, our adopting this motion, honourable senators, somehow would further humiliate a country that is playing a quite significant role on the American continent. We have trade relations with Argentina. The fact is that we sold them a Candu reactor. We have Canadians working in that country. Even if we decided to impose economic sanctions on Argentina at the beginning of the hostilities, I am under the impression that we were wise enough diplomati-

[Senator Asselin.]

cally speaking not to prejudice our relations with that country. Now, if we pass this resolution, we will surely add to Argentina's humiliation by the very fact that we say Argentina lost the war. She must be grieving for the soldiers who gave up their lives in battle, as well as those who were wounded during the conflict. I have a feeling that we stand to lose in our role with regard to the Organization of American States if we adopt it.

Let us remember that the United States, by supporting Great Britain during the conflict, were, after a fashion, the scapegoats of the Argentines. It has been said in Argentina that if the war turned out as it did the United States are to blame. Why should we also play that role when Canada is bound to be called upon in the future to play an important and prestigious role in its relations with South American countries?

I feel that by adopting this motion today in the Senate, we will decrease our chances of assuming that important role within the Organization of American States. Though we may not now be members of the organization, we have the status of observers and our advice is sought by the countries of South America. We saw the role Canada played in El Salvador. We also had some influence in Nicaragua and the Argentines did appreciate us a lot at one time. Why pass a motion that will add to the humiliation of a friendly country?

Consequently, I cannot see that we stand to gain anything internationally by adopting this motion as it reads now. Perhaps we should wait. We are told that Canada intends to lift its economic sanctions against Argentina. The countries of the European Community have already done so.

Personally, I feel the motion can wait. There are more pressing matters to be attended to by the Senate. If Senator Croll were willing to reconsider the motion he introduced, perhaps he could delay its presentation until a more propitious time, when it can better serve both parties concerned.

● (1710)

[English]

Hon. Heath Macquarrie: Honourable senators, if no other senator wishes to move the adjournment of the debate, I will do so. I have been most impressed by the address of our distinguished colleague, Senator Asselin, who is one of the leading internationalists here. I should like to reflect upon the many thoughtful utterances he has made and, therefore, I move that this debate be adjourned.

On motion of Senator Macquarrie, debate adjourned.

The Senate adjourned during pleasure.

● (1720)

ROYAL ASSENT

The Honourable Bertha Wilson, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, having come and being seated at the foot of the

Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to provide for the garnishment or attachment of Her Majesty in right of Canada and for the diversion of pension benefits payable by Her Majesty in right of Canada under certain enactments.

An Act to amend the Supplementary Retirement Benefits Act.

An Act to amend certain Acts that provide for the retention of records.

The Honourable Jeanne Sauvé, Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983.

To which bill, I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 23, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

SAINT-JEAN-BAPTISTE DAY

FELICITATIONS TO FRENCH CANADIANS—ANNIVERSARY OF
LANDING OF JOHN CABOT

Hon. Peter Bosa: Honourable senators, tomorrow, June 24, is Saint-Jean-Baptiste Day, and because the Senate will not be sitting I should like to extend congratulations to all my French Canadian colleagues in the Senate and all my French Canadian compatriots in Canada.

I understand that Saint-Jean-Baptiste Day originated in the early days of settlement by French Canadians in this country. On June 24 they were celebrating the beginning of summer. In 1834 Monsieur Duvernay founded the Saint-Jean-Baptiste Society. Then, in 1908, Pope Pius X proclaimed St. Jean-Baptiste the patron saint of French Canadians.

That is the history behind this important date. It is an historic date and one that should be celebrated by all Canadians.

June 24, 1982, also marks another historic event. It is the 485th anniversary of the arrival of John Cabot—Giovanni Caboto—

Some Hon. Senators: Oh, oh!

Senator Bosa: I wanted to show that I am altruistic at this particular moment. This date marks the arrival of Giovanni Caboto on the shores of Canada, when he took possession of this land in the name of King Henry VII. We should not forget this important event, and all of Canada should celebrate these two historic occasions.

Hon. Senators: Hear, hear.

Hon. Frederick W. Rowe: Honourable senators, I am pleased that Senator Bosa has brought to our attention the fact that tomorrow is a signal day in the history of Canada and, in particular, the history of the province of Newfoundland. In all honesty, as a historian, I am compelled to say there is no direct and irrefutable evidence as to what land John Cabot first touched, having sailed from Bristol across the Atlantic Ocean. Certainly, the tradition is very strong that his first landfall was what is now called Cape Bonavista. Some people think "Bonavista" is Italian—

Hon. Jacques Flynn (Leader of the Opposition): No, never.

Senator Rowe: —and some people think it is Portuguese, but it means "happy sight" or "happy view." It is believed that of all the North American land that Cabot might have explored, he sighted Cape Bonavista first. That belief is rein-

forced by the fact that the capital city of Newfoundland is St. John's, and that name goes back to the time of Cabot. There is no complete evidence, but the tradition is that, after sighting Cape Bonavista, Cabot proceeded south, and on June 24 sailed into one of the historic harbours of North America, the harbour which now bears the name St. John's.

I should like to pay tribute again to that outstanding Italian explorer, a native of Genoa, who was possibly a classmate of Christopher Columbus, who later in life became a citizen of Venice and, still later, one of the great names in early Canadian and North American history.

Senator Flynn: St. Jean-Baptiste is the patron saint of French Canadians from sea to sea, and the feast of St. Jean-Baptiste has become, as I believe Senator Bosa mentioned, a national holiday in Quebec. It is interesting to note that Quebecers and Newfoundlanders celebrate provincial holidays on the same day. It is especially interesting when one bears in mind the current dialogue between the two premiers. But let us all set our differences aside tomorrow and rejoice together.

Hon. Senators: Hear, hear.

BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN SENATE GALLERY OF
HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, as previously announced, the Minister of Finance will deliver his budget speech in the other place on Monday next, June 28, 1982, at 8 o'clock in the evening.

May I be permitted to remind honourable senators that none but senators will be admitted to the Senate Gallery of the House of Commons on that occasion. This step is being taken for the purpose of providing accommodation in the gallery for as many senators as possible. In this manner, senators will not be excluded from the gallery on account of many of the places being occupied by relatives and friends of senators.

May I add that such instructions were first issued in 1931 by the then Speaker of the Senate, the Honourable P. E. Blondin, and that this practice has been followed ever since by succeeding Speakers.

[Translation]

NATIONAL TRAINING BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-115, to establish a national program for occupational training.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading on Monday next, June 28, 1982.

Motion agreed to.

[English]

FOREIGN AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. John M. Macdonald, with leave of the Senate and notwithstanding Rule 45(1)(i), moved:

That the name of the Honourable Senator Nurgitz be added to the list of senators serving on the Standing Senate Committee on Foreign Affairs.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

● (1410)

POLAND—MOTION FOR REMOVAL OF MARTIAL LAW ADOPTED

Hon. Stanley Haidasz: Honourable senators, yesterday I had the privilege of saying a few words about the visit to Ottawa of the President of the Canadian Polish Congress who submitted a petition signed by 40,000 Canadians asking the Canadian government to urge the Polish government to remove martial law in Poland.

Therefore, I move:

That in the spirit of the Helsinki Final Act, the Senate urge the Polish Government to remove martial law, release from detention Lech Walesa and other members of Solidarity, and commence negotiations with the Church and Solidarity to solve the political and economic problems plaguing Poland.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I do not enjoy again having to raise a point or order with respect to this motion, because I have nothing against the motion itself. However, to clear the record, yesterday leave was asked—

Hon. Martial Asselin: We did not grant leave yesterday; we refused leave.

Senator Frith: That is what I was just about to say. We did not grant leave to move the motion yesterday, and we treated the matter as if it were a Notice of Motion. Therefore, it appears on today's Order Paper under "Motions".

If we are to do this in an orderly way we will not deal with this motion until we reach the end of the Order Paper, and His Honour the Speaker calls "Motions". However, the Senate can give Senator Haidasz leave to move his motion immediately, if it so wishes.

Hon. Jacques Flynn (Leader of the Opposition): Leave is granted if no speech is made.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[Translation]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Monday next, June 28, 1982, at eight o'clock in the evening.

[English]

Honourable senators, in speaking to the motion, I point out that it is expected that the Minister of Finance will deliver his budget speech at 8 o'clock on Monday evening.

I have discussed various ways honourable senators may be able to hear that speech, in spite of the fact that we are to sit on Monday evening because we have legislation to deal with.

Senator Perrault, Senator Flynn and I have come to the conclusion that we should assemble, as usual, at 8 o'clock, or perhaps a few minutes before that time, and that we should adjourn during pleasure—and I am sure it will be a pleasure—to resume at the call of the bell and thus accommodate honourable senators wishing to listen to the speech. That is one solution. An alternative is to adjourn until 9 o'clock. I think it better to adjourn until 8 o'clock on Monday evening, with the assurance that honourable senators will be given an opportunity to hear the speech, either by attendance in the gallery of the other place or by means of television.

● (1415)

For that reason, honourable senators, I am moving that we adjourn until next Monday evening at 8 o'clock.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, there is one other advantage to this plan of either listening to the speech in the other place or seeing and hearing it delivered on television. I expect that we will enjoy the presence in the chamber of Senator Olson, the great theoretician of the last budget, so that after the speech is delivered by the Minister of Finance we will be able to put questions to him. That will be a useful—if not useful, at least entertaining—exercise.

Hon. John M. Godfrey: I would like to point out that if honourable senators watch the television, they will not hear much of the speech given by the Minister of Finance. They will hear from the reporters on CBC and CTV; they will hear interviews in pubs; and they will hear the views of coal miners in Sydney, Nova Scotia. Although honourable senators will hear the reporters scooping the Minister of Finance, and telling us what he is going to say because they have been briefed beforehand, I doubt whether they will hear much directly from the minister.

Senator Flynn: If we did not have Senator Godfrey, honourable senators, I wonder what we would do in this place. At any

rate, I am quite sure that it will be easier to understand what is going on from watching television than it will be from listening to the minister directly.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

COOPERATIVE ENERGY BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Argue for the second reading of Bill C-116, to establish the Cooperative Energy Corporation and the Cooperative Energy Development Corporation.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am pleased to have the opportunity to continue the debate which was commenced yesterday by my honourable friend, Senator Argue, who introduced a very interesting piece of legislation in this house. It is Bill C-116, to establish the Cooperative Energy Corporation and the Cooperative Energy Development Corporation.

I am not entirely sure of my history, but I think that this is probably an innovation—something new in terms of the energy industry that we have certainly not seen in this country before—and I conclude that it is a worthwhile innovation. It has some interesting features, I suggest.

The energy field is one which, up until recently, and even now in large measure, has been a closed book to the small man, if I can use that expression without sounding in any way condescending. The ordinary citizen of the country sometimes has not been encouraged, as he might have been, to enter into the highly risky occupation of investing in oil and energy discovery projects. It has been a problem how to encourage ordinary Canadians to take part in an entrepreneurial activity like looking for oil.

I think that this bill offers, to many Canadians, such an opportunity. It extends the participation of Canadians in a highly risky enterprise—looking for oil—yet one which we all deem to be essential to the future in terms of our national interest.

● (1420)

Working in this way, through the co-operative movement generally, not only provides an opportunity for members of those organizations to take part in this risky undertaking, but also a method of mobilizing capital. One of the great features of the co-operative movement is that it provides a way for small people to get together, mobilize their capital, and join their separate interests into one larger whole. As far as I know, opening up the oil industry to this kind of co-operative mobilization is certainly something new.

The advantages that will be provided by this measure are, I think, considerable. It will mobilize capital in a unique and different way, and permit the ordinary citizen who is associat-

ed with the co-operative movement to take part in risk-taking, which, of course, we are anxious to promote: we want Canadians to get into this industry as deeply as they can. The principle of the bill certainly appeals to me. I like the sound of it, and I hope it will be a successful development.

Some of the details, I think, could stand a little explanation, and I have no doubt that that will be forthcoming in committee. I am interested, for example, in the financing arrangements, which are not clear on a reading of the bill.

From this point of view the bill is rather complicated. There will be four different classes of shares—A, B, C and D—and I am sure there is a reason for them. There are certain conditions attached to A shares that are different from those attached to B shares, and so on. We have something called an equity debenture. If I stretch my imagination I can visualize what that is, but I would like to know a little more about the equity debenture, which, if I read the bill correctly, is to be held by the Government of Canada. The whole mechanism seems to be rather elaborate. As it has been enshrined in this bill, it is something of a mystery to me, and I would like to have a little more explanation as to how the machine will work.

There are some interesting factors connected with the control of the operation. I, for one, was pleased to hear the minister say that control will remain in the hands of the private sector, so to speak, or the co-operative sector, as a result of the nine-to-three split in the directors as between the co-operative sector and the government, but I wonder what will become of the voting shares. That point was not clarified when this bill was presented to us. Do the voting shares fall into any particular ratio? What voting share power, if any, does the Government of Canada exercise in this operation?

I would also like the minister, when he winds up the debate—or perhaps this is a matter to be left to the committee—to explain, more clearly than I have been able to decipher, the constraint principle that we find in clauses 15 and 16. There are two different kinds of constraints which may be applied to the shares of this company. While they will all be in full operation before anyone subscribes for any shares—as I read the bill—and therefore there is no retroactivity, or anything of that sort, I would like to know whether they are on all fours with the principle of constraint enshrined in the energy bills that are before us. I would like to examine the relationship between the constraint principle established by this bill, and that contained in the other bills that I have referred to.

The final feature I would refer to is the contribution of the federal government to this operation. They are putting up half of the cash, up to a total of \$100 million. No one will object if the co-operative movement wants to put in more money, but the bill provides for equal contributions from the government and the co-operative movement up to the limit of \$100 million apiece. The \$100 million that the government puts in is public money, and some consideration has to be given to that. In thinking about it, I compared it to the petroleum incentive payment grants that are being provided in the Canada lands, and which amount to a much higher proportion of the cost in

those operations than is the case in this bill. The grants in the PIP system go up to 80 per cent in the Canada lands, so I do not think we are breaking much new ground in providing a federal grant to the co-operatives to look for oil in the Canadian oil-bearing lands on a 50:50 basis, particularly as we have heard their first target is going to be the conventional oil lands in the provincial areas as opposed to the Canada lands. Therefore, I do not have much trouble with that.

I would be interested to know, however, what the terms of repayment are. I understand there is a "buy-out" provision, whereby the co-operatives can refund the government its money and become the full owner of this operation. Under what terms is this to be done and, in the meantime, what return, if any, does the Government of Canada expect on its capital investment. I notice that one type of share seems to be a payment in lieu of interest, a share that would discharge an interest obligation. Perhaps that is the connection, but I would appreciate it if the minister would clear up that matter.

● (1425)

There is one point, however, that I am not completely satisfied with, and that is the question of accountability to Parliament. No matter how one looks at it, the government is putting up half the money, \$100 million, out of public funds and, therefore, that is of interest to Parliament. Undoubtedly, the question of accountability to Parliament has to be considered.

I noticed that the bill makes it perfectly clear that these corporations are not crown agencies. Therefore, there is no question of their being covered by any of the present rules and regulations we have for the accountability of crown corporations to Parliament. In spite of that fact, 50 per cent of the corporations are to be financed by the government.

I see that if any amendment is to be made in the agreement between the government and the co-operative movement it must be validated later by Parliament. It seems to me that we should consider whether it would be useful to have some provision in the bill that, while the money is outstanding, would allow for some sort of report to the people who provide the money. The minister may say to me, "We have directors on the board, what more do you want?" That is true, but I think it would be wise to consider some definite understanding to the effect that the directors would report to Parliament on how the government's money is being managed. After all, we do have an abiding and continuing interest in the matter. I would like to see that point addressed.

Honourable senators, that is all I have to say about this bill. It looks to me like a people's enterprise, a people's "entrepreneurship", if I can use such a word. I think it is a useful initiative and I wish the participants well. I am prepared to support the bill.

Hon. Orville H. Phillips: Honourable senators, before Senator Argue speaks, I would like to ask him this question: Will the co-operatives receive the same assurance of government assistance as Dome Petroleum has received?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators—

The Hon. the Speaker: Honourable senators, if the honourable Senator Argue speaks now, his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Argue: Honourable senators, I do not intend to get into any comparisons with the co-operatives' position in this bill or any speculative position on Dome's relationship with the government. I can say, though, that I am very pleased to hear the comments of Senator Roblin, and I am sure that the co-operative movement will be very appreciative of his generous and enthusiastic support of the principles behind this legislation. It is a measure that opens up investment in an innovative way for ordinary Canadians. It is a measure which will assist the co-operatives on mobilizing capital across the country.

When new issues of shares are going on the market, I think it is a fairly normal practice that for a time certain insiders, let us say, have access to them. So the co-operative membership, all nine million members, for a short period of time will have an opportunity to purchase a new equity issue. When they have made their purchases, those shares will go on the capital markets of this country in the ordinary way through investment dealers. So, it is an instrument to gather together capital from all parts of the country. It is private enterprise; it is individual initiative.

I am not sure that I can answer the rather technical questions advanced by Senator Roblin concerning what he described as a rather technical bill. The control by way of directors will be three-to-one in favour of the co-operatives, so there is no endeavour by the government to control the operation of the corporations. Again, I am not an expert, but I believe that the measure of control is set out by saying that the co-operatives' share will be equal to three votes.

● (1430)

As I understand it, the government is putting up \$100 million. There is no interest charge for that money. It is also my understanding that the government, by having put up that sum of money, will have an equity investment in the corporation. The technical people will be able to correct me, if necessary, but I understand that the government may gain if the co-operatives decide to buy out that equity investment. If the equity investment is then worth more than \$100 million, the government will have the gain of whatever that investment is above \$100 million.

I had hoped that it would not be necessary to have this measure go to committee, but I understand that Senator Roblin wishes it to be referred to the Standing Senate Committee on Banking, Trade and Commerce, where those questions can be dealt with.

Senator Phillips: Honourable senators, I have a further question for the minister. I presume that at some time there will be a profit made on this venture. Will the members of this co-operative pay income tax and other taxes on the same basis

as the other members of the oil community or the oil companies?

Senator Argue: Honourable senators, that is a question on which I should not venture an opinion. The taxation affecting earnings by co-operatives is somewhat different, because of the practice they follow, from that of other corporations. If my memory serves me correctly, for co-operatives there is a withholding tax paid for a given amount of profit that may be declared, and the dividend payments are taxable only in the hands of the taxpayer on receipt.

I would rather not get into the question of whether or not this company will be subject to what my honourable friend describes as corporation taxes affecting all corporations. That is the sort of question that might be asked in committee.

Senator Phillips: I appreciate the answer given by the minister, but I ask him to be more explicit. For instance, my brother, who lives on Prince Edward Island, belongs to a co-operative which has certain tax advantages. I do not object to that. I am a member of this chamber and I pay taxes according to the rules of this chamber. If we are going to introduce a new atmosphere into the oil industry, then, surely, the taxation should be equitable. Is there any reason why, if I buy shares in company A, and you then compete with me in your co-operative, you do not pay any taxes; you take advantage of all the generous tax exemptions provided for co-operatives—which, I remind the minister, were provided for an entirely different purpose? I would like to hear the minister clarify that. Surely the thought had occurred to him. The thought must have entered his mind, if indeed it did not enter the minds of those with whom he entered into discussions. I ask the minister to tell us the tax plans with regard to this. I would be more favourably disposed to supporting the bill if he could tell us about those plans.

Senator Argue: Honourable senators, this is not a bill that has within it any provisions of the taxation law. The way the tax law applies to this company is something that is obviously beyond the scope of the bill. I do not agree with what appears to be the opinion of the honourable senator that the tax laws affecting co-operatives are basically different from those affecting any other corporation, because, as I understand it, any corporation that wants to pay out its income by way of patronage dividends enjoys exactly the same tax rules and tax exemptions as those that apply to the co-operative movement. The only difference is that a co-operative may decide to distribute its profits or savings in a certain way, and a corporation may decide to dispose of its profits in another way; but the law is the same for all of them. It is simply applied in a different way if different action is taken by a company.

Senator Phillips: Honourable senators, I suggest to the minister that he is entirely wrong. I also suggest that he knows that he is wrong when he says that the tax law is the same except that it is applied in a different way. We cannot have the same tax law apply in different ways. I know that, and so does the minister. He should not give me any nonsense about its being the same but being applied in different ways. That is your NDP philosophy, and it is not—

[Senator Phillips.]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on a point of order—

Senator Phillips: I will hear the Deputy Leader of the Government on his point of order, but I have heard him on so many procedural points of order.

Senator Frith: Honourable senators, when Senator Argue closed the debate on second reading, his remarks were followed by a question asked by Senator Phillips, which I believe Senator Argue attempted to answer, although obviously not to the total satisfaction of Senator Phillips. At the moment we are entering into a debate. I point out that the debate on second reading has been concluded. Senator Phillips will have two further opportunities to raise his concerns, namely, when the bill goes to committee—and I understand that Senator Argue is prepared to have the bill go to committee—and on third reading. In my respectful submission, the honourable senator is now entering into debate, when the debate on second reading has been concluded.

Senator Phillips: Honourable senators, I suggest that we are again being subjected to censorship by the Deputy Leader of the Government.

The Hon. the Speaker: Is the honourable senator speaking on the point of order?

Senator Phillips: Yes, on the point of order.

The Hon. the Speaker: Then the honourable senator may continue.

Senator Phillips: The point of order is simply this: Traditionally the Senate has allowed questions. I realize that my questions are awkward ones for the minister, but, to be perfectly frank, I intended them to be awkward. The minister is still attempting to answer—

Some hon. Senators: Order!

Senator Phillips: —and I have the privilege of asking questions.

The Hon. the Speaker: Honourable senators, I think the point of order has been well taken and maintained.

● (1440)

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Argue moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—DEBATE CONTINUED

The Senate resumed from Thursday, May 13, the debate on the consideration of the Report of the Standing Senate Com-

mittee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces", tabled in the Senate on February 10, 1982.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I made a commitment a short time ago that I would make a statement on the subject of defence. I have discussed the matter with the Minister of National Defence, and on this occasion I am speaking on his behalf, representing the views of the minister, burdened as he is with his substantial responsibilities.

Defence, however, is undisputedly at the very core of the responsibility of a national government, and it is right that this house play a role—indeed, an increasingly important role—in this vital area. Our interest in defence reflects a growing appreciation that we in Canada, and in the west, are entering a new era of turbulence and disruption. There is now a clear consensus that the post-Second World War era, that period which provided the basis for peace in Europe, is now behind us. Though disfigured by mass oppression in Eastern Europe, it nevertheless provided for relatively peaceful global decolonization on a scale unknown in history. It was at the same time a period of unprecedented expansion of production, wealth and opportunity which seemed to offer so much hope for peaceful change and development. All this is now behind us and we are embarked on a new period which is clearly a dangerous one.

Despite our hopes and dreams of what might have been, we are faced with the ceaseless build-up of military power on the part of the Soviet Union. Naked repression continues in Poland and in Afghanistan. As the bloody war between Iraq and Iran comes to an end, it is replaced by another outbreak of fighting in the Middle East, this time in Lebanon. Conflicts fester in Asia and Africa; and nearer to us, in Central and South America, the temperature continues to rise. I am sure that I do not have to draw your attention to the conflict in the Falkland Islands which has recently come to an end, showing to what extent old and new grievances continue to clamour for resolution, often by force of arms. Above all this, there remains the terrifying threat of nuclear war.

The great hope that many of us once entertained for a just and effective international order, of which the United Nations would be an essential part, seems hardly likely to be fulfilled in the foreseeable future.

Through all of this, the national governments of the free world find themselves necessarily preoccupied with the pressing problems and choices of unaccustomed economic difficulty and consequent social and political pressures. There is today a new level of concern in Canada about what all this means, about what specific action we should take, here in our own country and in the free world as a whole, to see our way through these difficult times. But, first, we must seek and secure the peace which is the necessary foundation for renewed progress and optimism.

The minister states that he must highly commend the late Senator McDonald's initiative in establishing the Senate Subcommittee on National Defence. Under the leadership of Senator Lafond, the subcommittee has proven highly success-

ful and provides a valuable service to Canada. It has become one of the most active committees of the Senate. He wants to congratulate the members of the Subcommittee on National Defence for their excellent work, and to assure them that the government and, in particular, the Cabinet Committee on Foreign Affairs and Defence—of which I, honourable senators, am a member—has found their first report to be extremely useful and is looking forward to subsequent reports. Having said this, the minister wants to comment on the issue of implementation.

The question is not simply one of funding, even though implementation of the major recommendations of the first report would require fairly large doses of additional funds to be allotted to defence. It is rather a question of how Canada, as a member of the North Atlantic Alliance, is to respond to the still emerging security requirements of a changing and far from encouraging strategic setting.

It is the nature of these changes in the strategic setting and their implications for the collective security of the alliance that have been the focus of recent discussions within NATO. He believes that the alliance has emerged from this spring's meetings with a renewed sense of confidence—confidence in our ability to deal with the challenges which lie ahead.

The nuclear planning group meeting held in Colorado Springs was a most constructive and useful one. We dealt with a wide range of issues related to both nuclear arms and to arms control in general. The Minister of National Defence was most impressed by the strength of the consensus which continues to exist in favour of a balanced approach to collective initiatives regarding these two crucial security elements. President Reagan's recent initiatives with respect to strategic arms reductions have strengthened this balance, and the minister says that he certainly hopes that they get the serious response they deserve from the Soviet Union.

With the resumption of the process, that is, the strategic arms reduction talks, and the continuous INF and MBFR negotiations, the alliance will have in place, for the first time, a coherent and comprehensive set of arms control measures and initiatives that bear on the full spectrum of the force structures of both sides—strategic, theatre, nuclear and conventional. With respect to intermediate range nuclear weapons, there was strong support among alliance members for continued movement along the modernization track of the 1979 two-track decision. This was seen as a necessary incentive to the Soviet Union entering into serious arms control negotiations with regard to Euro-strategic systems.

Before leaving the issue of arms reduction negotiations, the minister mentions another subject raised at the NPG this spring, that is the announcement that Canada has entered into negotiations with the United States regarding the use of Canadian test and evaluation facilities, particularly for the Cruise missile system. It was extremely well received by all NATO colleagues. Certainly, the warmth of their reception reinforces the minister's belief in the wisdom of Canada's decision.

The ministerial meeting of the NATO Defence Planning Committee was held early this month in Brussels. The discussions focussed on issues very similar to those raised so well in the reports that we are examining here. One of the principal matters dealt with in these meetings was the presentation to ministers of "force goals" for the following 5-year NATO planning period.

The need to improve the conventional strength of the alliance was underlined at the DPC. This was necessary as a means both to raise the nuclear threshold and to compensate for forces committed to NATO, which, due to unforeseen national circumstances, may need to be deployed outside the NATO areas.

The current situation in the Falkland Islands is a case in point. Such unanticipated military developments, requiring a response by a member of the alliance, can arise very quickly and have significant ramifications. The potential for such developments in today's international environment appears great. One cannot predict such situations definitively, but it is important that, when such situations do arise, the member nations of NATO are able to respond in a timely and effective manner. Our ability to respond effectively may, in fact, ensure that such situations are less likely to arise in the future.

● (1450)

It is our hope that Britain's action in the South Atlantic in response to recent Argentinian aggression, and in support of liberty and international law, will serve to deter the use of force by other nations in similar disputes.

The firm support of Canada and the alliance for Britain's principled action will, states the minister, add to the overall deterrent effect.

Further, this demonstration that it may be necessary for national forces that are committed to NATO to be deployed outside of the NATO area makes it even more important that Canada's forces and those of other allies are fully able to assume their role effectively and that they can be relied upon if such a situation arises again.

The minister states that, as the Senate report is careful to point out, the force posture towards which we are still working was elaborated in the early 70s and adopted in 1975. However, this was before many of the trends that are now of such concern to us had developed and become so clear. The questions we in Canada and in other allied countries must grapple with are very difficult ones, and, while they are not entirely new or surprising, they are of the kind that take time to adequately assess and to then be reflected in policies and programs.

The defence program that we are familiar with was based, to a large degree, on the assumption that the nuclear aspects of deterrence would have continued stability, and on the related assumptions that armed conflict was in fact extremely unlikely; and that, in the unlikely event that there was a conflict, it would have been of short duration.

The government is in fact wrestling with the questions of how to create and maintain modern Canadian forces that are

sustainable in combat in a way that permits the maintenance of an overall balance of capabilities at a cost that is affordable in the prevailing economic conditions. We are doing so not because we expect to have to fight a war, and still less because we want to, but because a credible conventional capability sustainable in combat appears today increasingly important and relevant to the maintenance of effective deterrence.

The report on manpower is extremely helpful, says the minister, in establishing a measure of requirements suited to the strategic situation now facing us and in identifying the options that may be available to us. He says that he can certainly tell honourable senators that the report is well informed and helpful. With very few exceptions, the Minister of National Defence agrees with it and accepts the good sense of virtually every one of the recommendations. Those that can be implemented without a new set of decisions by the government on changes to the overall balance and capabilities of the forces are already either being implemented, or are being studied with a view to seeing how they may best be implemented.

The minister then turns to a detailed discussion of our first report. He states that the first recommendation urges that the preparation of a white paper be undertaken immediately in order to assess manpower and other military requirements against our collective defence commitments and the threats to Canada. White papers on defence have been used mainly as vehicles by which the government lays before Parliament, and the public, decisions which it has taken on major new policies or on major changes in policy. In other words, they have been used as vehicles for announcing policy decisions rather than as mechanisms for stimulating public debate on policy issues and policy options. A decision by the government to undertake preparation of a new white paper on defence at some future date would indicate its intention to carry out a major review of its defence policy and of the force posture and resource allocations needed to give effect to it. It would appear, therefore, in the view of the minister, that the committee is in effect recommending the conducting of such a defence review.

The government has been sensitive to the gap which has been developing between the requirements of our defence undertakings and the availability of resources. This gap has been the subject of considerable concern and study both within the Department of National Defence and in Parliament. It is in this context of concern, brought on by a changing strategic situation, that a public review of the major defence issues now facing Canada, either preceding or accompanying a further review by the government, could prove useful as a source of advice to the government. The work already accomplished and ongoing of the Senate committee, as well as of the House of Commons Standing Committee on External Affairs and National Defence, is an important contribution to such a public review, in the view of the minister and the government. The Minister of National Defence is considering how this work might best be integrated into a more comprehensive study in which Parliament clearly should be a leading participant.

Let me now turn to the second recommendation, manning levels and military viability.

The report recommends that military viability—that is, the capacity to execute competently the military tasks demanded of them—remain the essential criterion for judging the operations of armed forces. The subcommittee has expressed doubts that the establishments of the Canadian Forces are appropriate to their commitments and tasks. It suggests, for example, that Canada needs a strength of 108,000 troops and would be short about 20,000 trained and effective men and women if a general war broke out. It questions whether the reserves would provide adequate manpower, and feels that the augmentation of the Canadian Forces in Europe, and the provision of a brigade to the north flank of NATO, would leave less than adequate numbers for the defence of Canada.

The Minister of National Defence fully concurs in the recommendation that military viability remains the essential criterion for judging the operations of armed forces. The subcommittee's identification of a manning gap supports the assessment of the department. Of course, there have been changes in both the recognized manning ceiling and the actual manning of the forces. The strengths required to enable Canada's units and formations to be viable at the outbreak of hostilities, and in subsequent battle, has been identified in the past year in the Mobilization Planning Task Force Report, and in the ongoing Quinquennial Manpower Review.

Most importantly, the minister has, in a separate submission to Cabinet, as well as in the 1983-84 Strategic Overview, outlined what the Department of National Defence requires in terms of personnel, operations and maintenance, and capital procurement funding in order to viably meet and sustain Canada's military commitments. The committee's analysis and recommendations, in the view of the minister, will be most helpful to the government in examining these submissions from the Minister of National Defence.

Let me deal now with manning the commands and other sectors. The main part of the report analyzes in some detail the missions and the strengths of the functional commands and the other organizations which constitute the Canadian Forces. On behalf of the minister, I will touch briefly on each one.

The first deals with Canadian Forces in Europe. The examination of our forces in Europe focusses on the need to augment

Canada's brigade in Germany during a crisis, and on its subsequent need for reinforcements. It then goes on to suggest that, in the final analysis, 7,600 troops are required in order to provide an effective and balanced land brigade in Europe. The committee has therefore urged, in recommendations 3 and 4, the minister says, that a NATO augmentation exercise be carried out as a first step towards recasting Canada's contribution to NATO; that our total military strength in Europe be increased to 7,800 by 1985; and that this strength reach 10,000 by 1987.

The Minister of National Defence shares the committee's concern that the augmentation of the Central European theatre, in order to bring units up to war strength, does indeed depend upon arrangements which could be disrupted in a real emergency. An augmentation exercise such as the committee recommends could probably be set up, albeit at considerable expense, but it is open to question whether it would really provide new information.

In studying the committee's concern that troop strength in CFE may be inadequate to meet the increased needs of sustained conventional land combat, the minister tends to share the views of the Senate committee. However, while the committee's estimate of the brigades' requirements do indeed reflect professional military advice, the government is also faced with suggested increases in the number of manned aircraft in the air group, as well as the need for more sustained administrative support for all of our forces in Europe. The department is, therefore, in the process of identifying the total numbers of personnel and materiel which would be needed in Central Europe in a crisis.

Honourable senators, I now make the unusual request that I be permitted to adjourn this debate at this point. A special Cabinet meeting has been called for 3.15 p.m. today, and I must be present. I would be pleased to continue with the balance of my remarks next week, if that is satisfactory to honourable senators.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

On motion of Senator Perrault, debate adjourned.

The Senate adjourned until Monday, June 28, 1982, at 8 p.m.

THE SENATE

Monday, June 28, 1982

The Senate met at 8 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem*, in the Chair.

Prayers.

To enable honourable senators to hear the budget speech, the sitting was suspended to resume at the call of the bell.

At 9.10 p.m. the sitting was resumed.

ACCESS TO INFORMATION BILL PRIVACY BILL

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-43, to enact the Access to Information Act and the Privacy Act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other acts in consequence thereof.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be placed on the Orders of the Day for second reading at the next sitting.

The Hon. the Speaker *pro tem*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

BANKING, TRADE AND COMMERCE

CHANGES IN COMMITTEE MEMBERSHIP

Hon. Ernest G. Côtteau, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Steuart be substituted for that of the Honourable Senator Austin on, and the name of the Honourable Senator Stanbury be added to, the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

The Hon. the Speaker *pro tem*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at 3.30 o'clock in the afternoon tomorrow, Tuesday, June 29, 1982, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker *pro tem*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

THE SENATE

COMMITTEE MEETINGS—ALLOCATION OF ROOMS

Hon. Jack Marshall: Honourable senators, I wonder if I could pose a question on committees. Two committees are to meet tomorrow morning at 11.15. This causes a hardship to those senators who happen to be members of both committees, and who are interested in the activities of those committees. Is there no way that the times can be changed so that we can have proper attendance at both? Why are two committees sitting at the same time tomorrow?

● (2115)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I share the concern expressed by the honourable senator. I appreciate the problem, and we try very hard to avoid it. I agree that it is quite undesirable, but unfortunately we were unable to arrange the committee schedule any differently for tomorrow in view of the pressure of legislative business. I shall take note of what the honourable senator has said and we shall try to avoid placing senators in the position of wanting to attend committee meetings and finding themselves unable to do so.

Senator Marshall: Honourable senators, would the Deputy Leader of the Government advise us of the reason why the Foreign Affairs Subcommittee on National Defence was unable to use room 256-S today. That subcommittee normally uses that room each week. The reason given for the move is that the CBC wanted to use room 256-S for interviews. Who gave the CBC permission to do that and to disrupt the subcommittee's schedule? Was permission given by the Senate?

Senator Frith: Honourable senators, permission was not given by me or by anyone in the office of the Leader of the

Government. I do not know the answer to that question, but I shall try to find out. I can say that neither I nor the Leader of the Government gave permission.

Hon. Jacques Flynn (Leader of the Opposition): Did they take the majority for granted?

Senator Marshall: I hope the Deputy Leader of the Government will look into that. I will keep reminding him.

QUESTION PERIOD

[English]

BUSINESS OF THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, before putting some questions on the budget, I should say that I notice the absence from the chamber of the Minister of State for Economic Development, who normally would be the one to reply to such questions.

Hon. Martial Asselin: He is lucky to be abroad.

Senator Flynn: I am quite sure it was planned in advance that he would be away this evening.

Hon. Raymond J. Perrault (Leader of the Government): No, no.

Senator Flynn: His place is here.

Senator Perrault: The minister is abroad in the service of the country.

Senator Flynn: I know it is in the service of the country, and it benefits the country when the minister is away. The farther away he is, the better it is. In any event, before we deal with this hypocritical budget—

An Hon. Senator: A good word.

Senator Flynn:—in order that we may be able to frame our perspective, I would like the Deputy Leader of the Government—it is usually his responsibility—to tell us exactly what is in store for the Senate before the Senate adjourns for the summer recess. I know that there will be the budget debate in the other place, which, I understand, will take at least six days. I am not certain whether it is the government's intention to continue with legislation, and for the other place to send us more bills than we have already received. We now have Bill C-43, but I would like to know exactly what is expected of the Senate under these rather peculiar circumstances.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I can only give an opinion—

Senator Flynn: You should be able to give us more than that.

Senator Frith: I cannot make an exact prediction, but I can say that in my opinion it is unlikely we shall have any

legislation in addition to that which we have already received, leaving aside the budget for the moment. We shall have to deal with any bills that were passed in the other place today. I do not know which bills were passed today, other than the one we have just received, Bill C-43. I am not certain whether they have passed the urea formaldehyde foam insulation bill; if so, we might get that.

It is my opinion that starting tonight and for the next six days the other place will be dealing with the budget. It is not clear whether any legislation will flow from that. The Leader of the Government may have something to add to what I have said.

● (2120)

I have not been told that any emergency legislation will arise from the budget. Therefore, I believe that the target is to adjourn at the end of next week and that, as implied in the question of the Leader of the Opposition, the only legislation we have to deal with is the legislation we have already received. The only other piece of legislation I can think of is the one I have mentioned.

Honourable senators, I had intended to speak to the Leader of the Opposition before this evening's sitting, but not having had the opportunity to do so I now ask him and other honourable senators present to consider whether it would be a good idea for the Senate to sit on Monday evening of next week in order to get a head start on our business. That would encourage committees to meet on Tuesday morning, and it is conceivable that we could finish before the other place.

Senator Flynn: I thank the Deputy Leader of the Government for his comments. I agree with his suggestion that we sit next Monday evening, as long as there is the assurance that no other bills will come before us, apart from those passed today in the House of Commons. I understand that we have received Bill C-43, and I do not suppose that any other bill was given third reading in the other place today, otherwise we would have received it tonight.

Therefore, if the program for the Senate for this week and next week is to deal with the bills that are now before us, including the energy bills, Bill C-43, Bill C-115 and those which are on the Order Paper, then it is quite possible that we could adjourn on Thursday of next week.

I point out that if the six days allotted for the budget debate in the other place begin tomorrow, then next Thursday will be the last day of that debate. In that case, we would certainly be agreeable to the deputy leader's suggestion. I must conclude from his remarks that no legislation flowing from the budget will be presented before we adjourn for the summer. Of course, if the budget measures introduced tonight have a retroactive effect, as was the case with the November 12 budget, except for those measures that were cancelled—but that is another matter, and I do not know whether the same thing will happen with regard to the present budget—there will be no need to introduce the related legislation until we return in the fall either to continue this record session, as far as duration is

concerned, or to start a new session, only the second of this Parliament.

Senator Frith: Honourable senators, I have given my prediction based on my understanding, but life always has its surprises.

Senator Flynn: Even for you.

Senator Frith: By saying what I have just said, I do not mean to imply that I am expecting anything else. I have been completely candid. I agree with Senator Flynn that, as far as I know, all the budget measures introduced tonight can be implemented and take effect in the traditional way; that is, by the ways and means motions referred to by the Minister of Finance in his speech. At any rate, I have not been told of any legislation flowing from the budget. And if, as Senator Flynn has said, there are going to be six days of debate, there is no reason to believe that we will be receiving any legislation other than what we already have.

THE BUDGET PROVISIONS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask for some clarification respecting the statement made by the Minister of Finance, if there is anyone on the other side who at the moment feels inclined to clarify it. I realize that they probably heard the speech for the first time themselves tonight. It may be that I am a little premature in asking questions in respect of it.

● (2125)

I would ask, for example, if the government could give us a tabulation of those categories of persons who will be affected by the decision to reduce the indexing feature of our fiscal system to 6 per cent and those categories of persons who will not. I am particularly concerned to know whether the 6 per cent indexing feature is now to be applied to personal income tax. If so, perhaps the amount of the extra tax could be quantified. I think that in those other cases where the 6 per cent factor is involved we should know the quantification of the amount involved in the new policy, if that is clear. I should like to know who gains and who loses.

I should also like to know whether there are other types of expenditures besides expenditures benefiting persons who are included in this 6 per cent principle. Would it also involve payments to provinces? Are any government grants or fiscal transfers or matters of that sort included in this 6 per cent principle?

We were told by the minister that he is finding from other programs the money he wants for the employment transfers he has been talking about. Naturally, I am anxious to find out who gets and who gives with respect to this new arrangement, because at first hearing it appears that what is largely taking place is a re-ordering of priorities; in other words, money is being taken from current expenditure categories of various kinds and is being accumulated to support employment measures, which apparently amount to some \$800 million in the

[Senator Flynn.]

present fiscal year. So I am really anxious to trace the flow of funds to see where the money is coming from and where it is going.

When we come to considering where the money is going, I should also like the minister to give us some idea of what the employment-creating—if I can use that completely inaccurate expression—feature of these revenue transfers is. There is so much for housing expenditures, so much for the creation of new jobs and all that kind of thing. I am interested to know what the government's estimate is of the number of new jobs that attaches to each one of those new programs. I have the feeling that, while these measures may be commendable in themselves—certainly, anything that creates jobs will be helpful to somebody—one really has to know how much is involved. We know that we have a 10.2 per cent rate of unemployment; we have 1,250,000 people out of work; we have lost one-quarter of a million jobs or more in the last year. I am anxious to know how far the government policies go towards filling that gap. That is an important piece of information, if we are to study the effect of the measures that we have heard about tonight.

It is probably not strictly in accordance with the rules, honourable senators, to ask a series of questions of this kind, but if the House has no objection I should like to continue, because I think the answers are important. We need the information, if we are to bring some informed comment to bear on the government's proposals.

What will the policy of the government be in respect of provincial legislation covering wages? I know that in the province of Manitoba, effective July 1, two different measures are coming into effect, one increasing the minimum wage by 15 per cent or thereabouts and one imposing a 1.5 per cent wage tax, some of which may be borne by the wage earners of the province. It is hard to tell at the moment what the actual fallout from that will be.

● (2130)

I should like to know what the government intends to say to the premier of my province with respect to those measures; whether it accepts them as part of the standard, or whether they should in any way be considered eligible for reconsideration now that this measure has been introduced. I think the 1.5 per cent wage tax is certainly eligible for reconsideration on almost any standard, but I should like to know whether the Government of Canada will make any suggestions to the government of my province in respect to that matter.

I should also like to know whether the government has made any study or estimate of the effect of the change in its cash requirements. When the November budget was announced, I remember well that the missing minister—I should not use that expression. He is not missing. We know dashed well where he ain't; he ain't here. I should say "the minister who isn't here." I do not mean the Honourable Senator Austin, because he is seldom here these days, but the one who pays some attention to our proceedings from time to time—fairly regularly, as a matter of fact—Senator Olson.

I remember last November his expatiating—going on at great length—as to how advantageous it would be to the Canadian economy because the government only intended to borrow \$6.6 billion in order to meet its cash requirements. It is now three times that amount; its cash requirement is now \$17.1 billion. I should like to know whether any study has been made as to the effect of this enormous demand on the savings of Canadians, in two particulars: first, to what extent is it crowding out the private sector; and, even more important, what will that do to the demand for money and, therefore, interest rates and the pressure on interest rates in Canada?

I presume that the Government of Canada has made a study of what this effect will be, because it seems to me that perhaps the most serious fact that has emerged from the statement we have heard this evening is the increase in the cash borrowing requirements of the government. For whatever reason, those requirements are now horrendous. When one looks at the \$19.6 billion deficit, and translates that into American terms, one arrives at a deficit that is so close to \$200 billion that no one would argue with me about it.

The Americans are having a difficult time getting used to the idea of having a deficit of \$100 billion for the precise reason that it will create a demand upon the capital formation in the United States. It will put pressure on interest rates and affect the private sector accordingly if it seeks to expand.

What is the situation here in Canada? How do we assess the weight of this particular feature of the new statement we have heard this evening? It is a technical question, no doubt, but I am sure that the Minister of Finance and his people have some ideas as to what this situation is going to do to us.

There are several other points I could mention, and no doubt when I have had an opportunity to look over the statement in a more substantial form than the rather poor notes I have in front of me, I may be led to ask some more questions, but that might do for a start, and if my honourable friends opposite could let me have that information, hopefully by tomorrow's sitting, we may be able to continue our discussion of the extraordinary statement we heard this evening from the Minister of Finance.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I met with the Minister of Finance this afternoon in anticipation of one or two questions being asked this evening—perhaps even more than one or two!

Hon. Jacques Flynn (Leader of the Opposition): He was able to spare that time, was he?

Senator Perrault: Every effort will be made by the government to provide answers to questions asked about this evening's budget presentation by the Minister of Finance. The questions asked by the Honourable Senator Roblin are indeed important questions. I have replies to some of his questions. Might I suggest that there may be value in incorporating some of the replies in the remarks I intend to deliver tomorrow on the subject of the Honourable Senator Phillips' motion?

● (2135)

Senator Flynn: That's good.

Senator Perrault: Through a happy coincidence I had pledged to make a speech on the state of the economy.

Senator Flynn: You knew that the occasion would arise.

Senator Perrault: I had only an inkling, and it may be an opportunity for other senators as well to participate in a discussion about this evening's budget and allied matters.

I have some information about job creation because, after all, the fundamental purpose of presenting a new budget—

Hon. Martial Asselin: How many jobs?

Senator Perrault: —is to get inflation under some kind of reasonable control and to restore confidence in the economy—

Senator Asselin: How about reducing deficits?

Senator Perrault: —but, most of all, to try to provide employment opportunities for Canadians, many of whom are having a great deal of difficulty.

As to the question about the number of jobs that it is hoped will be created, estimates are not precise. It is hoped that over a two-year period 250,000 jobs can be provided directly, and, hopefully, there would also be indirect benefits flowing from the program.

As to direct job creation, as program specifics of the expanded direct job creation and economic development programs are not yet in place, precise job creation estimates would obviously be premature, and I am only providing a guesstimate when I say 250,000. The Minister of Employment and Immigration and others will no doubt be providing this type of information in the course of announcing specific initiatives.

The basic point is that within the constraint of not further raising our deficit we believe we have reallocated expenditures in a way which will contribute as much as possible both to immediate job creation and to general economic recovery. The 65,000 jobs associated with the new housing initiatives is a CMHC estimate and is intended to refer to person-years of employment. It implies a very low cost per job created as it is anticipated that the new incentives will lever much larger amounts of private spending. The \$200 million new direct employment allocation mentioned by the minister could well create something in the order of 15,000 person-years of direct employment. The Department of Employment and Immigration will probably set out this program impact in terms of jobs as a substantially larger number of jobs than of person-years will be involved as most of the jobs will be well short of a year's duration.

In addition to the employment associated with this new allocation, there will be the employment associated with the \$150 million localized light construction and other projects also being announced now. The estimate here is perhaps 5,000 person-years of employment and 16,000 jobs, and the \$100 million already available for direct employment creation from existing employment and immigration allocations.

The \$300 million for economic development programs, the \$500 million interest assistance for small business, farmers and fishermen, and the lower interest rates made possible when the

tax document proposals are implemented, will all create and save jobs, but estimated impacts are inevitably much more speculative, according to the minister.

The total expenditure level for employment programs at the present time, the \$350 million announced in the budget—\$200 million for direct job creation and \$150 million for labour intensive capital programs—is in addition to some \$450 million which has already been approved for direct job creation over the next two fiscal years. This brings the government's total commitment for direct job creation to more than \$775 million for fiscal years 1982-83 and 1983-84.

In addition, the government will direct some \$800 million to net training expenditures in 1982-83 and \$120 million to the summer youth employment program. In total, direct government expenditure on employment and training will amount to approximately \$1.4 billion in 1982-83 and will be maintained at this level for 1983-84. It should be remembered that, in addition, the government has authorized up to \$170 million in job creation projects and \$340 million in work-sharing projects under the Unemployment Insurance Act in fiscal 1982-83 and 1983-84.

● (2140)

Obviously, the matter of the status of certain provincial government programs, which have been announced in the provinces, will be dealt with when the Right Honourable the Prime Minister meets with the provincial first ministers later this week. I imagine that it will be the intention of the Prime Minister to make a number of comments after that meeting has taken place.

I will have further information on the subject of job creation tomorrow, which I will be pleased to bring to the chamber.

Senator Roblin raised a question concerning job classification categories which will be subject to the 6 per cent ceiling. In this regard, I do not have a specific list this evening, but I will endeavour to obtain that. However, I can make the following general comments.

The choice of a specific ceiling number is, admittedly, somewhat arbitrary. In selecting 6 per cent, the government is seeking to strike a balance between a ceiling which is sufficiently low to provide a clear and significant leadership signal effect for the rest of the economy, and a ceiling which is not so low as to be grossly unfair or excessively disruptive to personal budget plans.

The inflation rate in the United States, Canada's main trading partner, is currently in the 6 to 7 per cent range, and it is thus appropriate that Canadians strive to lower their rate to at least this level in order to remain internationally competitive.

Also, since 1980 the Bank of Canada has been targeting for money supply growth in a four percentage point span centred on 6 per cent and, from this perspective, this figure would also appear to be an appropriate guideline for price and income increases.

With Canada's inflation rate currently being in the 11 to 12 per cent range, and Canadian income settlements running at

[Senator Perrault.]

12 to 13 per cent, the 6 per cent ceiling does require a large incremental downward adjustment. I think we all recognize that. However, with the substantial degree of slack productivity capacity in Canada at the present time, with the continuing strongly anti-inflationary thrust of monetary and fiscal policies, and with the urgency of getting inflation down, given the more rapid progress being made in some other countries, the government believes that the 6 per cent ceiling is both achievable and essential for the long-term strength of the Canadian economy. I will endeavour to provide some specific lists of areas to be covered by this 6 per cent tomorrow evening.

Senator Roblin is aware of the general statement made by the minister tonight with respect to Parliament and crown corporations, but I will certainly have some more information on that subject later.

As yet, I do not have replies to a number of questions asked by the honourable senator. However, I imagine that within the next few hours a number of questions will be asked by those in business and in public life. An earnest effort will be made to bring that information to the Senate tomorrow.

Senator Flynn: Do I understand, then, that the Leader of the Government is going to make his speech on Senator Phillips' motion tomorrow?

Senator Perrault: Tomorrow or Wednesday; whatever is satisfactory to the Leader of the Opposition.

Senator Flynn: It is important for us to know because if, in fact, the Leader of the Government is going to make his speech tomorrow, we may wish to put questions to him now. On the other hand, we could postpone asking questions if he does not intend to make his speech tomorrow.

Senator Perrault: Honourable senators, I pledged that I would make that speech by Wednesday of this week. I would be prepared to make a statement relating to the budget and the economic condition of the country if that is satisfactory, or, if it is more convenient, I would be pleased to do it on Wednesday.

It may be that in the intervening time more questions that the opposition would like to have answered will arise, and I will undertake to obtain that information and bring it to the Senate.

Senator Flynn: On the whole, I think it would be better if the Leader of the Government made his speech tomorrow. There may be as few senators here on Wednesday as there are this evening. I hope that the attendance in the chamber will be a little better tomorrow.

Hon. Royce Frith (Deputy Leader of the Government): They are all out celebrating the news of the road back to recovery.

Senator Flynn: They probably are, but they are doing it in hiding.

● (2150)

There is one question that I ask the government leader to deal with when he speaks tomorrow. How can the reduction of

the indexing to 6 per cent be compared to an increase in the tax rate? I would like to find out whether there is some advantage to reducing the indexing as opposed to increasing the tax.

Senator Roblin: It is the same thing.

Senator Flynn: I think that a lot of people would like to understand exactly why the government is choosing that route rather than the more frank route of an increase in tax.

Senator Perrault: Honourable senators, I think that if one studies the text of the remarks of the Minister of Finance one will be able to identify where he said that for some it will, in effect, result in an increase in taxation. I believe he used those words tonight. I shall be pleased, however, to talk about the indexing and its implications in the course of my remarks tomorrow.

[Translation]

Senator Asselin: I have a supplementary. When the Leader of the Government has the floor tomorrow, could he give us a few explanations, first of all on this evening's acknowledgement by the Minister of Finance that last fall's budget was a disaster; second, on the minister's statement that he had miscalculated the deficit projected in last fall's budget?

This evening, the word is that we have an unheard of deficit of \$19.6 billion. The minister admits that the government must regain the confidence of Canadians and strengthen the economy. How does the Minister of Finance intend to reconcile all this, since his budget makes no provision for bringing down this huge deficit of \$19.6 billion, and there is no mention of by how much government spending will be cut in the course of the year in order to restore investor confidence in the Canadian economy and to help bring down interest rates?

[English]

Senator Perrault: Honourable senators, I felt that the speech made by the Minister of Finance this evening reflected refreshing candour.

Senator Flynn: In comparison to last November!

Senator Perrault: He said that we are searching for a way out of our current difficulty, which we are, no matter which party we belong to. Provincial premiers of the various political persuasions are faced with exactly the same kind of problem that we, as a government, face on a national basis.

Senator Asselin: Yes, but tonight the Minister of Finance was unable to explain the government deficit of \$19.6 billion.

Senator Perrault: Honourable senators, I would be glad to say a word or two about that. Mr. MacEachen said:

It is no comfort to know that the United States is a victim of the same recession. So are all the industrial countries of Europe and, even more cruelly, the developing world. The recession is international. Some of our problems are of our own making—

Yes, that is correct, they are of our own making. Some mistakes have been made; he stated that.

—but a large part comes from abroad. That is why the speed of our move towards recovery cannot be determined by Canada alone.

Who in this chamber would dispute that statement, honourable senators?

Senator Flynn: Certainly not Senator Bosa.

Senator Perrault: Who would dispute the fact that fundamental and full recovery must await the return of our export markets? For example, as the Honourable Senator Bell from British Columbia is aware, we cannot trigger a recovery of the forest industry based on domestic sales alone. The same holds true for the mining industry. We in this chamber know that, of course, although at times we become rather political. All of us, however, regardless of our political persuasion, know that fundamental and full economic recovery awaits a return to a healthy world economy.

● (2200)

Senator Asselin: What did he do to reduce the deficit?

Senator Perrault: He said:

My purpose tonight is to offer Canadians a way to end the recession, and to speed our progress towards recovery through immediate action.

He said this last fall. This is the minister's position. Last November's forecast was admittedly wrong.

Those are his words. He went on to say that it was, however, quite consistent with the views being expressed by the private sector forecasters with unanimity—Data Resources, the Conference Board and the Toronto-Dominion Bank. Last fall most forecasters had expected that the U.S. economy would recover early in 1982 and that interest rates would begin to decline.

Honourable senators, regardless of our political affiliations, we know that this is true. We know this is an accurate statement.

Mr. MacEachen continued by saying that the real GNE in the U.S. is now expected to decline by one and one-half per cent this year, that interest rates are likely to remain high, and that his new forecast reflects these revisions.

Now we talk in terms of the deficit. There has been a concerted attempt, and a largely successful attempt, to fight excessive costs and excessive waste. The reason why the deficit has increased to its present proportions is a decline on the revenue side. Honourable senators know that. When you are not selling lumber products or mining products the tax revenue is not there. That is the way the increase is created. I will, however, go into that to a greater extent tomorrow.

Senator Roblin: Honourable senators, I wonder if I could add a couple of items to the questions I have already asked of my honourable friend.

Without wishing to debate with him the estimates given on November 12 last year, I think it is generally accepted by the economic forecasters in Canada that the minister had better information, but he refused to use it because he had already written his budget speech and did not want to spoil it. How-

ever, we will not get into that, now, otherwise we will be here all night.

When I consider that deficit of \$19.6 billion, I do not know how this country is going to get out of this predicament.

This is the question I would like my honourable friend to answer: What proportion of the total intake of the federal government will be required to pay the interest on that debt? I would like to know that figure. It is 23 cents on the dollar now. What is it going to be as a result of this new figure that has been given to us? I have to admit that I was a piker. I thought it might go up to \$17 billion or \$18 billion, but I certainly see that I am not in a position to give a forecast on that subject.

I would like to ask my honourable friend if he will give us a clear statement of those items in the budget of November 12, 1981 that have been dropped, but which are effective and still in the mix. I am particularly concerned to know the timing of these things, because as I heard the minister tonight he made some further changes in his budget—if you can believe it—some of which were limited as to time. They were only a postponement of something which, in my opinion, was bad in the first place and should have been dropped entirely. I am anxious to get clarification on what has happened to the 1981 budget, what was thrown out, what was modified, what is still alive, so that the poor taxpayers of this country can have those points put to rest. How you can conduct a business with such a budget still floating around at the end of June I cannot imagine.

I also would like my honourable friend to clarify for me the amounts that are new allocations of expenditures for employment creation, and those which are already in the package, like the sharing of time in factories, and charges against the unemployment insurance fund, because, as I listened to the minister on the television tonight, he had me thoroughly mixed up as to what he was talking about that was new, and what he was talking about that was already in effect.

On that point, what is the policy of the government about financing the deficit in the unemployment insurance fund? We have had drafts drawn on that fund to the tune of, I think, close to \$500 million. I may be overstating the amount, but I think it is in that neighbourhood. An amount of \$500 million is being taken from the unemployment insurance fund to finance a lot of these moves. Somebody has to make that up. It has to be paid for. It is paid for either by the government making it up, or by employers and employees, the workers and the owners of firms, paying it through an increase in the unemployment insurance rates that they pay on their weekly or monthly payrolls.

I would like the minister to clarify that point for me. This has been raised before in this house, once by me and a couple of times by my honourable friend from Nova Scotia, Senator Donahoe, and we have never had a satisfactory answer. We were told, as I recall, that when this new statement known as the budget came down that point would be clarified. I would,

[Senator Roblin.]

therefore, like my honourable friend to make that particular point clear, if he will. It would help me a good deal in trying to understand exactly what particular horse is being sold to us tonight.

Senator Perrault: Honourable senators, I have a response to at least one of the questions asked by Senator Roblin and others, including Senator Asselin.

In November last a budgetary deficit of \$10.5 billion for the fiscal year 1982-83 was projected. Now we are forecasting a deficit of \$19.6 billion. The increase in the projected deficit this year is almost entirely the result of the operation of automatic stabilizer mechanisms within the fiscal system. I think this was mentioned earlier this evening by the Minister of Finance. He said that it does not to a significant degree reflect discretionary actions designed to stimulate the economy; however, it is true that the widening of the deficit will provide an offset to the short-term weakening in other sources of aggregate demand within the economy, and thereby help stabilize the level of economic activity.

The minister states that the weakening in the economy has led to slower growth in the tax bases, personal income, corporate profits, imports, and so on, and thereby to slower revenue growth. At the same time, unemployment insurance benefit payments have risen with the level of unemployment.

This is one of the automatic stabilizer mechanisms which he mentioned. He went on to say that interest charges on borrowing to finance the growing deficit have also risen, that the currently projected growth in nominal GNP this year is over 5 percentage points lower than forecasters generally expected last fall, and that under these circumstances it is virtually inevitable that the deficit will rise dramatically.

Honourable senators know that figure. I will be glad to provide further comment tomorrow.

Senator Roblin: Will my honourable friend be sure to deal with the question of the cash requirements of the government? The deficit is one thing, and is horrendous enough, but the cash requirements—that is, the drain on the savings of Canadians, and the burden being imposed on future generations to pay for this extraordinary situation—need to be clarified. When one considers that the cash requirements have risen from \$6.6 billion to \$17.1 billion, which is an increase of close to three times, as compared to an almost doubling of the actual deficit, their impact has to make everybody very concerned indeed. I hope that when the minister speaks on my colleague's motion tomorrow he will be sure to deal with the question of cash requirements and its effect on the Canadian economy.

Senator Perrault: I will do that.

Senator Roblin: I will be listening.

Senator Flynn: I would appreciate also knowing whether the government side approves the motion, since it calls for a new budget, which we now have.

Senator Perrault: We have been doing some creative thinking about the wording.

Senator Flynn: About the reply?

Senator Frith: And, as usual, accepting constructive criticism.

Hon. Peter Bosa: Honourable senators, since the Leader of the Government in the Senate has undertaken to clarify some aspects of the budget as a result of the questions put to him tonight, I wonder if he would clarify one further point for me. It was announced tonight that increases for members of Parliament would be limited to 6 per cent for the year ending in July 1983 and 5 per cent for the following year. What will happen with regard to those salary or contract settlements that took place prior to today? There were settlements in the neighbourhood of 12 and 13 per cent in other segments of society. Will they be subject to revision, or will they be allowed to stand?

● (2210)

Senator Perrault: Honourable senators, the guidelines described by the Minister of Finance this evening do not apply to the private sector. They serve as an example to the rest of the community. We hope that, starting with provincial governments and other governments in this country, the example will be followed by those in the private sector.

In my view, one of the best phrases used by the Minister of Finance in his budget speech this evening was that 12 per cent represents the world of recession and 6 per cent represents the world of recovery. That is what we hope for: the world of recovery. It is a challenge to a free society to demonstrate that responsible men and women, conscious of their responsibilities for the national good, will act responsibly and will not ask more of the nation than the nation is able to provide in terms of salary and wage increases.

Senator Bosa: Honourable senators, I was referring to other segments of society, but not necessarily the private sector.

Senator Asselin: Yesterday the railroad employees accepted 12 per cent, as did the CBC employees.

Senator Bosa: I am referring to that particular sector of society that falls within the federal jurisdiction. The Leader of the Government does not have to give me the answer now.

Senator Perrault: I will take the question as notice and will attempt to deal with it tomorrow.

PRIVACY BILL, 1980

MOTION FOR SECOND READING—ORDER DISCHARGED

On the Order:

Second reading of the Bill S-9, intituled: "An Act to extend the present laws of Canada that protect the privacy of individuals and that provide individuals with a right of access to government files containing personal informa-

tion relating to themselves".—(*Honourable Senator Flynn, P.C.*).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, in view of the fact that we now have Bill C-43 before us, which bill deals with the privacy problem involved in this measure, I ask leave to withdraw Bill S-9.

The Hon. the Speaker pro tem: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order discharged and bill withdrawn.

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—DEBATE CONTINUED

The Senate resumed from Wednesday, June 23, the debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces", tabled in the Senate on February 10, 1982.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I appreciate the courtesy you extended last week in allowing me to adjourn the debate on the consideration of this report when it was necessary for me to attend a meeting of Cabinet. As a consequence of attending that meeting I was unable to complete the statement I was in the process of delivering on behalf of the Minister of National Defence. There is only a comparatively short portion of it remaining.

Hon. Martial Asselin: If the Leader of the Government is prepared to table it, we will accept it.

Senator Perrault: I would rather present it. We have not yet accepted the congressional style of debate. It might establish a dangerous precedent.

An Hon. Senator: But it might save a lot of time.

Senator Perrault: No doubt it would. Honourable senators, the minister expressed great interest in the Senate proposals regarding troop strength and CFE.

In studying the committee's concern that troop strengths in CFE may be inadequate to meet the increased needs of sustained conventional land combat, the minister tends to share its views. However, while the estimates of the brigade's requirements do indeed reflect professional military advice, the government is also faced with suggested increases in the number of manned aircraft in the air group, as well as the need for more sustained administrative support for all our forces in Europe. The department is therefore in the process of identifying the total numbers of personnel and materiel which would be needed in central Europe in a crisis.

The committee's examination of Mobile Command questioned the viability of the land forces which we have committed to Norway and to Denmark, the adequacy of the number of troops remaining in Canada after the implementation of our

NATO commitments, and the adequacy of the manning, equipment and tasking of the militia and the supplementary reserve.

Recommendation 6 suggests a review of our commitment of a brigade and a battalion group to the north flank of NATO.

Recommendations 5 and 7 recommend a significant increase in the strength of Mobile Command; and recommendation 8 suggests an overhaul and expansion of the reserves.

The committee's assessment of the difficulties of meeting the land portion of our north flank undertaking is indeed consistent with that of the Minister of National Defence. In an effort to resolve at least some of these obstacles, the government has already approved the prepositioning, in Norway, of the equipment for the lead battalion group.

The figures and conclusions in regard to both the regular force strength of Mobile Command and the land reserves, although a year and a half old, remain substantially correct. The subcommittee on National Defence has, in fact, put its finger on an issue which is of concern to most of the countries of the North Atlantic Alliance—the need for stronger conventional land forces, both regular land reserve, capable of resisting a Warsaw Pact thrust without having to immediately resort to nuclear weapons. The total force concept, based on both the regulars and reserves, and now adopted for the Canadian Forces, is a response to this concern. However, as can be well understood, before major changes in regular and reserve force strengths, organizations, missions, equipment and training can be effected, such changes must necessarily be preceded by policy decisions by the government, which address the degree to which the changing conventional force needs of deterrence can or should be met by adjustments to Canada's military posture.

The Minister of National Defence has given considerable attention to this issue and, as I mentioned earlier, intends to submit to the Cabinet his assessment of the current ability of Canada's forces to meet and sustain their commitments in a crisis, as well as policy and funding options which would address deficiencies.

The report then turned to a discussion of Maritime Command. The minister believes that the subcommittee will have much more to say on naval matters when it presents its second report and he is looking forward with great interest to its conclusions and recommendations in regard to Maritime Command. It is perhaps wise, he suggests, for us to wait for that report before commenting.

The subcommittee's examination of Air Command recognized a shortage of personnel within Air Command, and the close relationship in that environment of personnel strength to equipment. The report also focused on the desirability of being able to airlift a brigade of troops into Canada's northern and coastal frontier region. Recommendation 12 suggests that current shortages be met but that no further increases be provided unless equipment holdings are increased. Recommendation 11 urges a northern airlift exercise.

[Senator Perrault.]

The basic premise underlying the Senate committee's recommendations on the manning of Air Command is correct, although the minister states that the situation and, in particular, the identification of detailed personnel requirements evolves over time. In regard to the suggestion that we be able to airlift a brigade into the north, the minister believes that without getting into classified details, our intelligence assessment of the threat to Canada's north does not really justify that sort of capability. This does, of course, raise the policy issue of the priority which Canada should give to northern defence and whether the threat of Russian attack is the sole criterion to determine our capability in this area.

Recommendation 13 proposes an immediate expansion of the training system, in order to meet, among other goals, the needs of mobilization. The Department of National Defence is, in fact, in the process of identifying additional training resource needs for both peacetime and wartime expansion.

• (2220)

Recommendation 14 urges that the cadet movement be given further recognition and all possible support. The government recognizes the services the Canadian cadet organizations perform in forming good citizens, fostering qualities of leadership and discipline and in encouraging positive attitudes towards Canada's armed forces. The government will continue to support the Canadian cadet organization to the fullest extent possible.

With regard to personnel, the report provided a separate chapter on specific problems. After examining a number of interrelated personnel issues, it recommended, in Recommendation 15, that combat-readiness be re-emphasized, that greater consultation be carried out with the operational commands and that defence organizations be addressed.

The Minister of National Defence concurs with much of this analysis and the department has already taken many steps to correct the problems that have been identified. The commanders of operational commands now attend the minister's defence council meeting as well as the key departmental Defence Management Committee meetings.

In regard to organization, the subcommittee's suggestion that commands be given a greater role does indeed have its proponents; however, there are also those who recommend quite the opposite—that is, that the senior general in each environment be located permanently in Ottawa, close to the center of decision-making. The minister states that perhaps this is an issue which is sorting itself out through quiet evolution.

In Recommendation 16, the subcommittee's report also urges the Department of National Defence to seek certain exemptions from the Charter of Rights and Freedoms. This issue received a flurry of publicity a few months ago. The department has, subsequent to the report, identified those specific areas which could cause problems. However, as with any new law of this nature, the way in which it will be interpreted by the courts will take some time to ascertain. In

the meantime, the Minister of Justice does not feel that we have a problem.

The subcommittee report ends with a section entitled, "The Canadian Forces in the Future". It proposes that the manning of the Canadian Forces be increased beyond the currently planned level, and that, "The entire defence structure should also be made more combat-effective." It recommends a regular force strength of 85,000 by 1985 and a strength of 91,800 by 1987. It also recommends a total reserve strength of 47,500.

It is, of course, always difficult to identify with any precision the military requirements of the future. The subcommittee developed its suggested force model without the benefit of the departmental studies which have since been carried out on the requirements of sustained conventional combat in Europe and the mobilization needs of the Canadian Forces. Nevertheless, in the view of the minister, the judgment which is reflected in the report is consistent with the general thrust of these studies. What is at issue is the question of how long Canada should be able to sustain its military commitments in conventional combat. This is an issue which, as the minister mentioned earlier, the government will be addressing over the summer months.

The report identifies the costs associated with its recommended increase in manning. These figures reflect the data which the department provided the subcommittee in November, 1981 and are reasonable and adequate for planning purposes. However, the subcommittee has also identified costs for the necessary equipment associated with such an increase. The minister admits that these figures appear to be rather modest. It is indeed correct that much of the increase would be used on currently under-manned equipment or prepositioned equipment. However, the department's estimates of the initial additional capital requirements for an increase in force structure are substantially higher than those indicated in the report.

In discussing funding, the subcommittee appears to be well aware of the projected size of the defence envelope. Nevertheless, it calls for more expenditure on defence implying that the additional personnel costs—in the order of \$350 million per year—should be added to the current commitment to increase the defence budget by 3 per cent per annum.

There is no doubt that an increase in personnel, such as the report has recommended, would necessarily have to be accompanied by the required additional funding. The defence envelope is very tightly programmed and there is therefore very little flexibility in it which would enable a transfer of funds from capital to personnel. Without an increase in the defence envelope, an increase in personnel would place acute pressure on both the capital program and the operations and maintenance of existing forces.

In conclusion, the Minister of National Defence shares the concern of the subcommittee for the capability of the Canadian Forces to meet all assigned commitments now; to augment and reinforce the combat elements to a viable level from a limited resource base in an atmosphere of increasing risk; and, in the event of war, to sustain the commitments in a militarily

feasible way for an appropriate length of time. The minister thus supports the subcommittee's identification of an imbalance between commitments and resources and the requirement to resolve it. It should, however, be noted that despite the validity of the analysis and recommendations in the subcommittee's report, an increase in manning will not, alone, solve the dilemma in defence. The capital requirements to meet our authorized force posture will, as in the case of personnel, not be met for some time even at a continued budgetary growth rate of 3 per cent. An increased force structure would, to a considerable degree, further exacerbate this difficulty.

However, as the minister states, the Senate report has shown that a gap exists between mission and resources and has clearly identified the dilemma facing the government in addressing this problem. In this sense it has performed an undeniable service.

Hon. Duff Roblin (Leader of the Opposition): Honourable senators, I am not about to make a speech, but I take it that the minister has given the official government response to the Senate report and, no doubt, the members of the committee will read it with some interest. My question is: Did the minister say anything about the basic recommendation of that report, that there should be a new white paper on defence?

Senator Perrault: Honourable senators, I will take the question as notice, as I do not have the immediate documentation at hand.

Senator Roblin: I guess my ears did not deceive me. I listened for that point and heard nothing about it. It is really the key recommendation of the report, as I understand the matter. If the minister could tell us what the government is going to do about that white paper, I would be very happy to know.

Hon. Charles McElman: Would the Leader of the Government accept a question with respect to the military, as it relates to the budget, and perhaps provide an answer tomorrow?

Senator Perrault: Yes.

Senator McElman: I have before me a document, which is one of the budget papers, entitled "Supplementary Information and Notice of Ways and Means Motion on the Budget". The second part of Table 2.3, on page 13, which is headed "Government of Canada Budgetary Reallocations", deals with "Funds made available for reallocation from:" and the fifth item down is "Military pay and defence reprofiling". The allocation for fiscal year 1982-83 is \$100 million and for fiscal year 1983-84 another \$100 million, which means a reduction in those two fiscal years in defence spending through military pay and defence reprofiling of \$200 million. Would the Leader of the Government make an inquiry and obtain information defining the reduction in military pay—whether, for example, it is a reduction of numbers in the forces—and defence reprofiling with respect to expenditures?

Senator Perrault: I would be pleased to take the question as notice and attempt to reply tomorrow.

Hon. Gildas L. Molgat: Honourable senators, if the Leader of the Government is prepared to take questions as notice, I wonder if he would accept another one.

● (2230)

I should like to refer to a news release which came to my desk today. It is dated June 18, 1982, and reads as follows:

Defence Minister Gilles Lamontagne has announced pay increases for Canadian Forces Reserve personnel below the rank of Brigadier-General retroactive to April 1st. The overall increase averages 11.0 per cent.

The new rates of pay continue the policy of comparability between the Regular Force and the Reserve Force.

Will these increases now be subject to the new policy announced by the minister tonight and will increases for both the regular force and the reserve force be reduced to 6 per cent?

Senator Perrault: I will deal with that question tomorrow, honourable senators.

Hon. G. I. Smith: You will have a busy day tomorrow.

Senator Perrault: Tonight!

On motion of Senator Molgat, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, June 29, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

THIRTEENTH REPORT OF STANDING JOINT COMMITTEE PRESENTED

Hon. John M. Godfrey: Honourable senators, I have the honour to present the thirteenth report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix, p. 4487.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Godfrey: Honourable senators, I move that this report be taken into consideration on Wednesday, July 14, 1982.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORT OF COMMITTEE BUDGET TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, tabled a report approving the supplementary budget of the Special Joint Committee on Official Languages.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO ATTEND LAUNCHING OF ANIK D 1 AT CAPE CANAVERAL, FLORIDA

Hon. G. I. Smith: Honourable senators, I have the honour to report that the members of the Standing Senate Committee on Transport and Communications have received an invitation to attend an event in Florida on August 12, 1982.

I think I can best explain the nature of the event by reading portions of a letter from those who have invited us, Telesat Canada. It reads in part:

On behalf of the Chairman and Board of Directors of Telesat Canada, I am pleased to invite you to join us for the launching of Telesat's Anik D 1 communications satellite from Cape Canaveral, Florida, on 12 August, 1982.

The official launch activities include a private tour of the J.F. Kennedy Space Centre on the morning of the 12th, followed by a buffet luncheon sponsored by our spacecraft contractors, Spar Aerospace Limited and Hughes Aircraft Company.

I am advised and believe that in order for members of the committee to go to another country, and to submit an account for expenses, the consent of the Senate is necessary. I am instructed by the committee to seek that consent, and in a moment I shall ask leave to move a motion.

I can assure the Senate that no additional funds are required because there is sufficient unexpended money in the budget of the committee to provide for the expenses of any senators who are able to accept the invitation. Up to the moment I believe that the number of acceptances will be very limited because of long-standing commitments of many members of the committee to other events at that time of the year. So far as I am now aware, it is unlikely that the total delegation will exceed two, but I cannot confirm that.

● (1410)

Accordingly, honourable senators, I now move, seconded by the Honourable Senator Frith, with leave of the Senate and notwithstanding rule 45(1)(e), that the Standing Senate Committee on Transport and Communications be authorized to send representatives to the launching of Telesat Canada's Satellite Anik D 1 on August 12, 1982, in Cape Canaveral, Florida.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

OCCUPATIONAL TRAINING

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE ON THE SUBJECT MATTER OF BILL C-115 TABLED

Leave having been given to revert to Reports of Committees.

Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report:

Tuesday, June 29, 1982

The Standing Senate Committee on Health, Welfare, and Science to which was referred the subject-matter of Bill C-115, intituled: "An Act to establish a national program for occupational training", has, in obedience to its order of reference of Tuesday, June 1, 1982, examined the said subject-matter and now reports the same with no recommendation for amendment to the Bill.

In the course of its study, your Committee held three meetings with the Honourable Lloyd Axworthy, Minister of Employment and Immigration. At these meetings the Committee discussed with the Minister the amendments that would be introduced to Bill C-115. These amendments were introduced into the legislation and passed by the House of Commons on June 22, 1982. Hence, they are incorporated in Bill C-115 as the bill now appears before the Senate.

In the course of its deliberation, your Committee invited the provincial ministers concerned, or their senior officials with responsibility for manpower training, to appear before your Committee. In this regard your chairman contacted the Honourable Bette Stephenson, Minister of Education and Minister of Colleges and Universities of the Province of Ontario, who also acted as spokesperson for the other provincial ministers with responsibility for manpower training. In addition your Committee had communication with a senior official of the Ministry of Labour, Manpower and Income Security of the Province of Quebec and with Mr. James D. Horsman, Minister of Advanced Education and Manpower of the Province of Alberta regarding the subject-matter of Bill C-115.

Your Committee wishes to thank the Honourable Lloyd Axworthy for consenting to appear. I would also like to thank the members of the Committee for their attendance and the dispatch with which this study was undertaken.

Respectfully submitted,

M. LORNE BONNELL,
Chairman

QUESTION PERIOD

[Translation]

THE BUDGET

INTEREST ON NATIONAL DEBT

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government.

Yesterday evening, I mentioned the government's astronomical deficit of \$19.6 billion, and I cannot accept the answer I received from the Minister of State.

[Senator Bonnell,]

There was some curiosity as to how the interest would be paid on this \$19.6 billion deficit. Could the Leader of the Government inform the Senate how much the government will be paying in interest on the money markets?

[English]

Hon. Raymond J. Perrault (Leader of the Government): I have some information from the Minister of Finance that I would be pleased to share with honourable senators relating to the matters referred to by the Honourable Senator Asselin.

● (1415)

Deficits of this order of magnitude—and we are talking here of a deficit of almost \$20 billion, whether or not this may lead to higher interest rates and higher inflation—would be clearly incompatible with reduced levels of inflation and interest rates if the economy were more buoyant. It is the minister's view, however, that under the current circumstances, with the economy in deep recession, and with the personal savings rate running well above 13 per cent, the deficit is having a minimal impact on inflation and interest rate levels.

I believe that last night I did provide an answer, which Senator Asselin has described as "unsatisfactory", but I have presented the minister's explanation and his views with respect to the inquiry.

[Translation]

IMPACT ON INTEREST RATES

Hon. Martial Asselin: To go on to something else, could the minister inform us where, in the budget brought down yesterday evening by the Minister of Finance, we could find any assurance for Canadians that there will be a drop in interest rate levels in the near future? Has the minister included measures in his budget to bring down interest rates?

To listen to the news on radio and television this morning, it would seem that businessmen are not at all happy with the budget brought down by the Minister of Finance, and that is because it contains no measures providing for a reduction in interest rates within the near future. Can the minister inform us whether he has been able to find anything in the budget speech that will help bring down interest rates?

[English]

Hon. Raymond J. Perrault (Leader of the Government): Well, the thrust of the budget is, of course, to reduce the rate of inflation. The Minister of Finance talked in terms of 6 per cent being the "recovery rate". The government holds the view that since 1975 the Bank of Canada has been applying a gradualist monetary policy in an effort to reduce inflation. In retrospect it may have been a little too gradual. We might be in a better position now if interest rates over the last five years had been somewhat higher. It is also important to recognize that the rate of inflation reflects the shocks the world economy has undergone from 1973 to the end of 1981, with an increase of over 650 per cent in world oil prices, a 225 per cent increase in the energy component of the Canadian consumer price index, a series of bad harvests, leading to sharp food increases, and a 20 per cent devaluation of the Canadian dollar relative to the U.S. dollar.

The continuation of the Bank of Canada's monetary policy, in the view of the minister and the government, is one of the major factors leading us to project a gradual reduction in the rate of inflation over the forthcoming period.

With regard to the effect of high interest rates on small businessmen, farmers and fishermen, and the hope which may exist in the future for a reduction in those rates to provide help for them, it is the view of the government that the high interest rates reflect, rather than cause, the high levels of inflation we are currently experiencing. At the most fundamental level the cost of money to borrowers, and the return to savers, must reflect the actual and expected level of inflation.

While high interest rates appear to exacerbate rather than mitigate inflation by raising borrowing costs, this is more than offset by the beneficial effect on the demand for credit, goods and services, and in turn on inflation and inflationary expectations. However, in recognition of the limited ability of some farmers and small businessmen to absorb the full impact of the adjustment to high interest rates, the federal government in the November 12, 1981 budget, which has been the subject of so much discussion in the chamber, extended the use of small business bonds, provided additional credit to the farming sector of preferential rates of interest, and increased the loan ceilings under the Small Business Loans Act, the Farm Improvement Loans Act, and the Fisheries Improvement Loans Act. This new budget provides additional stimulus to incorporated and unincorporated small businesses by providing interest reduction grants to reduce the effect of the interest rate by 4 percentage points on loans to finance certain new investments.

● (1420)

In the longer term the discussion paper on inflation and the taxation of personal investment income proposes a review of the taxation system and the impact of inflation on this sector. If these proposals are accepted, small businessmen, farmers and fishermen will be better able to cope with inflation and high interest rates in the future.

[Translation]

GOVERNMENT SPENDING—INFLATION

Hon. Martial Asselin: I have a supplementary. The Leader of the Government will agree that to bring down inflation, we must cut government spending and reduce the deficit. That is what they did in the United States, and that is why their rate of inflation is only 6 per cent.

Since the government has often blamed Canada's economic slump on the U.S. or other countries, has it not occurred to the government that if it had wanted to bring inflation down to a reasonable level as the Americans have done, it should, first of all, have reduced government spending, something that was not announced by the Minister of Finance?

[English]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, this has been a recurring theme in this chamber, in the other place and throughout the country by critics of the government. They say that there should be truly

massive cutbacks in spending. The fact is that honourable senators on the other side of the house who have been in government are aware of the substantial lack of flexibility which makes difficult these deep spending cuts which will have the kind of effect desired by Senator Asselin.

When we talk about major cutbacks, we are talking about major cutbacks in sharing programs with the provinces, help for senior citizens and veterans, Family Allowances, medical and hospital care, aid to the unemployed, and so on. I have yet to hear one member on the opposition side stand up in his or her place and demand that there be deep cuts in those areas. When we ask for specific suggestions with respect to realizable, practical cutbacks in spending, they talk in essentially superficial terms. They say, "Why don't you cut the advertising program for Unemployment Insurance?" or, "Why don't you cut this program or that program?"—where, in effect, those cuts would have only a minimal effect on the total budget picture. These are facts which must be admitted by those on the other side who have served responsibly in government either provincially or federally. I am sure that Senator Asselin, when he was a minister of the Crown, early in his cabinet career, was apprised of the limited degree of total discretionary power over spending which exists in this country. It is a challenging situation, to say the least.

With regard to our deficits, may I suggest that one of the most refreshing and reassuring comments I have heard recently was made last week when a Canadian economist said that the Canadian dollar today is perhaps the most undervalued currency in the world, that in the long term a nation possessed of resources or hydro-electric power, coal, natural gas, energy, agriculture, lumber, fisheries, and all the rest, despite present problems, simply has to have one of the finest futures in the entire world.

Hon. Duff Roblin (Deputy Leader of the Opposition): Then why have you messed it up so?

Senator Perrault: When the honourable senator talks about economies being messed up, let us look at the world realistically.

Some Hon. Senators: Oh, oh!

Senator Perrault: It would be a simple procedure for anyone to draw up in five minutes a long list of nations in worse economic trouble than ourselves, some with Conservative governments, others with socialist governments and others with social democratic or Liberal governments. Every country in the world is afflicted at the present time with economic difficulties, malaise, dislocation, you name it. I would like to know the name of one Minister of Finance anywhere in the world who is popular in his country today. Would the opposition like to suggest the name of a Prime Minister or government leader who is riding the crest of popular acclaim?

An Hon. Senator: Ronald Reagan of the United States.

Senator Perrault: That is not true, according to all of the surveys. Most of us have been in politics for a considerable period of time. Were we, on this side, now in opposition, we would be making certain critical statements about the govern-

ment. That would be our task. But we know realistically, as Canadians, that the only way out of our problems is the solution advanced by the Minister of Finance last night, that all of us must assume a responsibility to help the nation selflessly during its time of economic difficulty and travail.

● (1425)

That calls for restraint; it calls for sacrifice; and it calls for greater productivity. These are the answers to our problems. Our problems are not going to be solved by political sloganeering; they are not going to be solved by Liberals accusing Conservatives of irresponsibility, or by Conservatives accusing Liberals of dereliction of duty, or by members of the NDP attacking the other two parties. All of us love this country and we want to help it.

We are going to do it by co-operating and working together. Despite our legitimate political differences, we are going to achieve it through solidarity; that is the real solution. We know it and you know it.

Let us talk about the deficit. The key point in the view of the government is that our deficit is increasing largely as an automatic and thus automatically reversible response to economic weakness. The suggestion advanced by certain members of the opposition—and I am not referring especially to anyone in this chamber—is that there is a profligate power-mad government which is inventing new ways to spend money every day, which has installed high-speed printing presses in the basement to crank out more money, a government unmindful of the deficit problem. Of course, the charge is ridiculous.

The concerns in the United States, since Senator Asselin has made reference to them, are centred on the fact that even when a good recovery gets under way, the U.S. deficit may continue to rise due to scheduled tax cuts and rapid growth in defence spending. Thus, in the United States, there is a prospect of upward pressure on interest rates with private borrowing demands starting to grow again.

Let us compare the deficit between Canada and the United States. Comparing the current levels of deficit is complicated. Our projected levels are now somewhat higher relative to our GNP than are the latest official U.S. forecasts relative to their GNP. This is a matter of fact of which honourable senators are aware. The U.S. administration has tended to base its fiscal forecasts on much more optimistic economic assumptions, such as interest rates and real growth, than have we.

It is also the case that savings rates are substantially higher in Canada and that other levels of government in Canada, including the CPP and the QPP, run a larger surplus than in the United States.

Thus, a given federal deficit-to-GNP ratio in Canada implies less pressure on the total supply of savings than it does in the United States of America.

An Hon. Senator: That is wishful thinking.

Senator Perrault: The Minister of Finance has supplied a memorandum for honourable senators which, in part, states that this budget forecasts the federal financial requirements equal to 4.8 per cent of GNP in 1982-83 and compares with

[Senator Perrault.]

the latest semi-official U.S. forecast of the unified budget balance, a similar concept to our so-called financial requirements for fiscal year 1982 ending in September which is equal to 3.8 per cent of the U.S. GNP.

Congress has just passed a resolution setting a target of \$103.9 billion for fiscal year 1983, about 3.2 per cent of the GNP, but it has yet to take action to specify the expenditure cuts and tax increases required to meet this target. The target is itself based on economic projections which are probably overly optimistic in the view of many economists.

Senator Asselin: Following the budget announced last evening, every financial group in Canada has said that it is not satisfied. Thus, the Minister of Finance has lost credibility in this country.

In order to regain the confidence of Canadians, would it not be wise for the Minister of Finance to tender his resignation from cabinet?

Senator Perrault: The fact is that the Minister of Finance is an extremely able, conscientious Canadian who has a long and distinguished record of public service and dedication to this country.

Some Hon. Senators: Hear, hear!

Hon. Lowell Murray: Pretty feeble applause over there. It is far from unanimous.

Senator Perrault: It would have been a very easy thing for Mr. MacEachen to have said, "No, I do not want to be Minister of Finance." He assumed the task at the most difficult economic time for Canada in the last 40 years. This should be stated, and his sacrifice and contribution should be acknowledged.

Hon. Jacques Flynn (Leader of the Opposition): If he resigns, it will be the greatest contribution he could make.

Senator Perrault: Honourable senators well know that, as far as opposition criticism of budgets is concerned, and I am sure most members of the opposition will agree with me, you could write all the complimentary remarks that opposition members have ever said about budgets in the history of Canada on the back of a very small matchbook.

Last evening I listened to some of the comments made on television attacking the budget. In listening to them, it seemed obvious to me that at least some of them had been written in advance. But this is budget politics; and most of us understand that.

Senator Flynn: Just like you.

Senator Perrault: Can the distinguished Senator Roblin tell me of any occasion, when he was Premier of Manitoba, when the opposition NDP ever extended its heartfelt congratulations for any of his budget proposals? Of course not. He knows that budget time is the very essence of politics, both provincially and federally.

● (1430)

I have served in opposition both provincially and federally, and I know the opposition responsibility. The opposition is

there to criticize. The members of the opposition in the Senate do a good job criticizing, and that is their task.

With respect to the consultative process today, I read an editorial in one of Canada's leading newspapers. In essence, it said, "Isn't it dreadful that Mr. MacEachen is going to call on the advice of a blue ribbon committee and that that committee is going to meet to consider certain taxation policies suggested by the government and make recommendations?"

What was the charge last year? The charge—untrue—was: "This is a man who never consults and will not meet with business and will not meet with the co-operatives and will not meet with the labour movement." They said, "This is a man who should be fired"—for his alleged failure to consult.

Some Hon. Senators: Hear, hear.

Senator Perrault: They said he should be dismissed for failing to consult.

Some Hon. Senators: Hear, hear.

Senator Perrault: As I recall, Honourable Senator Asselin levelled that accusation just a few months ago. So perhaps the minister of Finance said, "Well, perhaps the opposition has a point. Let's consult." And now they say, "Doesn't he know where he is going?" And he is being attacked for consulting.

Senator Murray: Honourable senators, I should like to ask the minister, if I may, for some information. Does the minister have in his briefing notes a short list of those taxation measures from the November budget that are still alive? In particular, I am interested in the proposed changes in capital cost allowances and the taxation of employee benefits. Will the minister say whether those measures are still alive and are being put forward by the government?

Senator Perrault: Senator Roblin asked me that question yesterday.

Hon. Jack Marshall: Let's see if we get a different answer today.

Senator Perrault: Honourable senators, I hope to have a reference shortly with respect to the question Senator Murray has just asked. I shall provide that information to the honourable senator as soon as it becomes available.

A breakdown by income group of the effects of the reduction in the indexation of the exemption of personal income taxes may be available. Perhaps I will be able to reply to that question of Senator Roblin's, later this day.

Senator Marshall: Another speech!

Senator Perrault: But the list Senator Murray is asking for is to be found in last night's budget presentation.

APPOINTMENT OF ADVISORY GROUP

Hon. Richard A. Donahoe: Honourable senators, I apologize for having found it impossible to return to the chamber when we resumed last night. I regretted missing Senator Perrault's remarks, but having heard him this afternoon I no longer have that regret.

Hon. Martial Asselin: He was better last night.

Senator Donahoe: Senator Perrault has made several comments about the budget. I, too, have had some reflections on it, because I had the opportunity of watching the presentation of the budget on television in another place. I have several questions I should like to ask and I have put them in the form of supplementaries so that it will not seem as if I am spending too long a time asking apparently new questions. All of my questions relate to the budget; none of them has any implication with respect to anybody's personality; all of them seek information. I hope that, if the Leader of the Government in the Senate pays strict attention, at least a few of my questions will elicit some information.

My first question is: Are the proposed tax increases announced yesterday to be subjected to the same so-called blue ribbon panel as the proposed expenditures to promote investment?

● (1435)

Hon. Raymond J. Perrault (Leader of the Government): Do you have more questions? Let us make a list of them.

Senator Donahoe: I am perfectly happy to do so, but I am only concerned that my honourable friend not do as he ordinarily does—that is, pick on something that has nothing to do with the main subject of the questions being asked, dilate upon that, and then resume his place. I was hoping that these questions I am putting would be answered *seriatim* so that the answers would be intelligible to everyone.

My question is a simple one, and is: Do I take it that the answer is deferred? If it is, I accept my honourable friend's answer.

Senator Perrault: The Minister of Finance has prepared a release describing the exact work of the committee. I am in the process of obtaining a copy so that I can read that to the chamber. I will have it shortly.

Senator Donahoe: We will accept that, if that is the best the leader can do.

The so-called blue ribbon panel is to consider certain measures designed to promote investment. I think everyone would agree with that. My question is: Does the Minister of Finance have any alternative to consider in the event that the blue ribbon panel rejects those suggestions which he put forward last evening?

Senator Perrault: Honourable senators, that is a hypothetical question, and, as such, I do not have an answer to it.

It is assumed that the blue ribbon panel—and I will announce the names of the members of the panel as soon as the information is provided to me—will be able to advance proposals which can be accepted by the government. The government is interested in listening to sound advice and good counsel.

I do have some information regarding the November 12 budget which may in part answer questions raised by Senator Murray. This information was provided to me by the Minister of Finance.

Senator Murray asked whether we can expect further changes to the November 12 budget, and how many of the measures in the November 12 budget still remain.

The final bill will be introduced in the fall and will incorporate the measures announced in this budget. The purpose in providing an exposure draft of the technical amendments is to give those affected, and their professional advisors, an opportunity to review the amendments. The tax law has become extremely complex, and the minister will be quite prepared to make changes where the amendment as proposed is shown to have unintended or inappropriate results.

Senator Roblin asked yesterday how many changes have been made to the November budget proposals. The Minister of Finance has said that he has not attempted a detailed count.

Hon. Lowell Murray: It would probably be wrong, in any event.

Senator Perrault: The minister states:

The more important modifications were enumerated in my December 18 statement, and the press release accompanying the draft legislation. Many of these, and a number of others reflected in the Comprehensive Ways and Means motion are probably better described as refinements rather than fundamental changes.

I could have remained inflexible and resisted change, but I chose instead to listen and respond to constructive suggestions.

There were a number of constructive suggestions made in this chamber. The minister further states:

This approach has opened me to considerable criticism, but as indicated in my document on the budget process, it is in my view the responsible way for the Minister of Finance to proceed.

To the question: "Are you prepared to admit that your budget was both misdirected and seriously flawed?—these are statements made by some honourable senators—the minister has replied:

There are admittedly a number of changes. The budget proposed major changes in the tax system. It was an ambitious project and therefore drew considerable criticism. This should not be surprising and I am not at all embarrassed by changes that are evidence of my willingness to consult, to listen and to respond to constructive suggestions. While there are changes, the major budget and taxation thrust remains unchanged.

● (1440)

An honourable senator also asked a question with regard to the November proposal to restrict interest deductions. I took the question to the minister, and he said: "I have not backed off restricted interest"—that is, the proposal to restrict interest deductions. The minister went on:

The amendments to implement this proposal were extremely complex, and I wanted a group of outside experts to review the changes and their effectiveness before proceeding further. The members of this group are

D. J. Sherbaniuk, the Director of the Canadian Tax Foundation, R. F. Lindsay, a lawyer and D. Y. Timbrell, a chartered accountant, all of whom are from Toronto and E. C. Harris, a lawyer from Halifax. I have no intention of backing off the half year depreciation proposal. The revenue implications, in excess of \$1 billion for the current fiscal year, would themselves make this impractical. To back off would seriously erode the budget deficit and the major thrust of the budget. Note that even with this change significant tax incentives for investment remain, the investment tax credit, accelerated depreciation and so on.

Senator Murray: Honourable senators, the proposed changes, such as those affecting employee benefits, affect tens of thousands of Canadians. I am not talking about the rich; I am talking about the salesmen, the clerks of department stores, and so on. Surely, the minister can tell us whether the government intends to persist in the course announced by the Minister of Finance in November and tax those employee benefits.

Senator Perrault: I hope the honourable senator is aware of the fact that there has been a substantial clarification of the November proposals, and that many of the employee provisions which were presumed at one time to be those that would attract taxation, in fact, will not attract taxation, including the so-called travel benefits for those who work in the transportation industry. There has been a modification of that policy, and the incidence of those proposed taxes is very much lower than first anticipated. I hope the honourable senator is aware of those changes that have been made since November.

Senator Murray: I am aware of them, but that was not the question I asked.

Senator Donahoe: Honourable senators, let it not be forgotten that I had the floor and that I yielded it when Senator Perrault expressed the wish to diverge and answer an entirely different question from his prepared text, which he did in fine style. However, I still have two or three questions I would like to ask about the budget.

If the so-called blue ribbon panel is to report by September, then it follows that legislation cannot be introduced unless Parliament is sitting, which is not probable until October. That sets the ground for my question. Does the government consider that the private sector investment climate is so healthy that Canada can well afford to go from November 1981 to October 1982 without new incentives on the books to promote investment?

Senator Perrault: Honourable senators, there are new incentives, and they blaze out from every page of this budget document.

Hon. C. William Doody: That is a great answer.

Senator Donahoe: The response of my colleague indicates the value of that answer. The minister likened this consultative process to that which he outlined in the recent green paper. We have heard a burst of oratory, though it was hardly an

answer, from the Leader of the Government defending the similarity which he alleges exists between what was set out in the green paper and what was set out in the budget last night. My question is: Can the leader answer this simple question?

Senator Flynn: No.

Senator Donahoe: Did the green paper in fact envisage budget announcements on possible policies followed by consultations, or did it, in fact, suggest consultations to be followed by a budget? Which came first, the chicken or the egg?

Senator Perrault: Honourable senators, I am sure the honourable senator has studied avidly the green paper proposals. Indeed, he may have memorized them.

Senator Donahoe: I didn't have to; I heard them explained this afternoon.

Senator Perrault: I shall take the question as notice and provide an answer at a forthcoming sitting.

Senator Donahoe: On the second to last page of the budget in summing up the effect of the tax increases, the minister said, "These savings will be taken into account when we reassess the economic and fiscal situation next fall." Bearing those words in mind and considering that the government will be required to act on the recommendation, if any, of its blue ribbon panel, will the Leader of the Government tell us whether we are to expect a new budget in the fall?

Senator Perrault: Honourable senators, I do not want to anticipate what the situation may be in the fall.

Senator Murray: Worse.

Senator Perrault: I think there are signs of better things to come in the future.

Senator Flynn: Thank God.

Hon. Jack Marshall: A change in government?

Senator Perrault: —in the way of economic performance. I do not wish to get into the realm of speculation; I would rather deal in the area of fact.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Right on.

Senator Perrault: The most important sign of an impending recovery is a period of sharp liquidation of inventory, such as took place in the first quarter. This relates to what may happen in the fall. Consumers are becoming better placed to take on borrowing to buy durables such as new cars to replace worn-out and energy-inefficient models. The savings are very substantial across this country. As honourable senators are aware, there is a far higher per capita saving in Canada than in the United States.

As well, the package of assistance to home-owners announced last night will free up some income and permit additional spending which will be good for the entire economy. If the honourable senator is suggesting that there may be some sort of "panic" in the fall, which will necessitate yet another budget, it is not anticipated.

Hon. Martial Asselin: What, the panic?

Hon. Orville H. Phillips: Honourable senators, I have a supplementary question arising out of an answer given to Senator Donahoe. If I understood the Leader of the Government correctly, he stated he would soon be supplying this chamber with the list of members of the so called "credibility committee". Senator Donahoe kept calling them the "blue ribbon committee", but I submit that he had his colours mixed up and that it should be the "red ribbon committee." Will either the House of Commons or the Senate have any part in approving the members of this committee?

Senator Perrault: Honourable senators, the names of the members of the committee are in the process of being announced.

Hon. Martial Asselin: One has been chosen.

Senator Perrault: Although as of the moment appointments of that kind are not subject to Senate approval, perhaps it would be a useful process, and it could become part of the duties of the Senate of the future.

Senator Phillips: Who made the selection? Was it the Prime Minister's Office?

Senator Perrault: These appointments are made in a collegial fashion, as they were in the case of the previous Conservative Government.

Senator Asselin: We did not get a chance to make patronage appointments.

ENERGY PRICES—INFLATION

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Leader of the Government. As I followed him in his second, third, or fourth speech of this afternoon, when he was dealing with what he thought were some of the causes of inflation, I thought I heard him say that one of the causes contributing to inflation was a 656 per cent increase in energy prices. If the Leader of the Government said that, then I would like to ask him: What proportion of that 656 per cent increase in energy prices will flow into the treasury of the federal government, either in the form of taxes or in the form of other income, from energy sources?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question will be taken as notice. Of course, honourable senators are aware that the funds derived from taxation on energy resources are used for purposes that are of great benefit to the public. I know that no honourable senator would oppose such allocation.

Senator Smith: I am not saying anything about whether it is good, bad or indifferent. All I asked was how much of that 656 per cent increase in the price of energy is going to the government.

CANADIAN WHEAT BOARD

WESTERN GRAIN TRANSPORTATION—REACTION TO GILSON REPORT

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board.

Hon. Martial Asselin: It is a planted question.

Hon. Jack Marshall: How many pages in the answer?

● (1450)

Senator Buckwold: Honourable senators on the other side should know that at the end of June the planting season is long past. This is the harvest season, when we start reaping the benefits of the many good things that Senator Argue does.

Senator Asselin: Bravo!

Senator Buckwold: The question is not planted, but it is one in which we are all interested. I can assure honourable senators that I have not had an opportunity to discuss this question with Senator Argue, although I would have liked to.

The Crowsnest Pass rates were discussed in a report that was tabled yesterday by Dr. Gilson. Does the minister have anything to say in regard to this report and, if so, how is it being received by the Canadian Wheat Board?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I do not think the Canadian Wheat Board has a particular reaction to Dr. Gilson's report. If it has, I am not aware of what that reaction might be. Dr. Gilson has made his recommendations. From a prairie grain shipper's point of view, there are many features in those recommendations that are very commendable. The revenue shortfall that Dr. Gilson would provide for the railways in 1981-82 is higher than the government's provision of \$612 million. Dr. Gilson's recommendation is \$644.1 million.

For this coming crop year there would be no increase in the cost of shipping grain to the producers. Payments to the railways would be phased in from 1982-83 to 1986-87 with full compensation to the railways beginning in 1986-87. The railways would receive eventually 81 per cent of the payments or of the provisions from the government, and 19 per cent would go to the railways.

Dr. Gilson has made a recommendation that the payments generally be made to the producers and not to the railways. I think that this provision has the support, obviously, of the commodity groups, of some other groups, but decisions have not been made by all the groups involved.

The report is public. It will be considered in western Canada. I believe that Mr. Pepin will be out interviewing various organizations to get their reaction, and recommendations will be made following those consultations and it is anticipated that legislation will go forward this fall.

Again, from the standpoint of the grain producers, an encouraging part of this whole recommendation is that for the distant future it is difficult to put a precise figure on it, but it would appear that the grain producers may be called upon to

[Senator Smith.]

pay somewhat less than 50 per cent of the actual cost of moving the grain. The whole provision will be in statutory form so that for the future the grain producers should be able to look forward to a rate in relation to the real cost of moving grain that is more advantageous than the 1925 Crow rate when those rates were, in fact, designed to pay all of the costs of moving grain. There will be a gradual phasing-in of the farmers' costs. There is to be a further review after 1986.

Dr. Gilson has done a great deal of valuable work and he has obtained an important measure of agreement from farm organizations on many points. There will be further discussions and action is contemplated for this fall in Parliament.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, on the same topic, I must say that the minister's views on Crow have suffered a remarkable evolution over the course of the last few months. In fact, one might almost call it a sea change. He now quotes with approval the recommendations made by Dr. Gilson, which certainly I do not think he would have been prepared to do a short time ago, and he left me with the impression that he was enunciating government policy with respect to some of these items. Could he tell me which of Dr. Gilson's recommendations do constitute government policy?

Senator Argue: The government announced its framework of policy in the announcement that was made by Mr. Pepin when these exercises were undertaken by Dr. Gilson, so there is framework of government policy. As to the specifics of how that framework is to be implemented, these are opinions of Dr. Gilson. I would think it would be sensible to say that where he has obtained a consensus, for example, on variable freight rates, that government policy is likely to follow, but the report is Dr. Gilson's. These are the recommendations of Dr. Gilson which, I believe, would obviously carry a good deal of weight. They are now there for discussion, for consideration and, at least in some particulars after everything is heard, will probably see some changes.

Senator Roblin: Honourable senators, that is precisely what I would expect a minister to say, and I am glad to get that confirmation. What timetable has been established for bringing this matter to some conclusion?

Senator Argue: I believe I am correct in saying that the government is looking for legislation this fall after the consultations have taken place.

THE BUDGET

CAPITAL COST ALLOWANCES—SUGGESTED REFERRAL TO ADVISORY GROUP

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I address the next question to the Leader of the Government because we are back on the budget again. One of the remarkable inconsistencies in the budget of November 12, 1981 was the treatment the government proposed to give capital cost allowances. On the one hand they were asking for development and growth in investment, and on

the other hand they were cutting down one of the major incentives to investment in the case of capital cost allowances.

My question is: Would the government give consideration to referring that aspect of the development policy to the so-called blue ribbon committee of people who are to advise them. It seems to me it fits in quite logically with the other developmental policies that they are asking this committee to study, and it might well be advisable to get their views on incentives for capital cost allowances and report on that matter as, on the face of it, it is counterproductive to proceed with the policy that the government has at the present time.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Roblin has advanced an interesting and constructive proposal, and that suggestion will be transmitted to the Minister of Finance. I have some information about the blue ribbon committee which has just been made available.

The minister in his remarks, preliminary to appointing the panel, said in his paper, which is entitled "Inflation and the Taxation of Personal Investment Income", as follows:

In this paper, I am setting out tax proposals that would remove some of the distortions created by inflation. These proposals are designed to provide for a more appropriate taxation of interest income and capital gains from selected investments by individuals. They would also ease the cost of financing for new home buyers and small businesses, farmers and fishermen and increase the attractiveness of equity investments by individual Canadians. The government is committed to reducing inflation, which is essential to ensure a durable economic recovery. The measures proposed in this paper could assist the transition to lower inflation rates through reducing some of the adverse effects of inflation on the allocation of savings.

In my paper of April 1982 on the budget process, I indicated the desirability of issuing discussion papers on important tax issues and proposals. This document is the first of these papers.

Of course, this met the opposition demands that he consult more widely, and this he has done.

The issues it raises are of concern to all Canadians and as such should be discussed broadly.

To ensure that the implications of the issues raised in this paper are fully explored, I am establishing an ad hoc committee of prominent individuals from the financial, accounting and economic communities. The role of the committee will be to advise me on the practicality of these proposals and the most effective means of implementing them at an early date. The committee will be asked to report to me no later than September 30, 1982. I invite comments on the proposals by all Canadians.

Surely, honourable senators, this includes members of Parliament, whether they serve in the other place or in the Senate.

These should be sent no later than August 31, 1982. I have also asked my officials to review the proposals with

provincial governments whose revenues would be directly affected by them.

The minister went on to say:

I recognize that the publication of the proposals in this paper might create uncertainty for those Canadians who are considering purchases of a home and for small businesses and farmers and fishermen making new investments in depreciable property, pending the report of the ad hoc committee and government decisions on future measures. In order that this does not cause them to delay these purchases, any legislative provision limiting qualifying property by an effective date will include purchases made after the date of issuance of this paper.

That is signed "Allan J. MacEachen."

• (1500)

Senator Roblin has suggested that the committee could well provide its advice on a number of other matters, and perhaps that proposal has real merit. I should like to bring to the attention of honourable senators the names of the members of the 12-person committee. These are, and I quote,

—prominent representatives from the private sector to advise the government on proposals set out in the paper "Inflation and the Taxation of Personal Investment Income."

The President of the Montreal Stock Exchange, Pierre Lortie, will be chairman of the 12-person committee. The other members: Grant Reuber, Deputy Chairman and Deputy Chief Executive, Bank of Montreal; J.W.E. Mingo, partner, Stewart, MacKeen and Covert, Halifax; Raymond Blais, President, la Confédération des Caisses Populaires Desjardins du Québec, Lévis; Robert MacIntosh, President, The Canadian Bankers Association, Toronto; Anthony Fell, President, Dominion Securities Ames Ltd., Toronto; J.L.A. Colhoun, Chairman, National Trust Company, Toronto; Robert Brown, Senior Tax Partner, Price Waterhouse Limited, Toronto; Mervin Lahn, President and Chief Executive Officer, The Canada Trust Company, London; Balder Johnson, Chief Executive Officer, Credit Union Central, Calgary; Robert Wyman, Chairman of the Board, Pemberton Securities, Vancouver; John Helliwell, Department of Economics, University of British Columbia, Vancouver.

These are all highly respected Canadians who represent a cross-section of political views. Honourable senators may suggest other names which could be added to the committee. I am sure that the minister would be pleased to hear from you on that point.

The feature of the honourable gentleman's term as Minister of Finance has been the remarkable fact that, since the announcement of the budget in November 1981, no Minister of Finance in the history of this country has engaged in such a broadly based consultative process—one which extends from coast to coast of this country. It is to his credit that this has been done.

I have attended some of the meetings convened by the minister. The interesting point is that some of the groups with which the minister met advanced support of the proposals we find in the budget that was presented last night. This is a budget which is broadly based in the consultative process, honourable senators. I really do not think that the minister merits criticism—

Hon. Jacques Flynn (Leader of the Opposition): No.

Senator Perrault: —for attempting to reach out to the resources of the community for ideas which may help this country.

Senator Roblin: Honourable senators, I do not wish to denigrate the list of committee members in any way, because I am sure that it has been chosen as thoughtfully as possible. At first hearing, however, it seems to me that there are a number of remarkable oversights which have been made. After all, the measures that have been put before this committee have to do with small business; they have to do largely with the farming community; they have to do largely with people who are not accustomed to the routine of Bay Street. It seems to me to be quite remarkable that there appears to be no name on that list which can speak for the people who can be expected to make use of these services, if, indeed, they come about.

I would suggest that the list might be reconsidered. The name of Mr. Bulloch, the head of the small business organization in this country, certainly ought to be considered, and perhaps some leader of the farming community. Surely, as farm credit is an important part of the total government package here, a representative of that sort should be included on the list as well. It seems to me that the list is too heavily weighted in favour of the financial technicians in Toronto. Many of the names of these people are familiar to me, some are known to me personally, and I must say that I have the greatest respect for their capabilities, yet I think it advisable that the small business community and others should be represented on that committee. I leave that suggestion with my honourable friend for his consideration.

His recitation of the matters being referred to the committee makes it all the more logical, it seems to me, that the question of capital cost allowances be included for their consideration; it certainly fits right in.

I would like to ask the minister a question or two about the budget statement that was read last night. On page 2 there is a reference to the interest situation that the public treasury will face. I would like the minister to confirm for me that, for the new budgetary period, the amount of the total income received by the government which will go to pay the interest costs alone is now 27 cents of every dollar. That is my calculation of the amount of the total budget. I wonder whether the minister would be able to confirm that figure for me some time in the course of his discussions this afternoon?

I ask him also to turn to page 3 of the same document. At the top of the page is given the new budgetary deficit. The figures given here indicate that the new budgetary deficit is \$19.6 billion, yet the statement goes on to say that, in addition

to this, the unemployment insurance payments will add another \$2 billion to our financial requirements. Why is it not correct to say, then, that the total deficit is not \$19.6 billion but \$21.6 billion? That \$2 billion has to be found somehow, either from the general revenues of the government itself or through new taxation in the form of wage taxes imposed on the employer and the employee. Is not the real deficit, with unemployment insurance included, \$21.6 billion? That is even worse than what was anticipated. Will my honourable friend look into that question?

I should also like to ask him to turn to page 5 of the budget in order to deal with the question of administered prices. At the bottom of that page, the Minister of Finance indicated that he will ask the federal agencies and the provinces to consider restriction of administered price rises, but that is a very vague statement. Does it mean that he wishes to apply the 6 per cent rule to administered prices, such as in my own province—telephone rates, hydro rates or the marketing boards in the province of Manitoba? Is that the rule that is intended there? If not, what is it? If it is a 6 per cent rule, and if it is administered in situations where there is no control over the cost structure involved, how can a corporation be held to 6 per cent without running the risk of a loss? That is a question which the Minister of Finance leaves open, to my reading of the matter, and I would like to know what the government really intends by that.

On page 7 there appears a statement about foreign investment, about which I have two points to make. Would the minister tell me the meaning of point 3 in connection with reforms of FIRA? This item says:

● (1510)

Third, small business investments will not be subject to the full review procedure except in exceptional circumstances—

As the minister will note, on the same page there is a definition of some small businesses related to numbers of employees and volume of sales, but what does the term “small business investments” mean in relation to point 3? As I read it, it means small businesses in terms of their tax treatment, not in terms of their total volume, or in terms of the number of people they employ. What is the real meaning of this expression as used by the Minister of Finance?

I would also ask for an explanation of the policy statement made on page 8 of the budget which has to do with the National Energy Program and Canadianization. The minister says:

—we do not need, and do not intend, to press the pace of Canadianization of foreign energy holdings in the years immediately ahead.

What does that mean? Does it mean that the government intends to bring in some rule or regulation? Does it mean that they intend to use moral suasion, as they did a little while ago with banks, that turned off the tap pretty effectively? Does it mean they are going to reduce the advantages of Canadianization for an interim period while they are holding this thing

back? What does it mean? These are all points that I have questioned as I read through the early part of the statement. I mention them now with the hope that, since the minister is going to give us an extensive discussion of the budget in a little while, he will perhaps be good enough to answer those questions in the course of his remarks.

Senator Perrault: Honourable senators, the question asked today, with regard to which the answers are not available at this time, will be taken as notice. Answers will be provided as soon as possible, perhaps tomorrow or early next week. They are all perfectly valid questions, and the information will be provided as it becomes available.

Hon. G. I. Smith: Honourable senators, I wonder if I might ask a question of the Leader of the Government arising out of the list of names of the committee which he read to us a minute or two ago. I did not recognize the names of any persons representing organized labour. I wonder if there are such names on the list, and if so, how many?

Senator Perrault: This particular list does not contain the names of those associated with organized labour, that is true. An attempt has been made to draw up a list of those who work with these matters on a day-by-day basis. That does not exclude organized labour from the consultative process over the coming weeks and months, however.

BROADCAST COMMENTARY

Hon. Robert Muir: Honourable senators, I would like to ask a question of the Leader of the Government regarding the budget speech. I will first have to lay some groundwork.

Last Wednesday, as reported at page 4441 of *Debates of the Senate*, Senator Godfrey said:

I would like to point out that if honourable senators watch the television, they will not hear much of the speech given by the Minister of Finance. They will hear from the reporters on CBC and CTV; they will hear interviews in pubs; and they will hear the views of the coal miners in Sydney, Nova Scotia.

I was not able to be here on that occasion because I was in New York attending the special session of the United Nations with my honourable colleague Senator Bird and others.

The Leader of the Government said that he watched television last night and saw a lot of interviews and heard a lot of remarks made by commentators, and so on. I was wondering if he happened to see any interviews carried out in the Granite Club or the Toronto Club, where they sip their 12-year old Scotch. There are no coal mines in Sydney, let me point out, and, as a result, not many coal miners are going to be found in the so-called pubs in Sydney. Frankly, however, I think more common sense and down-to-earth opinions would be expressed in such interviews in such pubs if they were to take place.

Can the leader tell me if there were any interviews carried out in the Granite Club or the Toronto Club last night concerning the budget?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, generally speaking, I thought the budget coverage was handled very well by the networks last night. I had no opportunity to listen to the post-budget comments from Sydney, Nova Scotia, Vancouver, Toronto, Montreal, or points in between, so I really am not an expert on the point. Perhaps Senator Godfrey or other senators have more information than I.

Hon. John M. Godfrey: Honourable senators, by way of explanation, the reference I made was to interviews made while the Minister of Finance was speaking, which interrupted the Minister of Finance. I have no objection whatsoever to people being interviewed in pubs or anywhere else after the Minister of Finance has had his chance to have his say uninterrupted, which I understand is what happened last night. Two years ago, however, I objected to continual interruption of the broadcast of the speech of the Minister of Finance by reporters. One would think that Mike Duffy was the Minister of Finance from the way he was announcing, before members of Parliament could hear it, what was in the budget. The whole country was being told what was in it ahead of time. Then they were going on to interviews and feeding questions all the time. They were saying—and I am referring to two years ago—“Do you agree that this budget is this, that and the other thing?”

I am glad, along with others, that such a very sensible procedure was established last night, by which the Minister of Finance was allowed to have his say first. Other people could then criticize to their heart's content, like the people I had previously mentioned and the President of the Canadian Chamber of Commerce.

Senator Muir: Is the leader aware that I am fully in agreement with Senator Godfrey's statement, but only on that specific point? I would say that his choice of geographic location was poor. However, I think interviews with a coal miner in a pub in Cape Breton would be just as intelligent and make as much common sense as those with people in the Granite Club or the Toronto Club.

Senator Godfrey: Honourable senators, I did not refer to coal miners in pubs. I was taking specific instances in previous budget speeches where they did interview people in a pub, I believe in St. Catharines, and they did interview people who I thought were either steel workers or coal miners, though I did not suggest that they were speaking from a pub in Sydney. If the CBC or CTV thought they were worth interviewing, that is fine, but only after the speech was made, and not during it.

FOREIGN AFFAIRS

LEBANON—ISRAELI INVASION—SAFETY OF CANADIAN NATIONALS

Hon. Stanley Haidasz: Honourable senators, I would like to ask the Leader of the Government whether he would give us an up-to-date report on the siege of Beirut, including the contents of any reply from the Israeli government to the Prime Minister's letter requesting a withdrawal of Israeli troops from Lebanon, and also any progress in the efforts of the Canadian

diplomats in Lebanon to ensure the safe evacuation of Canadian citizens from that war-torn country.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as far as the safety of Canadians is concerned, our embassy in Beirut is continuing to advise Canadians in Lebanon, who may be at risk in the current situation, to move to more secure areas in Lebanon, although it may be increasingly difficult to find secure areas.

The French government has arranged to evacuate some French citizens from Juniyah on a ship bound for Toulon, France. Following an offer from the French embassy in Beirut to make some space on the ship available to Canadian passport holders, our embassy had an announcement made on Voix du Liban and Radio Liban, asking any Canadians in Lebanon who wished to leave to contact the embassy.

I have no further information on the subject of Lebanon at this time.

EXCISE TAX ACT PETROLEUM AND GAS REVENUE TAX ACT

BILL TO AMEND—REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

Hon. George J. McIlraith, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, June 29, 1982

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-112, intituled: "An Act to amend the statute law relating to certain taxes", has, in obedience to the order of reference of Wednesday, June 16, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,
GEORGE J. McILRAITH,
Acting Chairman.

● (1520)

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be placed on the Orders of the Day for third reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

[Senator Haidasz.]

Some Hon. Senators: No.

Senator Frith: Then, I move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Senator McIlraith: Honourable senators, before this matter is disposed of, I should say that there are four other committee reports, all reporting bills without amendment. It might be more convenient if all the bills are placed on the Orders of the Day for third reading later this day, and then, as each order is called, honourable senators can move adjournment of the debate until tomorrow.

My reason for making this suggestion is that there are five of these bills, and it is somewhat confusing to know precisely what significance each has in the total picture. One bill on which I shall be reporting a little later—Bill C-104—is rather important, and it is hoped that it can be assented to tomorrow. I make this suggestion merely for the convenience of honourable senators.

The Hon. the Speaker: Honourable senators have heard Senator McIlraith's suggestion. Is leave granted for moving that the bill be placed on the Orders of the Day for third reading later this day?

Hon. Senators: Agreed.

The Hon. the Speaker: With leave of the Senate and notwithstanding Rule 45(1)(b), it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Perrault, P.C., that this bill be placed on the Orders of the Day for third reading later this day.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

COOPERATIVE ENERGY BILL

REPORT OF COMMITTEE

Hon. George J. McIlraith, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, June 29, 1982

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-116, intituled: "An Act to establish the Cooperative Energy Corporation and the Cooperative Energy Development Corporation", has, in obedience to the Order of reference of Wednesday, June 23, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,
GEORGE J. McILRAITH,
Acting Chairman.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I do not quite understand why we cannot move that each bill be placed on the Orders of the Day for third reading at the next sitting as each report is presented.

Does the honourable senator wish us to say, "Later this day"?

Senator McIlraith: I suggested that the bills be dealt with at a later stage when honourable senators had had an opportunity to sort out the significance of each. I made the suggestion from the point of view of convenience. The bills can be dealt with either today or tomorrow.

Senator Frith: Honourable senators, we all wish to co-operate with Senator McIlraith. What does the honourable senator suggest that I do in connection with this bill?

Senator McIlraith: Move that it be placed on the Orders of the Day for third reading later this day.

Senator Frith: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be placed on the Orders of the Day for third reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Some Hon. Senators: No.

The Hon. the Speaker: Leave is not granted.

Senator Frith: Therefore, I move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

PETRO-CANADA ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. George J. McIlraith, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, June 29, 1982

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-101, intituled: "An Act to amend the Petro-Canada Act", has, in obedience to the Order of reference of Tuesday, June 8, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,
GEORGE J. MCILRAITH
Acting Chairman.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator McIlraith, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

DEPARTMENT OF ENERGY, MINES AND RESOURCES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. George J. McIlraith, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, June 29, 1982

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-102, intituled: "An Act to amend the Department of Energy, Mines and Resources Act", has, in obedience to the Order of reference of Wednesday June 9, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,
GEORGE J. MCILRAITH,
Acting Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. John M. Godfrey, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

PETROLEUM INCENTIVES PROGRAM BILL CANADIAN OWNERSHIP AND CONTROL DETERMINATION BILL

REPORT OF COMMITTEE

Hon. George J. McIlraith, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, June 29, 1982

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-104, intituled: "An Act respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act", has, in obedience to the Order of reference of Wednesday June 16, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,
GEORGE J. MCILRAITH,
Acting Chairman.

He said: Honourable senators, I should mention that representatives of the Dene Nation appeared before the Standing Senate Committee on Banking, Trade and Commerce and made representations concerning Bill C-104.

Your committee notes the statement made by the Honourable Marc Lalonde, Minister of Energy, Mines and Resources, on June 28, 1982, when he appeared before the committee,

that, regarding the concerns of the Dene Nation, with respect to consultation, native equity participation and affirmative action for disadvantaged groups, the appropriate vehicle for participation is, in the opinion of the minister, the Canada Oil and Gas Act—which is existing legislation.

While your committee recommends that the bill be reported without amendment, it is suggested by the committee that the regulations promulgated under this bill be referred to the appropriate standing committee of the Senate for study and recommendation, in order to create a forum for groups which consider themselves to be disadvantaged by the regulations.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator McIlraith, for Senator Steuart, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be placed on the Orders of the Day for third reading later this day.

Motion agreed to.

● (1530)

BUSINESS OF THE SENATE

Hon. C. William Doody: Honourable senators, I wonder if the Acting Chairman of the Banking, Trade and Commerce Committee can tell me the status of Bill C-108. It was my understanding that that bill was also to go to committee for pre-study.

Hon. George J. McIlraith: Bill C-108 is, as I understand it, on the Order Paper for second reading. Although I cannot foretell what the Senate will do, presumably, if and when it gets second reading, it will be referred to the committee. It has not yet been so referred.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the debate on second reading of Bill C-108 stands adjourned in the name of the Leader of the Opposition. In adjourning the debate, the Honourable Senator Flynn explained that he wanted some further information before he spoke, and that is why it stands adjourned in his name.

Hon. Jacques Flynn (Leader of the Opposition): For clarification, I may say that the Chairman of the Standing Senate Committee on Banking, Trade and Commerce considered that, although they did not specifically mention Bill C-108, the terms of reference would include all the energy bills. The subject matter of Bill C-108 has not yet been considered. The fact that we are debating second reading of this bill in this chamber does not prevent the committee from studying the subject matter.

Senator Frith: No, I was not suggesting that.

Senator McIlraith: I should make it clear that that bill was partially considered yesterday under the pre-study authority of the committee, but it was not completed.

[Senator McIlraith.]

Senator Doody: Perhaps either Senator Frith or Senator McIlraith can tell me why it was not considered with the others and why it was only partially considered. Apparently, all the other bills have gone through and Bill C-108 is out in limbo somewhere.

Senator Frith: When Senator Hayden first asked for authorization to pre-study the package, there was a discussion as to whether it should include Bill C-108 and, I think, one other bill. In consultation with others, Senator Hayden decided that Bill C-108 would not be specifically referred to in the pre-study package. However, he felt he could consider it in due course because the reference used the term "and other related matters."

It is under that heading I think Senator Flynn has pointed out that the committee has had the opportunity to, or felt that it could have the power to, pre-study Bill C-108. It has, therefore, done some pre-study on this matter, but has not completed its pre-study.

As Senator Flynn has pointed out, the committee has taken the view that it has the power to make that pre-study. Therefore, the fact that it is still on the Order Paper for second reading is not impeding the committee from so doing.

QUESTION PERIOD

[English]

THE SENATE

COMMITTEE MEETINGS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall last evening regarding the use of Room 256-S by the CBC prior to or after the budget speech.

Following an inquiry, I have been informed that it has been the custom over the years for the House of Commons to provide the Railway Committee Room and for the Senate to provide Room 256-S for the use of the press prior to the budget speech and also for presentation of the main estimates, the only exception being last year's main estimates when the House of Commons provided Room 200 in the West Block.

I should like to add two further comments. First, although the press has had the use of Room 256-S in previous years, never before has such use coincided with a committee meeting. And, secondly, if the Senate no longer wishes to follow that custom, the next time there is a budget speech or the main estimates are presented, of course, we can refuse permission. We should certainly consider whether such an event will conflict with a committee meeting, as happened this year, which, in turn, gave rise to Senator Marshall's question.

NATIONAL TRAINING BILL

SECOND READING

Hon. Florence B. Bird moved the second reading of Bill C-115, to establish a national program for occupational training.

She said: Honourable senators, Bill C-115 will establish a national program for occupational training, and is a great improvement on the Adult Occupational Training Act of 1967.

The aim of this bill is to provide greater adaptability of labour, to reduce unemployment and to increase productivity. It proposes to do that by spending \$1 billion annually—that is, \$1,000 million dollars—in order to train adult Canadians in the skills they need in the workplace now, and will need in the future, during a period of extraordinary technological change.

The money will be spent in four ways: \$499 million will be used for institution classroom training; \$170 million will pay for industrial on-the-job training; \$33 million will provide capital to update machinery and technology used for training—next year that allocation will be increased to \$75 million because the need is shockingly great; and \$108 million have been earmarked for special training allowances, that is, over and above the \$200 million unemployment insurance training allowances.

These allowances will be paid to trainees who have lost their jobs because of technological change. If they are receiving unemployment insurance, the allowances raise their benefits from 60 per cent to 70 per cent of their former earnings. They will receive the benefits for a year instead of the present 36 weeks. If their training lasts for longer than a year, the allowances will continue as long as necessary, and they may go back and receive their unemployment insurance benefits until they run out. This is a very sound and sensible innovation.

People who have never worked are also eligible for allowances based on their status. For example, an unmarried person living at home gets about \$25 per week; a person with dependants gets \$90 per week, or a little more if there is a number of dependants.

Unfortunately, many provinces and municipalities have been subtracting training allowances under the present Adult Occupational Training Act from the payments to people on public assistance. In some cases, only a very small amount is topped up, which means, of course, that the allowance will not help them very much. As a result, many potential trainees are just staying at home on public assistance. There is no incentive for them to take a training course.

I presume this practice will continue if the proposed bill is approved. This is a short-sighted, unwise practice, and is particularly hard on sole-support mothers who need to learn new skills to give their children a better chance in life. There is, of course, nothing the federal government can do about it. All we can do is make the allowances available, and that is what we should and are going to do.

How many people will be affected by this bill? If the bill is passed, it is expected that a quarter of a million Canadians will

receive training this year. A great many of these 250,000 trainees will be women and aboriginal people.

Honourable senators, there are a number of very serious reasons why this new National Training Program is a necessity. In recent years there has been an increasing number of jobs that require highly skilled workers. Canada, like other developed countries, is living through a second industrial evolution. Microchip computers, new industrial technology, the use of robots in factories, incredible changes in communications by way of satellites in outer space are all having a devastating effect on employment.

● (1540)

Bill C-115 is an attempt to alleviate the hard fact that Canada does not have enough highly skilled workers to fill the demand today and for the years ahead. Right now we are relying on highly skilled immigrants who have the know-how we sorely need while, at the same time, 1.2 million Canadians are unemployed. Many of those men and women could be holding down well-paid jobs, if they had the skills demanded by new technology.

As far as unemployment is concerned, we "ain't seen nuthin' yet," honourable senators, if we do not provide adequate training. Women, aboriginal people and the handicapped will suffer the most, but in the end the whole country will suffer with them.

I say that because an inquiry undertaken by the Institute for Research on Public Policy predicts that up to one million Canadian women will be unemployed by 1990, if they have not been trained in computer technology. Today women represent over 90 per cent of tellers, telephone operators and clerk-typists; automation is reducing or threatening to reduce employment in those occupations by between 30 and 40 per cent.

The report of the Task Force on Labour Market Development indicates that during the next decade the composition of the work force will change dramatically. That task force was chaired by David Dodds, who is considered to be Canada's foremost labour market economist. Dr. Dodds says there will be a significant slowdown in the growth of the labour force because of demographic as well as technological change. Of the Canadians entering the world of work, two-thirds will be adult women. There will be no way that they will be able to find the work they want and need, if they are not trained. They will need to be trained not only in computer technology but also as welders and machinists and for other jobs not as a rule entered into by women.

There will be great suffering, I am sure, if these women are not trained for the jobs Canada needs. Women can no longer rely on men to support them. One out of every three first marriages ends in divorce so that many young women must work for a living. Many women are left with young children. Already 45 per cent of women on public assistance are sole-support mothers, either single, divorced or widowed.

If we fail to train women for the workplace of today and tomorrow, the burden of public assistance and increased guar-

anteed income supplements will be a financial burden too heavy for any government to bear. Bill C-115 attempts to prevent that fearful eventuality.

This bill will also assist Canada's aboriginal people. They will no longer be required to have passed the provincial school-leaving age in order to qualify as adults under the program. This means that young aboriginals who have left school at an early age, as many do, can now learn a trade.

This will profoundly affect the western provinces because labour projections indicate that by 1990 native people will account for over 20 per cent of the total labour force growth on the prairies. Our aboriginal people had their baby boom later than others, so many young Indians and Métis are already moving into the labour market.

The capital funds allocated under Bill C-115 are greatly needed. The quality of much of the training has become inadequate because the provinces have not upgraded their teaching facilities. There are a number of horrible stories I find hair-raising. They involve a great waste of money and a waste of human potential and must have done much to contribute to the present decline in our gross national product.

Let me take only two examples of why capital funds are needed. In Vancouver, for years aeroplane maintenance workers have been trained on vintage World War II aeroplanes. When they have finished the course, they are sent out to maintain 747s. Obviously, they must be retrained because they are back where they started. Another shocking example is from the other side of the country. In St. John's, marine engineers and maintenance persons are being trained on equipment that is 30 or 40 years old. New, highly technical equipment for fishing boats is available, but Newfoundland trawlers are not buying it because they do not know how to run it or look after it. As a result, the manufacturer is in trouble, the trainees have a skill that is of no use to them or to anyone else, and the fishermen are carrying on with outdated equipment.

Two years ago it became evident that previous training programs had become largely inadequate and that we were facing an unemployment crisis affecting our whole economy. Obviously, a new approach was needed. A great deal of research was required before realistic recommendations could be given to the government.

That research has now been done, and done well. The parliamentary committee on employment opportunities, chaired by the Honourable Warren Allmand, spent two years travelling across the country. It heard witnesses and digested briefs from labour, industry, business management and the provinces. At the same time, the Task Force on Labour Market Development—the Dodds task force—carried on research in depth, and academic, industrial and labour experts prepared background papers and acted as consultants. All levels of society were heard from.

The reports of the Allmand committee and the task force became the basis of prolonged consultation with the provinces. In September 1981 and in January 1982 there were confer-

[Senator Bird.]

ences between the federal minister, the Honourable Lloyd Axworthy, and provincial and territorial ministers.

Agreement was finally reached by nine of the provinces and the territories, but not, alas, by Quebec, and Bill C-115 was the result. After the bill was tabled in the other place, several of the nine provinces, after studying the text, were worried about a few technical details. They appointed the Honourable Bette Stephenson, Ontario Minister of Colleges and Universities, to act as their representative.

She met in private with the minister and later appeared before the Standing Commons Committee on Labour, Manpower and Immigration. Several important amendments requested by the provinces were agreed upon by both of the ministers and were presented to the committee by the Honourable Lloyd Axworthy, and they were accepted by the other place.

During the hearings of the committee, Dr. Stephenson, when discussing the program, said:

I have a feeling that if this were developed appropriately, the proposed National Training Act might prove to be a model upon which federal-provincial cooperation in a number of areas could be established.

[Translation]

Unfortunately, working relationships with the Quebec government have left much to be desired. In January, Quebec was not represented by a minister. In May, the Quebec government refused to meet with the federal officials about the training agreements. It also refused to accept the documents. Only at the last moment did Quebec request a meeting with the federal government and accept the documents. The agreements are still being discussed and we can still hope for the participation of Quebec.

Of course, this bill will provide many benefits for Quebec. It will enable the federal government to provide direct assistance for the retraining of workers laid off because of technological changes. This is very important for the Quebec textile industry as well as for the footwear industry. This bill will also provide for better industrial training which will promote modernization of the Quebec economy.

Honourable senators, the amendments made to this bill respond to comments made by Quebec. Co-operation must therefore be possible. This is essential for the young people, the women, the unemployed and all the people of Quebec.

[English]

Now, how will the proposed act be implemented? Honourable senators, this is a complicated but important procedure, and I will do my best to give you a broad outline.

The first step is for the Canada Employment and Immigration Commission to designate areas where there are shortages at the local, regional and national level that are serious enough to warrant special action. After consultation with the provinces, the money for training is allocated to those areas.

• (1550)

In order to designate priority, the commission is assisted by tripartite planning boards made up of people representing the federal government, the private sector of industry, and labour.

Information about training needs and job projections is supplied to these boards by a group of consultants, academics and researchers appointed by the federal government and the provinces. They are assisted by the Canadian Occupational Projection System, which bears the imposing acronym COPS. I am sure we will all remember that, even if we cannot remember the Canadian Occupational Projection System.

At present, information on the prospects for labour supply and demand is collected and analysed by a multitude of institutions in the public and private sectors. COPS is designed to integrate this information.

Manpower Needs Committees in each province feed data into the system and recommend the designation of priority occupations, thereby ensuring that the provinces are fully consulted.

Honourable senators, this is a complicated bill, but it is also an important one. I think we should pass it without delay so that the Department of Employment and Immigration gets the authority it must have to proceed with this very necessary and enlightened training program.

[Translation]

Hon. Arthur Tremblay: Honourable senators, first of all, I wish to thank Senator Bird for her presentation of a bill that, as she pointed out, has some complex aspects, especially in the area of manpower forecasts which includes designating what the bill refers to as occupations that have been declared to be of national importance because of serious manpower shortages in these particular sectors.

Without wishing to get into a long philosophical discussion, since Senator Bird's last remarks were my cue for commenting on this legislation, nevertheless, I should like to warn against a somewhat utopian view of things which we inherited from the first education economists in the 50's.

When conventional economists realized that because of its implications and direct association with technological change, education could be considered by societies as an investment and analyzed as such from a purely economic point of view, they introduced various concepts including the following idealized situation. According to this concept, it should be possible to establish a balance between labour market needs and the production of the education system, both qualitatively—in other words, educational content—and quantitatively—that is, the number of individuals or graduates delivered to the labour market by the system—a balance in which education would be directly related to the qualitative and quantitative needs of the labour market.

This utopian concept has been filling our minds for almost two generations. It has infiltrated organizations such as the OECD and all kinds of national planning organizations in various countries. I remember being involved in a study that had been requested by the Netherlands government and spon-

sored by the OECD which had assigned staff from various countries to work on a task force that was to analyze manpower requirements in the Netherlands and how that country's system of education related to its manpower needs. I remember that at the time—this was around 1967, 1968 or 1969—even economists were starting to suspect that this qualitative and quantitative balance between the production of education systems and labour market requirements was largely an illusion, for a very simple reason. As soon as we realize, and I mean realize, even if the process is as complex as that described by Senator Bird a moment ago, as soon as we realize that there is a shortage, and an order goes out either to our education system or to some kind of organization to produce the manpower, properly trained and in sufficient number, to alleviate that shortage, there is a time lag, depending on the time it takes to train for the jobs in question which may be more or less demanding, technologically or otherwise. Meanwhile, however, the situation is changing and manpower needs are changing as well.

There is this idealistic desire to do the right thing and to create the perfect situation. Of course, we can still try to reduce the lag by various means, but I wanted to point out the more philosophical view that comes across in this legislation in what may be its only truly original concept, namely, that of occupations that may be declared to be of national importance if the authorities are satisfied that there is a sufficiently serious national or regional shortage—both possibilities are indicated in the clause that defines this concept—a sufficiently serious shortage to justify special action.

If there is a shortage in an occupation that requires only a few months of training, the lag I referred to will not be as important. But in fact, those occupations are usually not very demanding.

If, however, the shortage concerns an occupation which demands very high qualifications, the lag may be quite considerable, and then the problem arises which I pointed out earlier. Again, these are just a few considerations to provide a background, as it were, for comments I shall be making that will relate more directly to the legislation itself.

Perhaps we should ask ourselves first of all, is there anything new in this bill? It is not my intention to criticize Senator Bird for pointing out the amounts involved in implementing the legislation, since I imagine the figures were transmitted to her by the department—I am referring to the billion or so dollars. However, this amount, which has been linked to the legislation being considered today, also contains "old money", to the extent that this bill is intended to supersede the Adult Occupational Training Act. I do not have the figures in front of me, but I think that even without the new legislation, and merely to maintain the present Act—I would appreciate it if Senator Bird, in her speech at the end of the debate on second reading, would provide this information—I am sure at least one billion is involved, and that there is not that much new money in the new bill. There may be some new figures as a result of changes in allowance levels. Unless I am mistaken, there may be a vote of a few hundred million dollars

for investment in accommodation or equipment for occupations of national importance, but since I have no documentation on the subject, I cannot give exact figures. That is why I would ask Senator Bird to provide this information so that we will understand that in passing this bill, only a marginal amount, whose extent should be established, is involved and not the billion dollars referred to.

● (1600)

If this legislation repeals the old Act, of course the entire amount referred to is involved. However, we must assume that the old Act is not being repealed, for the sake of making an accurate comparison.

That being said, and also to discover what is new in this new legislation, I feel that it would be useful to recall the situation in which the present Act, the Adult Occupational Training Act, was passed in 1967. I am sure our Speaker will remember, since at the time, he played a leading role in preparing the 1967 legislation.

In 1967, we had a situation which started many years earlier when the federal government contributed to the financing of occupational training in co-operation with the provinces. The federal contribution was in the form of cost-sharing and varied depending on the program, sometimes 50 per cent, sometimes 75 per cent. In any case, the federal government had been making a financial contribution to occupational training for a number of years, since the 30's, and we can even go back as far as the first Act that was passed for agricultural training, I think at the beginning of this century.

So, the situation with respect to occupational training was as I just described it, and most of the training being financed was at the secondary level, and, to a lesser extent, in technical schools. The secondary level was represented by trade schools or apprenticeship centres. In fact, the second problem at the time—the federal government helped to finance university education on a per capita basis according to population and on the basis of a fiscal transfer which was one and a fraction of a point, if I am not mistaken. In any case, there were cash payments which closed the gap between the fiscal transfer funds and the per capita amount which corresponded to a given amount that varied from time to time, starting at 50 cents per inhabitant and going as high as several dollars starting in 1967, if I remember correctly.

A number of questions were asked about the ambiguous situation that might arise as a result of the federal government financing occupational training at the secondary level.

To clear up this ambiguity, at a federal-provincial conference in the fall of 1966, the then Prime Minister, the Right Honourable Lester Pearson, proposed a two-tiered plan: the federal government would withdraw from institutional financing until the end of the secondary level and would redirect financial assistance to educational institutions in the provinces to the post-secondary level. Therefore, as far as institutional

financing was concerned, the federal government was withdrawing from all areas of education at the secondary level and was concentrating on post-secondary education, because by that time, as a result of expanding school attendance up to the university level, the need for financing had shifted to the post-secondary level.

However, after the government had withdrawn from financing institutions dispensing occupational training, it decided to finance their clientele, in other words, individuals who would have special needs once they were on the labour market, that is, once they had left the regular school system. The government then devised a plan under which, instead of financing institutions, it would purchase courses in regular institutions for individuals designated by the manpower centres, while another possibility was to purchase places on courses that could be set up in co-operation with industry, and so forth.

I am mentioning these facts because in the legislation we are considering today, the newest concept is that once certain occupations are declared to be of national importance, the bill provides for financial assistance for the establishment of new institutions or the conversion of existing facilities or equipment. This is an entirely new concept, compared with the policies of Mr. Pearson. That is to say, the Pearson government had withdrawn from institutional financing, opting instead for the financing of clientele. This legislation involves the federal government once again in institutional financing. However, the problem is not a major one if there is no "new" money to speak of. But if there is a substantial amount of new money, the problem may become a serious one.

In this context, the information I requested earlier is indeed very important. If \$500 million are being spent on new investment, the problem is a serious one. If it is just a matter of \$100 million across Canada, it is just window-dressing, because we know what it costs nowadays to build a school or set up occupational training courses, especially when heavy equipment is required. That is one of the things the legislation wants to do, namely, convert equipment for training requirements and that costs a pretty penny. Consequently, if \$100 or \$200 million are involved, it is window-dressing, but if it is \$500 or \$600 million, that is a different thing altogether and it means reverting to the situation that existed previous to the policy introduced by the Pearson government.

As far as the rest of the bill is concerned, there is nothing really new. It is a continuation of the present course purchase program and once the investments I referred to have been made, the procedure will be to purchase places in these new institutions.

● (1610)

The allowance system is maintained but has been made more generous for certain groups. Therefore, in essence, I do

not see anything new except for the aspect I have just commented on.

New or not, in its initial version, the bill raised problems of principle. I would like to give a few examples. For instance, in the original version, Section 4.4 is included in the part entitled "Enrolment". It deals with the enrolment by a representative of the Department of Manpower and Immigration of an adult in a given course. This is what we find:

No officer may, pursuant to subsection (1), arrange for the enrolment of an adult in a course given in a province by an organization, other than a public authority, unless the organization has been registered, licensed or otherwise authorized by the government of the province to give courses.

In the first version, the one introduced at the first reading stages the clause stopped there. Once the organization, a private institution, had been recognized by the province pursuant to the system applicable in the province of certification—and the system varies from province to province—once the organization had been officially recognized by the province, the manpower centre could have purchased places in any course. The provinces would have become involved in the process only when the organization was authorized or recognized, which might have been acceptable 25 or 50 years ago in certain schools. In my opinion, the new version is a significant improvement over the first version in this regard.

No officer may, pursuant to subsection (1), arrange for the enrolment of an adult in a course given in a province by an organization, other than a public authority, if—

Follows the first condition, which is the same as what I have just read in the original version. However, there is a second requirement:

—the government of the province has been notified, pursuant to subsection (5), in respect of the course and disapproves of the course.

In such a case, there will be no enrolment.

This gives the province a right of veto over enrolment. In my opinion, this is an improvement in view of the fact that the provinces have an obvious priority as concerns educational matters under the Constitution. I use the word "priority" but I should say "exclusive jurisdiction", according to an interpretation which goes back many generations. Subsection 5 provides a mechanism for the provinces to exercise their right of veto. I emphasize there is a major change there. It eliminates a question of principle that might have been raised.

I will give a further example. Am I taking too much time, Mr. Leader?

Hon. Jacques Flynn (Leader of the Opposition): No. It is not your speech, but other commitments.

Senator Tremblay: Clause 12 deals with the joint committee. The initial version had this to say on first reading:

The Commission may establish with the government of a province a joint committee to assess the requirements of

the labour market for skilled workers and the means necessary to meet such requirements.

It must be recognized that there was not much constraint there. In the new version now before us, it is provided that:

The Commission shall invite the government of a province to cooperate in the establishment—

This is a clear obligation. Each province shall be invited to establish that joint committee. Also, I note that the joint committee is given responsibilities or a specific role. This will also be found in the declaration of occupations of national importance, Clause 2.3. Such was not the case before.

To that extent, I am in complete agreement with Senator Bird when she emphasized that with the amendments brought in between first and third reading in the other place, the government or minister put in amendments that substantially change the course of federal-provincial relations by giving provinces a much clearer assurance of a determining part in the process of change. This I emphasize, and I commend the authors for this, because to me this is something of a basic nature.

• (1620)

This being said, it remains however that I am somewhat dissatisfied with some other aspects of the bill which are perhaps of lesser importance, except one which I will mention later.

The new title, for example, is as follows: "An Act to establish a national program for occupational training." The previous legislation was entitled: "Adult Occupational Training Act." The term "occupational training" has a very broad meaning here. They did not even mention that adult occupational training is involved. But apparently it is a national program. When you go to the bottom of things, you realize that this program is no more and no less national than the previous one. As in the previous program, the training is for adults. Why not call it "adult occupational training", a term already in use and which did not give rise, thanks perhaps to the passage of time, to any special response from the provinces, at least some of them? It is as though they deliberately would not let sleeping dogs lie. They seem bent on chicanery. But they either want to imply something new with the new terminology, or they do not. I feel that they imply nothing new. I feel that this is outright provocation.

The same remark would apply also to Clause 3 which deals with the purpose of the bill. It states:

The purpose of this Act is to establish a national program to provide occupational training . . .

The real purpose is of course to promote by means of a national program. As I have just said, such a national program already exists. There is nothing new there. Again, this is pure chicanery. I feel that this is unwarranted provocation, for they could have used the existing title. Some might object that a new act required a new title.

I will borrow an example from the Constitutional area. People say, for instance, "the Constitution Act of 1982" or "the Constitution Act of 1867". That is their title. All our

pieces of legislation dealing with the Constitution have the same title, except for the year. The content is not even identified. There might be a technical problem there. If such were the case, that would be pointless. But under these circumstances, I suggest that the reaction of a number of provinces might just have been provoked.

I am somewhat concerned by the definition of the word "adult". It may not be absolutely fundamental. I think that this point has been raised by various provinces. According to the definition, an adult is a person who is not required by law to attend school in the province in which he resides. That is a new version. The original version was amended and some progress has been made. At first, the section read "who is not required by law". The difference may be subtle but still an effort has been made and I want to mention it.

Then we get to section 4 concerning enrolment. Following a stipulation that there has to be a period of twelve consecutive months between the end of mandatory attendance and the time when enrolment may take place, section 4(2) states that the commission may waive that condition if it is deemed appropriate, for instance if staff requirements in a given occupation so dictate.

I know and the committee was aware that the provinces have asked that their agreement be sought when the general rule is no longer applied. That may not be a major issue but, just the same, it would be more respectful of the position of the provinces in the field of education.

And then there is section 4(3) where the commission may refer to an organization if it is less costly, I mean enrol an adult in a private organization rather than in the regular or public system. Someone pointed out that such a provision would prompt throat cutting in the deliberations of the joint committee. I agree. I have been on one of those joint committees, and it is true that all this has to go through the joint committee. I can imagine the Commission's representatives saying: In this private institution, it costs us \$5 less than what you are charging us for enrolment in a public or government institution. The province then answers: No, the real difference is \$4.25, and so forth. I think we are almost asking for trouble here. On the other hand, the federal government has been in similar situations before and it seemed to be able to cope. We can only hope that checks on enrolment will not prevent the federal government from resolving its problems in this area.

Another potential cause for concern may be found in clause 9(4) dealing with public notice. Clause 9(4) has been substantially improved, as we said earlier, just as one of the other preceding clauses.

No agreement for the purchase or erection of a building shall be entered into if, during the forty day period following the day on which public notice was given pursuant to subsection (3), the government of the province in which the building is or is to be situated notifies the Commission in writing of its objection to the agreement.

So, there is a veto. As to the principle, there is no problem and this is a real improvement. But what does public notice have to

do with it, since it is up to the joint committee to decide? If the Commission publicly announces its intention of purchasing or acting as provided under clause 9, is it with the intent to put pressure on the provincial government concerned? Is this procedure supposed to put the province in an embarrassing position where it has to say: No, we will not go along with this project? Will public notice be given before, during or after the joint committee? There is something that bothers me here.

I have just mentioned a number of points whose importance I would not wish to exaggerate, in the circumstances. Consequently, I am not making an issue of this nor am I proposing amendments I think would be necessary.

On the other hand, there is clause 8(4). In this case, I feel that for the sake of consistency in the amendments made after first reading, instead of just a consultation, a veto or approval would logically be required on the part of the provinces. That being said, I may say I intend to propose an amendment whose significance should be clear at this point. I shall elaborate further upon tabling the amendment. This could be done either in committee, if the bill is referred to committee after second reading or it could be done here in the Senate at the third reading stage, if the Senate does not refer the bill to committee again. As for the general principle of this bill, considering the amendments made between first and third reading in the House of Commons, I do not intend to oppose the bill on second reading, but I do intend to present the amendment I referred to just now.

• (1630)

[English]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a few remarks to make on the subject of this bill, a measure that will be of particular interest and value to many Canadians. It has been described as one of the most important pieces of legislation to come before Parliament. The Honourable David Crombie, in the other place, said:

—this is not simply a minor event which is occurring during the longest session of Parliament's history. I have reviewed all the legislation which we have dealt with in the House, including the budget statement, the National Energy Program and the Constitution debate. If I had to choose a piece of legislation which will or ought to have a greater impact on Canadians in the next 20 years, it is this piece of legislation.

He went on to say:

—the name Axworthy will be right up there with the names of those people who piloted the bills through in 1910, in 1942, 1960 and 1967, and that will be well deserved.

So it is an important bill, recognized by members of the opposition, many of whom have made a constructive contribution to the parliamentary debate.

With the passage of this bill, Canada will have a truly national training program which, despite our current economic problems, will boost economic development throughout the

country at a time when we surely need it. There can be no hesitation in saying that this is one of the most significant pieces of legislation to come before us in this or any other session in recent memory. Senator Bird gave an excellent dissertation on the salient points of the new legislation. Senator Tremblay made a valuable contribution to the debate just a few moments ago.

Some Hon. Senators: Hear, hear.

Senator Perrault: For my part, I would like to confine my remarks to how the new training program will benefit those in small business, many of whom are suffering a great deal under current economic conditions.

Many of us in this chamber can identify with the problems of the small entrepreneur. We all have vivid memories, I think, of days when governments at all levels seemed more inclined to throw obstacles in their path rather than look for ways to help the small businessman. Small businesses are the economic backbone of this country and it is encouraging, indeed, to see that the Minister of Employment and Immigration had the foresight to recognize that by ensuring significant improvements to the training program that would be of particular interest to employers in the small business sector.

In the past, many small business people did not train staff because there was not sufficient inducement to do so. Training is both expensive and time-consuming and the benefits are not always apparent to someone preoccupied with meeting a weekly payroll. Training is a serious commitment, and employers must be convinced that it is worth the effort and the expense. I think we can be optimistic that the new training program will win many converts from among the small business community.

Under the new legislation, authority is provided for the government to negotiate industrial training contracts with persons or groups other than employers and groups of employers. This will greatly increase training opportunities for employers and their workers by making available to them the expertise provided by industrial training councils, private training organizations and consultants who specialize in training programs tailored to the needs of industry. This provision will be of prime importance to small employers who at the present time are not able to provide training in the more complex organizational skills.

For example, small high tech firms in an area might each want to train several workers, but individually would lack the instructional capacity to do so. However, a consortium of employers could provide that capacity and train many other workers as well.

Under this new act it will be possible to draw up a contract to allow such a consortium to provide training according to a schedule agreed to by the employers involved.

Another significant change is that for the first time employers will be able to arrange for training outside Canada supported by federal assistance. Although the minister has suggested that this provision will be used sparingly, there will be occasions—such as the start-up of new plants or production

involving new technology not yet available in Canada—where it will make eminent sense to help Canadian workers to receive advanced training at the locations where the technologies have been developed. Undoubtedly, this will assure the flexibility required to give Canadians the opportunities to obtain key jobs created by these technological advances.

Finally, honourable senators, the minister will have, I think, the eternal gratitude of every small business person in this country—indeed, Parliament will have that gratitude—for his and Parliament's efforts to reduce the paper burden imposed on them by government. I refer to the fact that the new legislation has provisions to simplify the administrative arrangements with employers which will free them from keeping stacks of detailed records of training expenses. We all know the small business people in our communities who at times feel almost overwhelmed with the forms they are required to fill in and the paper burden. There is no doubt that the composite single rate basis under which employers will be paid a single amount per training day for their trainees will simplify the administrative arrangements, and reduce costs for both employers and the government.

Surely that is of importance to all concerned, but particularly to the small employer who is presently required to devote considerable time to maintaining detailed cost records for training contracts involving only one or two employees and very modest training expenditures.

Honourable senators, many will be served well by Bill C-115 when it is enacted into law. It will assure well deserved help for the small employer.

Senator Bird: Honourable senators—

The Hon. the Speaker: I should inform the Senate that, if the Honourable Senator Bird speaks now, her speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator Bird: Honourable senators, I should like to answer more specifically certain of Senator Tremblay's questions.

Of the new money, we do not know how much will be spent for allowances, but a considerable amount will be spent on a great many things that are very much needed, and in that respect we are going far ahead of the previous measure. The money allocated under the old measure was about \$850 million; under Bill C-115 the money will amount to about \$1.13 billion. I should point out that we had put aside \$108 million to spend on capital expenditures during the next 18 months, but we will not be able to use that important money because we lack the legislative authority. That is why the bill is important to us.

I appreciate Senator Tremblay's remarks about minor details such as titles, and the odd word here and there. He knows as well as I do—and he is far more experienced than I am in this respect—that there is no bill in the world which all of us could agree to in every single aspect or in every single, solitary word. All we can do is produce a bill which, as nearly as possible, makes everyone happy. Personally, I think this bill goes a long way towards doing that.

If we were to pick on every single word, we would be here forever, and we would never get any legislation through either this house or the other house. I am sure Senator Tremblay knows that from his experience, and I am sure that is why he will not put difficulties in the way of passing this bill.

I do not quite understand why he feels we need to have an amendment, but, of course, that is another matter. In any event, I think the subject has been covered quite ably by Senator Perrault. I assume that no questions have been left unanswered; otherwise I am sure honourable senators would have asked them. On that basis, honourable senators, I move that the bill be read the second time now.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Florence B. Bird moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND (NO. 3)—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Stollery, seconded by the Honourable Senator Anderson, for the second reading of the Bill C-108, intituled: "An Act to amend the National Energy Board Act (No. 3)".—(*Honourable Senator Flynn, P.C.*).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have discussed this matter with Senator McIlraith. The Standing Senate Committee on Banking, Trade and Commerce will be considering Bill C-108 next Tuesday. It is my intention, therefore, to speak to the matter on Monday night so that it can be referred to committee for consideration on Tuesday next. With that in mind, I ask that this order stand.

Order Stands.

• (1640)

EXCISE TAX ACT

PETROLEUM AND GAS REVENUE TAX ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-112, to amend the statute law relating to certain taxes.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I do not wish to detain the Senate on this bill, but perhaps I should say a word or two that might relate not only to Bill C-112 but to the other energy bills we have before us. In that way, I might spare the Senate several speeches on the same topic.

[Senator Bird.]

I do not intend to go into any great detail, but I should like to make it clear that there are certain aspects of this bill, as with the other energy bills, that I find difficult to accept with any enthusiasm.

The theme that runs through all this legislation—

Senator Frith: You just have to accept them; you do not have to be enthusiastic about them.

Senator Roblin: I am not going to vote for them. That is the extent of my disapproval.

Senator Frith: I just wanted to make that opportunity available to you.

Senator Roblin: Then I am glad that my honourable friend made his point clear.

These bills are based on the principle that the government should make all the subordinate law through regulation and other executive acts. It seems to me that it has gone beyond any actual need to do so in drafting this legislation.

I regret that the recommendations of the Standing Joint Committee on Regulations and other Statutory Instruments of September 1980, and which covered the whole of this field, have not been adhered to with any great faithfulness in the drafting of this legislation. So, it seems to me that we are simply allowing Parliament to abdicate a good deal of its responsibility by allowing the executive to create the real law by which these bills are administered, and I do not like that.

With this legislation, I feel that we have an unexampled instance of taxation by Governor in Council and not taxation by the legislature.

In Bill C-112, the one before us now, there are powers granted to the Governor in Council to impose taxation on the people of Canada which amounts to billions of dollars over the years. The ceiling, it is true, is set by the bill, but under that ceiling the Governor in Council has large powers to tax the people of this country in a way which seems to me is the prerogative of Parliament.

The Incremental Oil Revenue Tax and the Natural Gas and Gas Liquids Tax to raise some \$7 or \$8 billion over the course of the agreement between the provinces and the federal government on energy are entirely at the discretion of the Governor in Council. I find that to be offensive, and I have no intention of supporting such a delegation of power to the executive.

We had lengthy discussions at the committee stage regarding the right of appeal. I do not intend to repeat the arguments raised in respect of that, but I am hopeful that we will be able to persuade the minister before we are through to include a more liberal right of appeal—and I use that adjective advisedly—in some of the bills which deal with the energy question than the one there now, because when one is dealing with the rights of a citizen—and the minister is involved in what seem to me to be judicial or quasi-judicial decisions—the right of appeal should be free and open and should not be hedged around by qualifying weasel words.

Senator Godfrey made it amply clear at the committee stage that that is the case with a great deal of this legislation. Weasel words hedge around the right of a minister to do as he damn well pleases. I think the committee will support me in saying that this need not be and should not be. So, I also feel that that aspect of this legislation is unsatisfactory.

Honourable senators, the committee has given careful consideration to these bills. While they are reported without amendment, that does not mean that all the members of the committee agreed that that should be the case. Some of us were willing to consider radical amendments to this legislation, but we found that that was not the view of the committee as a whole and they could not be made.

I must say one thing, however. When the minister appeared yesterday he did make concessions of a kind to the arguments that the committee had been presenting that indicated a more serious consideration of our views than we have had on all the legislation before us in the last little while. So, while we are relying mostly on ministerial undertakings, I think they are good and sufficient undertakings.

It would be churlish not to mention that the minister has taken a few steps in our direction in trying to restructure the legislation, perhaps by amendments at a later date, that will more clearly fit our view of what is right and proper in these bills.

However, I come back to my main point, that the structure of the bills is deplorable, and that the delegation of such great power to the executive is unnecessary, and unwise. That does not mean that I do not recognize the need for power of regulation by government. I recognize that, but that is not sufficiently defined and not carefully enough set out to suit me. It seems to me to be designed for the convenience of the administration rather than for respect of the rights of Parliament.

I say that with some regret, but it is conclusion I am forced to arrive at. I refer again to the powers of the Governor in Council to tax the Canadian people to the tune of billions of dollars over the next five years on their own say-so, and say that is not a method of business I find appealing.

So, I come to the conclusion, speaking for myself, that I cannot support this bill, nor do I intend to support any of the others, except Bill C-116. I should like honourable senators to take what I have said as read in respect of each one of the six bills before them. I promise not to reiterate my views, on them.

Senator Frith: Honourable senators, I think that some of the considerations raised by Senator Roblin were dealt with by the minister, according to the statement I read, and he has said that himself with regard to some aspects, but obviously not enough to satisfy him.

Motion agreed to and bill read third time and passed, on division.

PETRO-CANADA ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government), for Hon. Gildas L. Molgat, moved the third reading of Bill C-101, to amend the Petro-Canada Act.

Motion agreed to and bill read third time and passed, on division.

● (1650)

DEPARTMENT OF ENERGY, MINES AND RESOURCES ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government), for Hon. John M. Godfrey, moved the third reading of Bill C-102, to amend the Department of Energy, Mines and Resources Act.

Motion agreed to and bill read third time and passed, on division.

PETROLEUM INCENTIVES PROGRAM BILL CANADIAN OWNERSHIP AND CONTROL DETERMINATION BILL

THIRD READING

Hon. D. G. Steuart moved the third reading of Bill C-104, respecting petroleum incentives and Canadian ownership and control determination and to amend the Foreign Investment Review Act.

[Translation]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, with regard to this bill, I would simply like to point out that the Minister of Finance decided yesterday to de-emphasize the canadianization of the oil industry and foreign investment control with which this bill deals.

At the third reading stage of this bill, I believe that we could review what I could describe as a gigantic failure, namely the energy policy, which, back in power, the government tried to implement to save face in view of the promises made by the Liberal party during the 1980 election.

However, there is no need to do so since this has been done several times already and we shall have the opportunity to examine this whole issue when we consider the legislation which will be introduced to implement the budget proposals of last evening and even those of November 1981, at least those which are still left.

I simply want to mention that this program, especially with regard to the subsidies provided in Bill C-104, which aims at canadianizing the oil industry, is now perceived with much less enthusiasm by the Minister of Finance. In addition, Minister Gray has also had to retreat from his position which was to give FIRA more authority. In fact, as we all know, the government has backed down in this regard. We shall have the

opportunity to speak on this at some other time, but I am not going to let this bill pass on division without stating that we are not fools and we know the Minister of Finance backed down last evening.

[English]

Hon. Ann Elizabeth Bell: Honourable senators, I would like to say a few words on third reading of Bill C-104. I had not realized that we were going to deal with these bills so rapidly, and I must say that I am somewhat unprepared.

Hon. Royce Frith (Deputy Leader of the Government): We have been at it for six months.

Senator Bell: Whether it has been six months or six years, I can never accept that it is good policy or the right thing to do to make a new class of corporate welfare bums by these grants to oil companies. What is wrong with introducing a proper tax incentive to promote the development of this industry, which is probably one of the most important segments of the Canadian economy right now? Why should the Canadian public, the little guy, have to dig into his pocket to pay for this cash incentive? For this is what we are doing with these petroleum incentive grants, and I have not read or heard anything to change my mind. At one time, this country had a good free-enterprise system when tax incentives were tied to profits. Now we are asking the taxpayers of Canada to make cash grants. I very much oppose the principle we are following in Bill C-104.

The other thing I feel very strongly about is that once companies accept these cash incentives they are putting themselves in thrall to the government. No longer will they be free to make their own decisions with regard to exploration or whatever. The freedom to make decisions is probably more important in the petroleum industry than in any other industry. It is an industry that relies on sensitive, diverse, competitive, high risk decisions. We are giving these companies the means to, perhaps greedily, take advantage of cash incentives which alone amount to a clumsy intrusion into this industry. All these factors infringe on the independence of this industry at a time when it needs the freedom to make sensitive, diverse and competitive decisions.

Honourable senators, for those reasons I oppose this bill.

Hon. D. G. Steuart: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Steuart speaks now, his speech will have the effect of closing the debate on the motion for third reading of this bill.

Senator Flynn: Honourable senators, on the contrary, since it is third reading, any honourable senator can speak after Senator Steuart. I just want to warn him of that.

Senator Steuart: Nobody ever wants to speak when I speak.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, on the point of order, my understanding is that Senator Steuart moved third reading. At that time he can make any contribution he wants. However, he has missed his opportunity to speak. Also, he has no right of reply on third

reading. That rule applies only on second reading. So I maintain that Senator Steuart has exhausted his right to speak. It is not that I am reluctant to hear him, because what he has to say is usually pretty good stuff.

Senator Steuart: Always. Honourable senators, I am used to the Saskatchewan Legislature, and thought I could close the debate on third reading. However, if I cannot, then that is fine.

Senator Frith: Honourable senators, there is no question that the mover of third reading does not close the debate by speaking. The rules specifically state that it is on second reading that the mover closes the debate when replying. However, in moving third reading, I think Senator Steuart has the right to speak on the bill at least once.

Senator Roblin: He was given the chance to speak when he moved third reading.

Senator Flynn: Let him go ahead, with special permission.

Senator Frith: On that point I would have to say, "On division".

Senator Steuart: If the ruling is that I cannot speak, then I am happy.

The Hon. the Speaker: Senator Steuart merely moved third reading, and in that light I think he is allowed to speak.

Senator Flynn: There is no need for a ruling.

Senator Roblin: Please don't make a ruling; just let him speak.

Senator Steuart: Honourable senators, with leave, may I speak?

An Hon. Senator: Go ahead.

Senator Steuart: What I have to say is not really that important. However, I would like to say a word or two on this bill.

This bill has been referred to as a fiasco. There is no question that with the drop in the demand for and the price of oil, the Canadianization program has run into some difficulty. I am aware of no sector that did not think that prices would continue to climb, including the government, the oil industry, the banks and other financial institutions. Nor am I aware of the Conservative Party speaking out strongly against the Canadianization program or the attempt by the government to gain more control of the energy industry, particularly the oil industry. I think that was something with which most Canadians agreed. However, with the price dropping and with the value of the dollar dropping, it was a wise move that the government announced last night. I think it wise that the government back off investing more money. I think it is a wise government that knows when to back off.

• (1700)

Senator Flynn: It should have known that a long time ago.

Senator Steuart: Some governments might have remained in power longer had they known when to back off. The last government should have backed off when it brought its budget

[Senator Flynn.]

in; it might still be the government. Some days I wish it still was the government!

I would like to point out, honourable senators, that these companies do not get any money until they risk money. The must risk money in the course of exploration and development before they save any money. They are not getting any hand-outs from the government. Anyone who knows about the exploration for and development of oil on Canada lands—which this bill encourages far more than it encourages exploration and development in the three western provinces or in the conventional oil fields—knows that it is a highly risky enterprise. In fact, the Beaufort Sea and even the offshore have yet to bring in any oil. I reiterate that it is an extremely risky enterprise, a fact which we have recognized in the past with the depletion and super-depletion measures. At present we are still encouraging all companies, including foreign companies, to invest in the development of our energy resources in the Canada lands and in the frontier, but we are giving extra incentives to Canadian companies. I think that is a sound way to proceed.

There is no question but that, with the drop in price, the Canadianization of our oil industry has run into some difficulty and has had some effect upon the Canadian dollar. I think, however, that this will pass. I think that there is no question in anyone's mind but that the price of oil will rise once again and that the demand for oil will increase. When that happens, I think that a great many of the difficulties now faced by the oil industry—including that part of the oil industry that is owned by the Canadian government and by those who have been encouraged to invest their money through programs like this one—will pass and they will find that the investment was a wise one.

Therefore, while there is a great deal with which I do not agree in the energy package, this is one part of it that I do agree with. I think that when we look back on this, that when we are out of the difficulties—and we will get out of them—people will say that this was a wise piece of legislation and a wise way to proceed.

Motion agreed to and bill read third time and passed, on division.

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA—MOTION OF CONGRATULATION TO GOVERNMENT AND PEOPLE OF GREAT BRITAIN ON RESOLUTION OF CONFLICT—DEBATE ADJOURNED

The Senate resumed from Tuesday, June 22, debate on the motion of Senator Croll:

That this House congratulate Prime Minister Thatcher, the Government and the people of the United Kingdom on their resolution of the conflict in the Falkland Islands that maintains the principle that armed aggression must be resisted, that respect for the United Nations Charter and the rule of law in international affairs be observed and force not used to settle territorial disputes between states, regrets the loss of life and injuries on both sides and urges

a peaceful settlement of all outstanding issues between the U.K. and Argentina.

Hon. Heath Macquarrie: Honourable senators, when I asked, the other day, that the order be stood, I did not do so through any dilatory intent or negative motivation. I was impressed by the remarks of my colleague, Senator Asselin, whom I have known for a long time to be a sincere and well-informed internationalist. I thought that he added a dimension to the motion and, indeed, to the discussion, which was worth reflecting upon. Needless to say, it would be extremely difficult to quarrel with the motive of the motion, even if it were my intention to do so. I think it is an excellent one. It might be feasible, on such occasions, to find some informal means of discussion between the two houses and across the aisle of this chamber. However, I do not carp or cavil over that.

There are fine sentiments expressed by the motion. One is moved to express, as we must, grief at the loss of life and the injuries suffered on both sides of this conflict. These are difficult times, honourable senators. I am sure that we all watched with sadness that seemingly far away conflict and joined, in spirit, with the earnest appeals for peace which were made to both countries by His Holiness the Pope. Despite his visits, that little war continued, and before it was really over a far greater conflict opened up in Lebanon.

Even those of us who are most optimistic have to agree that the new heaven and the new earth are indeed a long way off, and that war has not been banished from the domain of men. We have a great deal to do, honourable senators. This resolution is profoundly correct in that there is nothing so stirring and so important as the tragic loss of so many young people on both sides of such a conflict.

Honourable senators, I am not one who cares for war. I am not a military man—I would make a very poor soldier, I am sure—nor am I one who is automatically enamoured of the British. No one whose ancestors were shipped out in prison ships from Scotland many years ago would automatically assume that the House of Hanover was the best group that ever came down the pike. Having said that, however, it would be difficult to think of any other victors who conducted themselves with more restraint than the British did in this conflict.

In a lustier day we might think of the British and quote Shakespeare thus:

Lay on, Macduff;

And damn'd be him that first cries, "Hold enough!"

In this more civilized age, however, and because as we get older we may become a little timid, I think more readily of Polonius' advice:

Beware

Of entrance to a quarrel; but, being in,

Bear't that th' opposed may beware of thee.

I think that the British lived up to that advice, but in doing so conducted themselves with great skill and bravery. Perhaps

that demonstrates the value of a professional, highly trained military force. More than that, however, I believe it demonstrates that the military should not be employed as mean agents of the state, curtailing the liberties of citizens, but ought, rather, to engage themselves in the fine art of war. The British demonstrated their skill.

I think we can all rejoice in the fact that the conflict is over. As Senator Asselin has pointed out, the problems have not been washed away, nor have the difficulties been completely effaced. Insofar as peace has descended upon that far-off land, and insofar as our British friends have conducted themselves with strength and with restraint, I think that we should remember that we have no reason to hate the people of Argentina, nor should we think that the doors between our two countries are closed forever. In fact, they should not be closed at all.

Therefore, I think that, in the spirit of this resolution, we can look forward to better days, at least in this area, and can be happy that the loss of life is at an end.

On motion of Senator Frith, debate adjourned.

THE ECONOMY

ECONOMIC, FISCAL AND ENERGY POLICIES OF FEDERAL GOVERNMENT—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Phillips, seconded by the Honourable Senator Yuzyk:

That the Senate of Canada do urge the Federal Government to re-direct its economic, fiscal and energy policies, and bring forward as soon as possible a new budget; such budget to provide proper economic direction, improved employment opportunities and measures to restore national confidence in the economy.—(*Honourable Senator Charbonneau*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this order stands in the name of Senator Charbonneau and is the item on which the Leader of the Government in the Senate has undertaken to make an intervention this week.

● (1710)

It seems we shall be here next week. I do not know whether or not there is any need for him to participate in the debate this week. That is up to him, of course. I am wondering whether Senator Charbonneau wishes to proceed before the Leader of the Government makes his intervention, or whether he would yield to the Leader of the Government if Senator Perrault wishes to proceed tomorrow. In the meantime, I suggest that it continue to stand in Senator Charbonneau's name.

Order stands.

[Senator Macquarrie.]

THE SENATE

DEBATING PROCEDURE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before I move the adjournment of the house, a point of order was raised during third reading of Bill C-104. Senator Roblin has been good enough to refer me to the basis on which he holds the opinion that simply moving a motion for third reading constitutes an intervention and therefore precludes the mover from saying anything further. The citation appears in *Beauchesne* at page 100, paragraph 305(4), which says:

If a Member, who moves an Order of the Day, should rise and say only a word or two, for instance, "I move the order", he is precluded from again addressing the House except if the Order of the Day be a substantive motion or the second reading of a bill, in which case he will be allowed a reply.

The difficulty, it seems to me, is that if we interpret that citation strictly, it means that on second reading, when someone stands and says, "I move second reading" and then sits down and waits for the motion to be put, he cannot speak again.

Hon. Jacques Flynn (Leader of the Opposition): No, no.

Senator Frith: To clarify this point, it seems to me that on third reading he should say, "I move third reading of the bill," then sit down for the motion to be put, and, when the motion is put the procedure is the same as for second reading, except that there is no right of reply.

Senator Flynn: On second reading, the mover is entitled to speak and is entitled to reply at the end of the debate; whereas on third reading he speaks only once. If he moves the motion and does not speak at that time, he is presumed not to have anything to say.

Senator Frith: The problem with that is that he has to move the motion, just as on second reading. I suggest that honourable senators should read the citation again.

Senator Flynn: It is quite clear.

Senator Frith: I suggest it is not quite clear. The citation says that the exception to the rule is that on second reading the mover will have the right of reply. It does not say that he has the right to speak. The same rule should apply. It seems to me that the person who moves third reading says, "I move third reading" and then sits down. At that point he should be able to make some comments.

Senator Flynn: That is right.

Hon. Duff Roblin (Deputy Leader of the Opposition): That is the most obvious thing in the world. That is what the rule means. My honourable friend is creating something where nothing exists.

Senator Frith: I suggest it is just the opposite. The point is that the very fact of moving the motion does not preclude him from speaking, except after the motion has been put, and that is all.

Senator Flynn: That's okay.

Senator Frith: That is all he was trying to do, and therefore the objection—

Senator Roblin: No, he was not. He was speaking after someone else had made a speech. If he does not speak at the time the motion is put, if he introduces it, then that finishes it, according to that rule.

Senator Frith: At the time it is put.

Senator Roblin: Until the motion is put, there is nothing for the house to speak to—

Senator Frith: Correct.

Senator Roblin: —so there is no question there. In the case mentioned, I submit that clearly the rule that my honourable friend has just read was breached when my honourable friend spoke again. I must say that I am always delighted to hear him speak, and if leave had been required, as I believe it was, I would have been happy to have given it insofar as it lay with me to give it.

Senator Frith: The act of moving the motion before His Honour puts the motion is not what is referred to here. I am referring to speaking after the motion is put.

Senator Roblin: Who is disagreeing with that?

Senator Frith: You are.

Hon. David Walker: It was a good try.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators will be delighted to know that I have something more to say before I move the adjournment. There is some agreement, on the basis of whispered advice I have been given, that we should have royal assent this evening at 8 o'clock. Therefore, I move that the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately 8 o'clock this evening.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Frederick W. Rowe: Honourable senators, it is my understanding that the Speaker of the Commons is holding a reception at Kingsmere this evening, an event which was rained out last week. I know of a number of honourable senators who plan to attend. I am wondering whether the Deputy Leader of the Government has taken that into consideration.

Senator Frith: Yes, I have. The House over which Madam Speaker Sauvé presides will be sitting at 8 o'clock this evening. Members of the other place will have to be present for royal assent, and I assume that she took into account the fact that at least one house of Parliament would be sitting at 8 o'clock this evening. It simply means that we shall also be sitting.

Motion agreed to.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

29 June 1982

Sir,

I have the honour to inform you that the Honourable W. R. McIntyre, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 29th day of June, 1982, at 8.00 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be

Sir

Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable

The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

ROYAL ASSENT

[English]

The Honourable W. R. McIntyre, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Deputy Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the statute law relating to certain taxes

An Act to amend the Petro-Canada Act

An Act to amend the Department of Energy, Mines
and Resources Act

The House of Commons withdrew:
The Honourable the Deputy Governor General was pleased
to retire.

An Act respecting petroleum incentives and Canadian
ownership and control determination and to amend the
Foreign Investment Review Act

—————
The sitting of the Senate was resumed.
The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 4459)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

THIRTEENTH REPORT OF STANDING JOINT COMMITTEE

TUESDAY, June 29, 1982

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Thirteenth Report as follows:

(Statutory Instruments No. 17)

1. In accordance with its permanent reference, Section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, C. 38, your Joint Committee has determined to draw to the special attention of both Houses Section 6(a) of the Atlantic Coast Marine Plant Regulations as made by SOR/81-363. In your Committee's judgment this provision is *ultra vires* Section 34.3(b) of the *Fisheries Act*. In addition, if Section 6(a) were to be held valid by the courts, your Committee's judgment is that it amounts to an unusual and unexpected use of the power conferred on the Governor-in-Council by Section 34.3(b) of the *Fisheries Act*.

2. Section 34.2 of the *Fisheries Act* empowers the Minister to set conditions, of types there defined, in licences issued for the harvesting of marine plants. Section 34.3(a) of the Act empowers the Governor-in-Council to make regulations prohibiting, subject to the conditions of any licence issued by the Minister under Section 34.2, the harvesting of marine plants. Section 34.3(b) of the Act empowers the Governor-in-Council to make regulations prohibiting, notwithstanding the conditions of any licence, the harvesting of marine plants or any class therefor in any area or areas of the coastal waters of Canada for such period or periods as are specified in any such regulation. Section 6(a) of the Regulations under report prohibits the harvesting of Irish moss of the species *Chondrus crispus*, wire weed or horsetail notwithstanding the conditions of a licence issued by the Minister, during the period "from 1 January to December 31". To stipulate a period from January 1 to December 31 is to make the limitation or prohibition indefinite, or even perpetual, and to reproduce in substance the very provision in the original Section 6(a) to which your Committee objected in its Eighth Report for this Session (Statutory Instrument No. 13). That Report was withdrawn when the Minister caused the then Section 6(a) to be revoked.

3. The original form of Section 6(a), as made by SOR/78-867, failed to specify any period at all during which harvesting was prohibited notwithstanding the terms of a licence. The justification for this failure to abide by the requirements of Section 34.3(b) of the Act was that the failure to specify any period amounted to the specification of an indefinite period which complied with the requirement that harvesting be prohibited "for such period or periods as are specified". The line of reasoning that failure to specify any period amounted to the specification of a period, albeit an indefinite one, was rejected by Addy J., in the Federal Court of Canada in *Dantex Wollen Co. Inc. v. Minister of Industry, Trade & Commerce* (1979) 2 F.C. 585. To specify a period from 1 January to 31 December as has now been done appears to your Committee to be a further attempt to specify an indefinite period in contravention of the statutory requirement to specify "such period or periods" during which marine plants may not be harvested notwithstanding the conditions of a harvesting licence. If your Committee is wrong in its legal conclusion it is of the view that Parliament never intended, in enacting Section 34.3(b), of the *Fisheries Act*, to allow a licence to be in effect suspended indefinitely and that the attempt to achieve this result by specifying an indefinite period of prohibition amounts to an unusual and unexpected use of power. What Parliament has in contemplation was the imposition of prohibitions of certain duration. It is true that the indefinite period now provided for in Section 6(a) is limited in area. If, however, a power is needed to suspend a licence in a particular area for an indefinite period, Parliament should be asked to grant the power. The Minister has rejected this course as impractical. He has also rejected your Committee's suggestion that the conditions attached to licences be altered so that they specify on their face that they cannot be used in the location now specified in Section 6(a) of the Regulations. By rejecting these suggestions the Minister is issuing or continuing in force licences which are in a sense counterfeit. Your Committee regards this as an abuse of Section 34.3(b) of the *Fisheries Act*.

Respectfully submitted,

JOHN M. GODFREY,
Joint Chairman.

THE SENATE

Wednesday, June 30, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

YOUNG OFFENDERS BILL

REPORT OF COMMITTEE

Hon. H. Carl Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

June 30, 1982

The Standing Senate Committee on Legal and Constitutional Affairs to which was referred Bill C-61, intituled: "An Act respecting young offenders and to repeal the Juvenile Delinquents Act", has in obedience to its Order of Reference of Wednesday, May 26, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

H. CARL GOLDENBERG

Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Goldenberg, for Senator Neiman, moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

[Translation]

OFFICIAL LANGUAGES

THIRD REPORT OF THE SPECIAL JOINT COMMITTEE ADOPTED

Hon. Lowell Murray, Joint Chairman of the Special Joint Committee on Official Languages, presented the following report:

Wednesday, June 30, 1982

The Special Joint Committee of the Senate and of the House of Commons on Official Languages has the honour to present its Third Report as follows:

In accordance with its Orders of Reference in the Senate dated May 27, 1980, April 23, 1981, and May 11, 1982, and its Orders of Reference in the House of Commons dated May 23, 1980, April 23, 1981, and May 6, 1982, the Committee has considered the annual reports of the Commissioner of Official Languages for 1978, 1979, 1980 and 1981. Your Committee has also considered the subject-matter of Bill C-214, which was

referred to it by the House of Commons on July 15, 1980.

Your Committee recommends:

THAT the Special Joint Committee on Official Languages be authorized, whenever the Committee deems necessary to do so, to adjourn from place to place within Canada, when the Senate and the House of Commons are not sitting, before October 8, 1982; and that, whenever it is deemed necessary, the Committee or its Members, as the case may be, be accompanied by the necessary staff;

and that the Members of the Committee be authorized to travel outside Canada, accompanied by necessary staff, subject to the conditions set forth in the preceding paragraph of this recommendation.

Respectfully submitted

LOWELL MURRAY

Joint Chairman.

Hon. Lowell Murray: Honourable senators, with leave of the Senate and notwithstanding Rule 44(1)(e), I move that this report be now adopted.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[English]

● (1410)

FOURTH REPORT OF SPECIAL JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Lowell Murray: Honourable senators, I have the honour to present the Fourth Report of the Special Joint Committee on Official Languages. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix, p. 4508)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Murray: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

QUESTION PERIOD

[Translation]

COMMUNICATIONS

BELL CANADA—RATE INCREASE APPLICATION—CONFLICTING MINISTERIAL STATEMENTS

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government in the Senate. For some years now, and in fact, almost every six months, Bell Canada has felt the need to go before the CRTC to ask for a rate increase.

It seems an application was filed recently with the Commission for permission to increase residential rates by 25 per cent and business rates by 15 per cent next October.

Yesterday, the Minister of Communications, the Honourable Francis Fox, told reporters that the budget's 6 per cent ceiling on increases did not apply to Bell Canada and was aimed at other types of businesses. The Minister of State, the Honourable Serge Joyal, who was asked the same question about Bell Canada rate increases, answered that Mr. MacEacohen's budget had answered the question for him.

Could the Leader of the Government inform us, since the two ministers seem to be contradicting each other, whether the Minister of Communications was actually telling the truth, or whether the government will decide to apply its budgetary restrictions to Bell Canada as well, as it suggested?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will take the question as notice.

[English]

THE BUDGET

APPLICATION OF GUIDELINES

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board.

In his budget presentation on June 28, the Minister of Finance stated that federal agencies regulating transportation, communications and foodstuffs would be requested to follow guidelines which he outlined in his budget. Could the minister advise us as to which federal agencies regulating foodstuffs will be expected to follow those guidelines?

● (1415)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I will take that question as notice.

GRAIN

RAIL TRANSPORTATION IN WESTERN CANADA

Hon. Gildas L. Molgat: Honourable senators, I should like to address a question to the Minister of State for the Canadian Wheat Board.

Hon. Jacques Flynn (Leader of the Opposition): Planted!

Senator Molgat: Yes, as a matter of fact it is planted because I have given him notice of the question.

Some Hon. Senators: Oh, oh!

Senator Molgat: The reason I did so was because I have heard rumours that there are difficulties with the transportation of grain from the west because the railways have made substantial cuts in staff and they may not be able to meet their targets. This rumour is causing concern to some elements of the agriculture community in the west, and I want either to verify it or, hopefully, to quell it, if in fact the grain movement is adequate.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I thank Senator Molgat for having given me notice of his question. In my day in the House of Commons—and I think the Leader of the Opposition would agree with me—the normal practice was to send notice, and I think that is still a fairly good practice, although I can understand that often honourable senators do not wish to send notice, and that is perfectly fine also.

Hon. Martial Asselin: It depends on who is giving the answers.

Senator Argue: I am pleased to assure Senator Molgat, and honourable senators generally, that the transportation system is working exceedingly well. We are breaking all records, and it is really encouraging to be responsible for part of the economy that is doing so well, when other elements of the economy are obviously in difficulty.

Senator Asselin: You should have advised the Minister of Finance of that.

Senator Argue: The unloads of grain at Thunder Bay were 8,524 for the week of June 21 to June 26, the highest weekly level of car unloads since August 1972. Up until June 26 of this crop year, car unloads at Thunder Bay were 218,794 as compared with 208,055 last year—an increase of approximately 10,000 cars.

West coast unloads have been performing well despite a fire on a Fraser River bridge and despite a difficult winter. West coast grain exports set a new all-time record in early June with almost two months to go in the crop year. Up until June 23, exports out of the west coast were approximately 10.4 million tonnes as compared to 9.5 million tonnes a year ago. Exports from all parts to June 23, 1983, are 22.9 million tonnes compared with 19 million tonnes at the same date in the last crop year. This is almost 4 million tonnes higher than a year ago.

Exports of barley are exceeding all previous records. The previous record for exports of barley was 5.020 million tonnes.

At June 23 this record had been exceeded, with exports, up to that date, of 5.235 million tonnes.

Senator Asselin: Dispense!

Senator Argue: As I have just mentioned, the performance is excellent. The railways are doing a first-class job. The hopper cars are showing up to great advantage, and I expect that by the end of July the export target of 26 million tonnes for this year will have been exceeded by a substantial amount.

Hon. Daniel A. Lang: Honourable senators, was the minister replying to a question of which he did not have notice?

Senator Argue: I was given notice of it at about 10 o'clock this morning.

Senator Flynn: He had enough time.

AGRICULTURE

MARITIME BEEF PRODUCERS—IMPACT OF GILSON REPORT

Hon. Peter Bosa: Honourable senators, I should like to put a question to the Minister of State for the Canadian Wheat Board. As a result of the recommendations of the Gilson report, could the minister—

Hon. Martial Asselin: Did you give notice?

Senator Bosa: No, I did not give notice.

Senator Asselin: You should have.

• (1420)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I didn't notice any notice.

Senator Bosa: As a result of the recommendation of the Gilson report, would the minister indicate how maritime farmers, specifically beef producers in the maritimes, might be affected by the proposed change in the transportation rate?

Senator Argue: Maritime wheat producers—is that the question?

Senator Bosa: Maritime beef producers.

Senator Argue: The question is: How would maritime beef producers be affected by the recommendation of the Gilson report? Obviously, they will not be affected by the recommendations unless and until they are implemented, and that may take some considerable time.

I do not like to speculate on what method will be used, but, obviously, if the payments were made to the producers and if the price of grain were reduced by the amount of the freight subsidy, this might have some effect. Basically, it will have little or no effect on beef producers outside of the prairies.

GRAIN

VOMITOXIN CONTAMINATION OF 1981 ONTARIO AND QUEBEC WINTER WHEAT CROPS

Hon. Stanley Haidasz: Honourable senators, I too would like to direct a question to our widely travelled Minister of

[Senator Argue.]

State for the Canadian Wheat Board, while he is still in the capital.

Hon. Martial Asselin: Did you give notice?

Hon. Duff Roblin (Deputy Leader of the Opposition): That was a nasty shot; that was a cheap shot.

Senator Asselin: Raise an objection.

Senator Haidasz: Can the minister tell us to what extent vomitoxin, a fungus closely related to the carcinogenic agent, aflatoxin, has contaminated the winter crops in Ontario and Quebec?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I thank the honourable senator for having given notice of this question some time ago.

Hon. Senators: Hear, hear.

Senator Argue: I will read from an answer which was prepared for me.

There were very minor levels of toxins detected in the Ontario and Quebec crops in 1981. There are almost always detectable levels of toxins in grain, particularly in eastern grain, because of the higher humidity during the growing and ripening season.

The vomitoxin detected in such large levels in the 1980 crop is suspected to arise from a condition of the crop leading to the development of fusarium fungus contamination. However, it is known that fusarium-infected grain does not necessarily contain undesirable levels of vomitoxin. Detection and measurement of levels of infection of vomitoxin require elaborate laboratory equipment and are time-consuming.

The Department of Agriculture has budgeted funds for the establishment at the Winnipeg research station to improve that department's analytical capability. Part of this involves the use of extensive laboratory equipment. The Canadian Grain Commission, which is responsible for the grading standards for Canadian grain, is working closely with Agriculture Canada's research branch in developing standards and monitoring techniques to ensure a safe and dependable product free from toxic residues.

A great deal of attention is being paid to this matter in the Department of Agriculture, in the Canadian Grain Commission, as well as in other federal departments. This is a very complex subject and will require several years of research.

The short answer to the question is that the quality of grain to which the honourable senator refers is good and is much higher than the year before when there was some difficulty in this regard.

Senator Haidasz: Honourable senators, I have a supplementary question for the minister. Can he inform us whether the dangerous pesticide, captan, has been used to control this problem, and whether that pesticide is still being used for any other purpose in Canada?

Senator Argue: Honourable senators, I shall have to take that question as notice.

THE BUDGET

PROVISIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some delayed answers to questions regarding the budget. I hope to say a few additional words in this regard this afternoon in the form of a short speech.

Questions were asked on June 28. Although I have replies to some of them, the replies to others are in the course of preparation.

Hon. Richard A. Donahoe: You have not figured them out yet.

Senator Perrault: Senator Roblin asked for comment on the increase in financial requirements for 1982-83.

● (1425)

The deteriorating economic situation has resulted in a sharp increase in the government's financial requirements for 1982-83 relative to the requirements projected in the November budget. As a consequence, the federal government will have a much greater presence in our financial markets than had been anticipated. However, the weakening economy has also reduced the demands of other borrowers, while high interest rates and uncertainty have led to increased savings. Therefore, it is not anticipated that the additional government borrowing will either force other potential borrowers out of the financial market or place upward pressure on interest rates.

Hon. Duff Roblin (Deputy Leader of the Opposition): Would my honourable friend kindly repeat that last sentence? He could not have got it right the first time.

Senator Perrault: Honourable senators, I will be pleased to read the words provided by the Minister of Finance.

Therefore, I do not anticipate that the additional government borrowing will either force other potential borrowers out of the financial market or place upward pressure on interest rates.

At the same time, it is considered that the government's fiscal stance is appropriate in the circumstances. The minister does not believe that an even higher deficit would be prudent. He says that we should recognize that the forthcoming economic recovery will lead to increased borrowing demands by the private sector and that those demands will be accommodated by the financial markets. Continued restraint and the recovery of both our government revenues and the economy will result in reduced financial requirements.

Senator Roblin: That is the triumph of hope over experience.

Senator Perrault: I am glad to see that Senator Roblin calls for hope in the nation. That is a worthy call.

Another of Senator Roblin's questions asked for a breakdown by income group of the effects of the reduction in the indexation of the exemption on personal income taxes. It is suggested that Senator Roblin refer to Table 6.2 on page 29 of

the Supplementary Information and Notice of Ways and Means Motion on the Budget.

Senator Roblin also wanted to know what was left over from the November 1981 budget. Here we suggest that the honourable senator refer to pages 6 and 7 of the Minister of Finance's speech to be found in the budget package. For more details, honourable senators may wish to have a look at the Notice of Ways and Means Motion to amend the Income Tax Act and the Income Tax Application Rules, 1971, which is contained in the budget package. There is also a paper outlining the revised rules relating to the taxation of life insurance. These documents will provide, I think, heartening answers to Senator Roblin's question.

Senator Roblin: Honourable senators, if I might, I will tell my honourable friend that the documents reached me after I had asked my question. What he tells me now is quite correct. I have looked them over and the situation is even worse than I had expected.

Senator Perrault: Senator Flynn wanted to know why the government decided to reduce the indexation rate on personal income taxes rather than to simply increase the income tax rates.

Honourable senators, the government chose this route because it was felt to be the most effective in generating non-inflationary growth. By linking the tax increase to the indexation formula rather than announcing an increase in personal income taxes, individuals are given greater personal incentive in meeting the government's target of an inflation rate of 6 per cent.

Senator Roblin also wanted to know if the 6 per cent ceiling on indexing applied to personal income tax. He also wanted to know the quantification of savings to the government.

A 6 per cent ceiling on indexing has indeed been applied to personal income tax for the year 1982-83, which will provide savings of \$160 million; and for the year 1983-84, which will provide savings of \$1.14 billion.

Senator Roblin: You mean increased taxation. "Savings"—what a perversion of language!

Senator Perrault: A question was also put asking whether the payments to the provinces were involved in the 6 per cent principle. Since a limit of 6 per cent has been imposed on the indexing of personal income tax, old age security payments and family allowance payments to the provinces are involved.

Senator Roblin also asked a series of questions involving employment measures in the budget. Further details of particular programs will be announced shortly by the Minister of Employment and Immigration. I shall be pleased to bring the information to the Senate as soon as it is available.

I do, however, have some of the answers to Senator Roblin's other questions. The honourable senator was absolutely correct in saying that what is taking place is a reordering of priorities. There are, therefore, no new allocations for employment programs. If he wishes to trace the flow of funds, it is suggested that he refer to the budget document entitled "Supplementary Information and Notice of Ways and Means Motion on the

Budget," and, in particular, Table 2.3 on page 13, which details the information he seeks.

Senator Roblin: I have now seen it.

● (1430)

Senator Perrault: Finally, on the subject of employment, Senator Roblin wished to know the policy of the government on financing the unemployment insurance fund.

Fiscal projections point to an increase in the deficit in the unemployment insurance account of \$2.2 billion for this year. The current employee-employer premium rates are \$1.65-\$2.30 per \$100 of insurable earnings. These rates were established at the time of the November 12 budget and they will remain in force through 1982. No decision has yet been made as to what the rates will be in 1983. For the purposes of the fiscal projections, however, it was assumed that the rate would be \$2.35-\$3.30 per \$100 of insurable earnings in 1983, these rates being estimates of what would be required to balance benefit payments and premium contribution in 1983.

As for Senator Roblin's questions concerning the government policy in respect of provincial legislation involving wages, I think it is pretty obvious that the national government would like the co-operation of the provinces in restoring confidence in the economy. Talks, of course, are under way at this very time. It should be repeated, however, that the Prime Minister will probably have some comments to make after the meeting of first ministers this afternoon.

Finally, Senator Roblin wished to know what proportion of the total intake of the federal government will be required to pay the interest on the debt. Honourable senators, the latest figures provided for me by the Minister of Finance indicate that the proportion will be in the vicinity of 22.7 per cent.

Honourable senators, Senator Bosa wanted to know what happens to salary or contract settlements that took place prior to today in other sectors of society under federal jurisdiction. As I understand it, the new policy will apply to all those working under federal jurisdiction. The President of the Treasury Board, however, is tabling a bill on that very subject today in the other place, and the document containing the information sought by the honourable senator should be here shortly. I shall be pleased to bring further details to the Senate on Monday.

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS— ANSWERS TO QUESTIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to the question asked by Senator Roblin on June 28 last concerning the government's view on the recommendation of the Subcommittee on National Defence that there should be a new white paper on national defence.

Well, that is another question—

[Senator Perrault.]

Hon. Duff Roblin (Deputy Leader of the Opposition): Come on; let's hear it.

Senator Perrault: Well, these are delayed answers. Why not?

Honourable senators, the government is still studying the proposal and is considering what action it might take.

Hon. Royce Frith (Deputy Leader of the Government): Hear, hear.

Senator Perrault: I am very pleased to provide that information.

Senator Molgat asked a question on June 28 concerning the recent 11 per cent pay increase in the armed forces.

Honourable senators, the measures announced by the Minister of Finance are not retroactive insofar as the pay increase to the armed forces is concerned; however, future pay increases will be limited to 6 per cent in 1983, and to 5 per cent in 1984.

On the same day, Senator McElman also asked a question, which concerned the reference to the reallocation of military pay and defence reprofiling.

Honourable senators, the reallocation of military pay and defence reprofiling referred to by Senator McElman means simply that some decisions in terms of capital expenditures have been deferred. This will not affect the major procurement programs, nor will it affect the current manning level in the Department of National Defence. I have been assured by the Minister of National Defence that there is room to absorb such a budget cut without hurting any major programs.

THE BUDGET

PROVISIONS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, one of the answers given to me, I think, is based on either an incorrect phrasing of my question, or a misunderstanding on the part of the minister.

When we discussed the question of the percentage that interest payments represent, I made reference to the percentage of government revenue, not government expenditure. I think the Leader of the Government gave me the percentage of the expenditure amount, namely, 21 or 22 per cent. The real meaning of my question is: What percentage of government revenue do those interest payments represent? I think the answer will turn out to be 26 or 27 per cent.

Hon. Raymond J. Perrault (Leader of the Government): That question will be taken as notice, and we will clarify the point as quickly as possible.

THE SENATE

COMMITTEE MEETINGS—ALLOCATION OF ROOMS

Hon. Jack Marshall: Honourable senators, I rise on a point of order with regard to an answer the Deputy Leader of the Government gave yesterday. I could not do anything about this earlier because my copy of *Debates of the Senate* of yesterday

had not arrived in my office at five minutes to two. Incidentally, that is another story. I understand that the Printing Bureau is ordered by the House of Commons to give priority to that house. Why we cannot get our *Debates* at the same time as the other place is another mystery.

The deputy leader did not reply adequately to my question with regard to allocation of committee rooms. It appears that it has been the practice that the Railway Committee Room is given by the House of Commons to the press, while the Senate gives them room 256-S, but who gives that authority? Do they ask the Senate if they can use room 256-S? If so, whom do they ask, and why are they given the use of that room, even though it may have been the custom over the years.

The Deputy Leader of the Government told me the other day that he did not give the authority, and neither he nor the Leader of the Government knew who did. Evidently the chairman of the committee indicated that he was not aware of who gave that permission. Who in the Senate gives authority for anyone in the country to use space that is allocated to honourable senators? Surely there has to be some responsibility here.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Black Rod has general jurisdiction over the use and administration of space in the Senate. I assume that in this case, because it had been a tradition for the press to use that room on budget night, permission was given. However, I do not know whether or not Black Rod specifically gave that permission. It seems to me that the main issue here is one of conflict.

I am sure that Senator Marshall, or any other honourable senator, would not object to a room, otherwise not being used, being so used. If I understand Senator Marshall's point correctly—and it is one with which I agree—when senators are evicted from space in order to meet a request or follow a tradition, then that is a matter about which we should be concerned. I assume it was just an oversight, and, in any event, due note has been taken of Senator Marshall's point.

Senator Marshall: Honourable senators, in view of the fact that the same room was used the next morning, it would mean that either someone was hired on an overtime basis, or the staff worked through the night, to rearrange the room. Will the CBC be required to reimburse the Senate for any extra pay that might have been given to the staff, and will the CBC be required, in this period of restraint, to pay rent for space on Parliament Hill? I should like an answer to this question.

Senator Frith: I shall try to obtain that information for the honourable senator.

QUESTIONS ON THE ORDER PAPER

Hon. Jack Marshall: Honourable senators, regarding replies to questions on the Order Paper, I have made a little list. Some questions have been on the Order Paper for periods of 21 months, 17 months and 15 months. I am wondering who is responsible for providing answers to written questions, and why simple questions cannot be answered promptly.

To help whoever is responsible, let me take, as an example, Question No. 36 on the Order Paper, asked by the Honourable Senator Bosa on October 16, 1980. The question is:

What is the average tenure of office of (a) Senators, and (b) Members of the House of Commons?

I looked through my own speeches and found that on October 26, 1978, I listed the tenure of senators. For the information of whoever is responsible, and to help the staff during this period of restraint, the average tenure of senators is 8.32 years and the average tenure of members of the House of Commons is 7.23 years. That will help him.

Hon. Royce Frith (Deputy Leader of the Government): I thank the honourable senator. That is one question that we can cross off as having been answered.

Hon. Peter Bosa: Honourable senators, in all fairness, the question to which Senator Marshall referred was answered over a year ago. I cannot understand why the question still appears on the Order Paper. The answer to that question was delivered to my desk.

Hon. Raymond J. Perrault (Leader of the Government): Personal service.

THE BUDGET

IMPACT ON MONEY MARKET

Hon. Lowell Murray: Honourable senators, I have a question for the Leader of the Government. Is it the position of the government that the havoc on Canadian stock markets yesterday, the decline in bond prices yesterday, and the further decline in the Canadian dollar yesterday, are unrelated to the budget brought in by Mr. MacEachen on Monday night?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I hope to make some remarks in connection with those phenomena later this day.

REGIONAL ECONOMIC EXPANSION

CANADA/NEWFOUNDLAND AGRICULTURAL DEVELOPMENT SUBSIDIARY AGREEMENT—PROJECTS

Question No. 68 on the Order Paper—By **Hon. Jack Marshall:**

With regard to the Canada/Newfoundland Agricultural Development Subsidiary Agreement, (i) what is the breakdown, by federal district, of all projects introduced in the Province of Newfoundland since the inception of the Agreement and (ii) what are the amounts of each payment?

Reply by the Minister of Regional Economic Expansion:

CANADA/NEWFOUNDLAND AGRICULTURE DEVELOPMENT SUBSIDIARY AGREEMENT

SUMMARY OF EXPENDITURES BY FEDERAL DISTRICT
TO DECEMBER 31, 1981

| PROGRAM | No. | St. John's East | St. John's West | Bonavista/ Trinity/ Conception | Burin St. George's | Gander Twillingate | Grand Falls/ White Bay/ Labrador | Humber St. Barbe | TOTAL |
|----------------------------|-----|--------------------|--------------------|--------------------------------------|-----------------------|-----------------------|--|---------------------|------------|
| Farm Development | 1 | 312,153 | 406,982 | 404,069 | 535,148 | 248,731 | 176,821 | 712,892 | 2,796,796 |
| Development Opportunities | 2 | 272,563 | 334,252 | 28,300 | 50,000 | 264,384 | 48,350 | 97,910 | 1,095,759 |
| Blueberry Industry Devel. | 3 | 60,000 | 104,286 | 1,202,645 | 15,300 | 143,000 | 68,000 | 41,000 | 1,634,231 |
| Marketing | 4 | 162,402 | 48,986 | 32,900 | 132,440 | 62,600 | 103,969 | 556,410 | 1,099,707 |
| Land Use Planning | 5 | 159,775 | 159,675 | 159,675 | 154,775 | 159,775 | 159,775 | 159,775 | 1,113,225 |
| Land Development | 6 | 78,614 | 376,043 | 82,214 | 53,614 | 63,614 | 40,700 | 40,000 | 734,799 |
| Agricultural Facilities | 7 | — | 2,076,183 | — | — | — | — | — | 2,076,183 |
| Planning, Coordin. & Eval. | 8 | 1,460 | 184,652 | 61,566 | 5,002 | 5,002 | 5,002 | 5,214 | 267,898 |
| TOTAL | | 1,046,967 | 3,691,059 | 1,971,369 | 946,279 | 947,106 | 602,617 | 1,613,201 | 10,818,598 |

CANADA/NEWFOUNDLAND AGRICULTURE DEVELOPMENT SUBSIDIARY AGREEMENT

EXPENDITURE BY PROJECT BY FEDERAL DISTRICTS
TO DECEMBER 31, 1981

| PROGRAM | No. | St. John's East | St. John's West | Bonavista/ Trinity/ Conception | Burin St. George's | Gander Twillingate | Grand Falls/ White Bay/ Labrador | Humber St. Barbe | TOTAL |
|-----------------------------------|------|--------------------|--------------------|--------------------------------------|-----------------------|-----------------------|--|---------------------|-----------|
| <i>Program 1—Farm Development</i> | | | | | | | | | |
| On-Farm Training | 1.1A | 818 | 36,408 | 818 | 818 | 818 | 818 | 4,975 | 45,473 |
| Travel & Exchange | 1.1B | 21,016 | 20,016 | 20,016 | 20,016 | 20,016 | 20,016 | 24,991 | 146,087 |
| Short Courses | 1.1C | 7,078 | 7,078 | 7,078 | 6,078 | 7,078 | 7,078 | 7,078 | 48,546 |
| DACUM | 1.1D | — | — | — | — | — | — | 15,792 | 15,792 |
| Staff Training | 1.1E | 8,153 | 8,153 | 8,153 | 7,153 | 8,153 | 8,153 | 8,153 | 56,071 |
| Producer Commodity Groups | 1.1F | 19,315 | 12,500 | 10,000 | 5,000 | 5,000 | 5,000 | 5,000 | 61,815 |
| Capital Assistance | 1.2 | 255,773 | 322,827 | 358,004 | 496,083 | 207,666 | 135,756 | 646,903 | 2,423,012 |
| TOTAL | | 312,153 | 406,982 | 404,069 | 535,148 | 248,731 | 176,821 | 712,892 | 2,796,796 |

CANADA/NEWFOUNDLAND AGRICULTURE DEVELOPMENT SUBSIDIARY AGREEMENT
EXPENDITURE BY PROJECT BY FEDERAL DISTRICTS
TO DECEMBER 31, 1981

| PROGRAM | No. | St. John's East | St. John's West | Bonavista/ Trinity/ Conception | Burin St. George's | Gander Twillingate | Grand Falls/ White Bay/ Labrador | Humber St. Barbe | TOTAL |
|--|-------|--------------------|--------------------|--------------------------------------|-----------------------|-----------------------|--|---------------------|-----------|
| <i>Program 2—Development Opportunities</i> | | | | | | | | | |
| Limestone Study | 2.1 | — | — | — | — | — | — | 11,500 | 11,500 |
| Peat Soil Production | 2.2 | — | — | — | — | 161,464 | — | — | 161,464 |
| Swine Breeding | 2.3 | — | 100,660 | — | — | — | — | — | 100,660 |
| Swine Disease Eradication | 2.4 | 55,178 | 20,300 | — | 10,000 | 30,600 | 20,300 | 20,300 | 156,678 |
| Swine Waste Management | 2.5-1 | — | 9,000 | — | — | — | — | — | 9,000 |
| Development Specialist | 2.6 | 43,729 | — | — | — | — | — | — | 43,729 |
| Slotted Farrowing Units | 2.7 | — | 15,000 | — | — | — | — | — | 15,000 |
| Frost Control Irrigation | 2.8 | — | — | — | — | 52,800 | — | — | 52,800 |
| Silage System | 2.12 | — | 60,000 | — | 40,000 | — | — | — | 100,000 |
| Forage Technology | 2.13 | — | 60,000 | — | — | — | — | — | 60,000 |
| On-Farm Refrigeration | 2.14 | — | — | 20,300 | — | — | — | 4,000 | 24,300 |
| Milking Parlour Innovations | 2.15 | — | 15,000 | — | — | — | — | — | 15,000 |
| Backfat Instrumentation | 2.16 | — | — | — | — | 19,520 | — | — | 19,520 |
| Row Crop Tractor | 2.17 | — | — | — | — | — | 10,000 | — | 10,000 |
| Odor Aversion Study | 2.18 | — | — | 8,000 | — | — | — | — | 8,000 |
| Feeding System | 2.19 | — | — | — | — | — | 11,550 | — | 11,550 |
| Plastic Mulch Layer | 2.20 | — | — | — | — | — | 5,000 | — | 5,000 |
| Hay Barn Dryer | 2.21 | — | — | — | — | — | 1,500 | — | 1,500 |
| On-Farm Jacketed Storage | 2.22 | — | — | — | — | — | — | 25,295 | 25,295 |
| Land Clearing System | 2.23 | — | 54,292 | — | — | — | — | — | 54,292 |
| Dry Sow Barn | 2.24 | 150,000 | — | — | — | — | — | — | 150,000 |
| Dairy Bldg. Innovations | 2.25 | 15,392 | — | — | — | — | — | — | 15,392 |
| Power Till Seeder | 2.26 | — | — | — | — | — | — | 12,000 | 12,000 |
| Hydro Spreader | 2.28 | — | — | — | — | — | — | 10,800 | 10,800 |
| Mower Crimper | 2.30 | — | — | — | — | — | — | 14,015 | 14,015 |
| Pig Brooder | 2.31 | 8,264 | — | — | — | — | — | — | 8,264 |
| TOTAL | | 272,563 | 334,252 | 28,300 | 50,000 | 264,384 | 48,350 | 97,910 | 1,095,759 |

CANADA/NEWFOUNDLAND AGRICULTURE DEVELOPMENT SUBSIDIARY AGREEMENT
EXPENDITURE BY PROJECT BY FEDERAL DISTRICTS
TO DECEMBER 31, 1981

| PROGRAM | No. | St. John's East | St. John's West | Bonavista/ Trinity/ Conception | Burin St. George's | Gander Twillingate | Grand Falls/ White Bay/ Labrador | Humber St. Barbe | TOTAL |
|---|-----|--------------------|--------------------|--------------------------------------|-----------------------|-----------------------|--|---------------------|-----------|
| <i>Program 3—Blueberry Industry Development</i> | | | | | | | | | |
| Surveys | 3.1 | — | — | 416,909 | 5,000 | 5,000 | 24,000 | 16,000 | 466,909 |
| Access Roads | 3.2 | 60,000 | 50,000 | 766,000 | 10,300 | 50,000 | 44,000 | 25,000 | 1,005,300 |
| Technical Adaptation | 3.3 | — | 54,286 | 19,736 | — | 88,000 | — | — | 162,022 |
| TOTAL | | 60,000 | 104,286 | 1,202,645 | 15,300 | 143,000 | 68,000 | 41,000 | 1,634,231 |

CANADA/NEWFOUNDLAND AGRICULTURE DEVELOPMENT SUBSIDIARY AGREEMENT

EXPENDITURE BY PROJECT BY FEDERAL DISTRICTS
TO DECEMBER 31, 1981

| PROGRAM | No. | St. John's East | St. John's West | Bonavista/ Trinity/ Conception | Burin St. George's | Gander Twillingate | Grand Falls/ White Bay/ Labrador | Humber St. Barbe | TOTAL |
|----------------------------|---------|--------------------|--------------------|--------------------------------------|-----------------------|-----------------------|--|---------------------|-----------|
| <i>Program 4—Marketing</i> | | | | | | | | | |
| VMAL Building | 4.1-1 | — | — | — | — | — | — | 371,000 | 371,000 |
| Equipment (Marketing) | 4.1-3 | — | — | — | 7,800 | 19,000 | 8,000 | 38,000 | 72,800 |
| Cool Room Robinson's | 4.1-5 | — | — | — | 58,500 | — | — | — | 58,500 |
| VMAL Facilities | 4.1-6 | — | — | — | 41,200 | — | 3,000 | 39,200 | 83,400 |
| Green Bay Refrigeration | 4.1-7 | — | — | — | — | — | 50,000 | — | 50,000 |
| Marketing Weanling Pigs | 4.1-8 | — | — | 5,000 | — | — | — | — | 5,000 |
| Temperature Controls | 4.1-9 | — | — | — | 2,040 | — | 1,020 | 1,020 | 4,080 |
| Eastern Farmers' Coop. | 4.1-10 | 23,200 | — | — | — | — | — | — | 23,200 |
| Green Bay Marketing Equip. | 4.1-11 | — | — | — | — | — | 8,750 | — | 8,750 |
| Processing Equipment—VMAL | 4.1-12 | — | — | 9,000 | 9,000 | 9,000 | 9,000 | — | 36,000 |
| Processing Equipment—EFC | 4.1-13 | 10,170 | — | — | — | — | — | — | 10,170 |
| Research Data (Market) | 4.2-1 | 7,670 | — | — | — | — | — | 57,000 | 64,670 |
| Production Economic Data | 4.2-2 | — | — | 5,000 | — | — | 5,000 | 5,000 | 15,000 |
| Livestock Market Survey | 4.2A-3 | — | — | — | — | — | — | 11,190 | 11,190 |
| Production Economist | 4.2B-2 | 27,000 | 16,400 | — | — | — | — | — | 43,400 |
| Swine Incentive Study | 4.2B-3 | 2,608 | — | — | — | — | — | — | 2,608 |
| Co-op Student | 4.2B-4 | — | 4,205 | — | — | — | — | — | 4,205 |
| Market Information | 4.2C-1 | 5,000 | 1,300 | — | — | — | — | — | 6,300 |
| Promotion Campaign 79 | 4.2D-1 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 38,500 |
| Beet Promotion | 4.2D-2 | 300 | — | — | — | 300 | 399 | — | 999 |
| Pork & Chicken Promotion | 4.2D-3 | 1,554 | — | — | — | — | — | — | 1,554 |
| Promotion Campaign 80 | 4.2D-4 | 20,000 | — | — | — | 20,000 | — | 20,000 | 60,000 |
| Consumer Inform. Brochure | 4.2D-5 | 400 | 500 | 400 | 400 | 500 | 400 | 500 | 3,100 |
| Promotion Campaign 81 | 4.2D-6 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 56,000 |
| External Services | 4.2E-1 | 45,600 | 9,200 | — | — | — | — | — | 54,800 |
| Marketing Services | 4.2E-3 | 1,000 | — | — | — | — | — | — | 1,000 |
| Farmers' Market 79 | 4.2E-4 | 1,500 | — | — | — | — | — | — | 1,500 |
| Farmers' Market 80 | 4.2E-8 | 600 | — | — | — | 300 | 3,500 | — | 4,400 |
| Vegetable Facility Tour | 4.2E-10 | 2,300 | — | — | — | — | — | — | 2,300 |
| Storage Seminar | 4.2E-11 | — | — | — | — | — | 1,400 | — | 1,400 |
| MUN Co-op Student | 4.2E-12 | — | 3,881 | — | — | — | — | — | 3,881 |
| TOTAL | | 162,402 | 48,986 | 32,900 | 132,440 | 62,600 | 103,969 | 556,410 | 1,099,707 |

CANADA/NEWFOUNDLAND AGRICULTURE DEVELOPMENT SUBSIDIARY AGREEMENT

EXPENDITURE BY PROJECT BY FEDERAL DISTRICTS
TO DECEMBER 31, 1981

| PROGRAM | No. | St. John's East | St. John's West | Bonavista/ Trinity/ Conception | Burin St. George's | Gander Twillingate | Grand Falls/ White Bay/ Labrador | Humber St. Barbe | TOTAL |
|------------------------------------|-----|--------------------|--------------------|--------------------------------------|-----------------------|-----------------------|--|---------------------|-----------|
| <i>Program 5—Land Use Planning</i> | | | | | | | | | |
| Soil Surveys | 5.1 | 80,043 | 79,943 | 79,943 | 75,043 | 80,043 | 80,043 | 80,043 | 555,101 |
| Land Use Planning | 5.2 | 79,732 | 79,732 | 79,732 | 79,732 | 79,732 | 79,732 | 79,732 | 558,124 |
| TOTAL | | 159,775 | 159,675 | 159,675 | 154,775 | 159,775 | 159,775 | 159,775 | 1,113,225 |

CANADA/NEWFOUNDLAND AGRICULTURE DEVELOPMENT SUBSIDIARY AGREEMENT

EXPENDITURE BY PROJECT BY FEDERAL DISTRICTS
TO DECEMBER 31, 1981

| PROGRAM | No. | St. John's East | St. John's West | Bonavista/ Trinity/ Conception | Burin St. George's | Gander Twillingate | Grand Falls/ White Bay/ Labrador | Humber St. Barbe | TOTAL |
|-----------------------------------|------|--------------------|--------------------|--------------------------------------|-----------------------|-----------------------|--|---------------------|---------|
| <i>Program 6—Land Development</i> | | | | | | | | | |
| Forage Development | 6.1 | — | 220,200 | — | — | — | — | — | 220,200 |
| Access Roads | 6.2B | 78,614 | 155,843 | 78,614 | 53,614 | 63,614 | 35,000 | 20,000 | 485,299 |
| Sheep Station | 6.2D | — | — | 3,600 | — | — | 5,700 | 20,000 | 29,300 |
| TOTAL | | 78,614 | 376,043 | 82,214 | 53,614 | 63,614 | 40,700 | 40,000 | 734,799 |

CANADA/NEWFOUNDLAND AGRICULTURE DEVELOPMENT SUBSIDIARY AGREEMENT

EXPENDITURE BY PROJECT BY FEDERAL DISTRICTS
TO DECEMBER 31, 1981

| PROGRAM | No. | St. John's East | St. John's West | Bonavista/ Trinity/ Conception | Burin St. George's | Gander Twillingate | Grand Falls/ White Bay/ Labrador | Humber St. Barbe | TOTAL |
|--|-----|--------------------|--------------------|--------------------------------------|-----------------------|-----------------------|--|---------------------|-----------|
| <i>Program 7—Agricultural Facilities</i> | | | | | | | | | |
| Agriculture Building | 7 | | 2,076,183 | — | — | — | — | — | 2,076,183 |
| TOTAL | | | 2,076,183 | — | — | — | — | — | 2,076,183 |

CANADA/NEWFOUNDLAND AGRICULTURE DEVELOPMENT SUBSIDIARY AGREEMENT
EXPENDITURE BY PROJECT BY FEDERAL DISTRICTS
TO DECEMBER 31, 1981

| PROGRAM | No. | St. John's East | St. John's West | Bonavista/ Trinity/ Conception | Burin St. George's | Gander Twillingate | Grand Falls/ White Bay/ Labrador | Humber St. Barbe | TOTAL |
|--|-------|--------------------|--------------------|--------------------------------------|-----------------------|-----------------------|--|---------------------|---------|
| <i>Program 8—Planning, Coordin. & Evaluation</i> | | | | | | | | | |
| Inventory Survey | 8.1-1 | 500 | 500 | 500 | 500 | 500 | 500 | 700 | 3,700 |
| Development Planner | 8.1-2 | — | 59,270 | 31,312 | — | — | — | — | 90,582 |
| Planning Officer | 8.1-3 | — | 45,000 | 25,312 | — | — | — | — | 70,312 |
| Secretarial Assistance | 8.1-4 | — | 33,504 | — | — | — | — | — | 33,504 |
| Office Equipment | 8.1-5 | — | 7,000 | — | — | — | — | — | 7,000 |
| Agriculture Vehicle | 8.1-6 | — | 11,388 | — | — | — | — | — | 11,388 |
| Evaluation Inventory | 8.2-1 | 960 | 19,990 | 3,742 | 3,802 | 3,802 | 3,802 | 3,814 | 39,912 |
| Data Base Collection | 8.2-2 | — | 1,000 | — | — | — | — | — | 1,000 |
| Information Dissemination | 8.3-1 | — | 7,000 | 700 | 700 | 700 | 700 | 700 | 10,500 |
| TOTAL | | 1,460 | 184,652 | 61,566 | 5,002 | 5,002 | 5,002 | 5,214 | 267,898 |

THE ECONOMY

ECONOMIC, FISCAL AND ENERGY POLICIES OF FEDERAL GOVERNMENT—DEBATE CONTINUED

Leave having been given to proceed to Order No. 10:

Resuming the debate on the motion of the Honourable Senator Phillips, seconded by the Honourable Senator Yuzyk:

That the Senate of Canada do urge the Federal Government to re-direct its economic, fiscal and energy policies, and bring forward as soon as possible a new budget; such budget to provide proper economic direction, improved employment opportunities and measures to restore national confidence in the economy.—(*Honourable Senator Charbonneau*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the Leader of the Government wishes to fulfil an undertaking he gave to speak to this Order, and Senator Charbonneau has agreed to yield to him.

The Hon. the Speaker: Is it agreed, honourable senators, that Senator Perrault speak now in this debate instead of Senator Charbonneau?

Hon. Senators: Agreed.

• (1440)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the motion advanced by the opposition and proposed by Senator Phillips calls for a redirection of the federal government's economic, fiscal and energy policies.

Hon. Jacques Flynn (Leader of the Opposition): And for a new budget.

Senator Perrault: Last Monday evening an event of some importance took place in this nation. The Minister of Finance and Deputy Prime Minister, the Honourable Allan MacEichen, an outstanding servant of the Canadian people,

brought forward a new budget which responds to the serious economic situation we face in this country. We do not minimize the seriousness of the situation, nor should it be minimized by any other Canadian.

We in Canada are facing a challenge. We believe this budget offers Canadians a way to end the recession and to speed our progress towards recovery insofar as it is possible to do so through domestic initiatives. The budget calls on all Canadians to join in developing a solution. Like so many other countries, Canada has been wrestling with economic problems and difficulties—

Hon. C. William Doody: Since 1968.

Senator Perrault:—since 1973, when world oil prices began to escalate to such a large extent. We are feeling the impact of this recession now through high unemployment, dwindling profits, increasing bankruptcies and declining output in productivity.

The recession in other industrialized countries has added to our hardships. It is folly to assume that we can insulate ourselves from the ravages of an international recession. These are facts which are truly beyond dispute. Canada is one of the nations in the world which depends to a very great extent on its export sales for its prosperity. When markets decline abroad, we have trouble. We cannot insulate ourselves from the effects of the economic policies of our trading partners, especially those of our neighbour to the south. The persistence of high interest rates, along with other actions in that country, are obstacles to our economic recovery and well-being. The Minister of Finance made it very clear the other evening that he is not attempting to place all the blame on the United States or other countries. Mistakes have been made by all governments in the history of Canada. I believe it was the late President John F. Kennedy who said, "Governments do very well if they are right 50 per cent of the time." I suggest this government has been right well over 50 per cent of the time.

Senator Flynn: How dare you!

Senator Perrault: It's nice to see that the Leader of the Opposition is listening and laughing. Obviously, he is in a good mood.

Senator Flynn: That is one of your best jokes.

Hon. Duff Roblin (Deputy Leader of the Opposition): He is not laughing with you; he is laughing at you.

Senator Perrault: There is some hope in the preliminary figures coming out of the United States. A modest recovery may soon be on its way.

Hon. Martial Asselin: When?

Senator Flynn: We have heard that for three years now.

Senator Perrault: And that is good news for Canada. To benefit fully from this recovery and to bring about the recovery of this country, Canadians must face squarely the challenge of bringing down inflation. That is the number one thrust of the budget introduced on Monday evening. Unless we beat inflation and unless we significantly reduce inflation, we will not be able to compete. We are still experiencing intolerably high rates of inflation, which cost us severely in terms of jobs and growth.

Primary among our goals is to bring down the vicious spiral whereby incomes chase prices, which in turn chase incomes. We must convince ourselves that inflation will not remain high indefinitely. Price inflation can be beaten if we accept that our income increases must be lower than the rate of inflation. In an attempt to achieve faster progress in reducing inflation, the government is calling on all Canadians to bear a share of the collective efforts to bring down inflation.

Honourable members of the opposition know that the federal government does not exercise total control over the economic levers in this country. They know that 60 per cent of all the taxes raised and the money spent is raised and spent by the provinces and municipalities, that the federal government's share is only 40 per cent, and that two-thirds of all labour-management relations are under provincial jurisdiction. The federal government does not have some sort of big red economic lever which it can crank in order to change things overnight.

Senator Roblin: That is not what you said at election time.

Senator Perrault: Members of the opposition are aware of this. Many of the provinces, headed by Conservative governments and Conservative premiers, are running substantial deficits these days and are wrestling with similar problems of their own.

Senator Asselin: You were excused in advance.

Senator Perrault: What am I trying to suggest? I am suggesting that we are all involved in this effort to restore the buoyancy of the Canadian economy. It cannot be done by one political party or by one government in this nation.

Senator Flynn: That is not what you said during the 1980 campaign.

Senator Perrault: That is the reason why the premiers are meeting at the Conference Centre this afternoon. There are no miracles, just hard work involved.

Senator Flynn: And lies.

Senator Perrault: I repeat, primary among our goals is to break the vicious spiral whereby incomes chase prices, which in turn chase incomes. We must convince ourselves that inflation will not remain high indefinitely.

Hon. Lowell Murray: You have read that already.

Senator Perrault: We cannot have conscientious objectors who will not enter the battle. I can remember the period of time when we were setting up a wage and price guidelines policy following a past election.

Senator Flynn: After having lied to the people of Canada.

Senator Perrault: We would receive letters from companies which would say something to the effect, "Dear Prime Minister," or "Dear Minister, may we commend you for your courageous attempt to bring down the inflation rate in this country? May we commend you for the wage and price guidelines you have established? We say you should proceed with courage and strength." Then in the second paragraph they would say, "Of course, you understand that our industry is in a special category, and that we should be exempt from these guidelines." Then they would proceed to list their reasons.

I suggest that the state of the economy today is such that we cannot afford the luxury of having any sector of society opt out and say that these guidelines should not apply. We cannot afford to have the head of the largest trade union in Canada saying, "We are not going to be bound by any guidelines, and we are going to take all the system can give us". We cannot have the head of a major organization telling the Canadian people and political parties of the country to go you-know-where.

Hon. Royce Frith (Deputy Leader of the Government): Shame!

Senator Perrault: It is a shame that such statements are made by people who should realize the gravity of the situation. There is no long-term benefit to the workers of this nation if they are going to be paid in a basically debased dollar which has no real purchasing power. The best service the labour leaders of this nation can perform for their workers is to urge them to increase productivity, and then they will be indemnified in dollars which have real purchasing power. That is the kind of message that Mr. McDermott should be delivering to the people of this country.

In an attempt to achieve faster progress in reducing inflation, the government is calling on all Canadians to bear a share of the collective efforts to bring down inflation. Restraint and discipline in our income demands will restore growth in the economy and generate the jobs we need to meet our economic potential. The government will lead the way by imposing limits of 6 per cent this year and 5 per cent next year on pay increases for over 500,000 public sector employees. In addition, ministers of the Crown, members of the House of Commons and members of the Senate are doing their share by accepting a five per cent pay cut for the rest of the year. The

pay restraint program will lower federal expenditures by some \$250 million this year and \$550 million next year. These funds will be redirected to those in the greatest need in our society, for increases in the child tax credit, for GIS recipients, to assist small business, farmers and fishermen, and to enhance our housing program.

● (1450)

Savings from the public sector restraint program will not be sufficient, however, to lift the burden of inflation from those least able to protect themselves. For those reasons, indexation for taxpayers and recipients of some transfer payments will be limited to 6 per cent in 1983 and to 5 per cent in 1984. Families with modest incomes will not be hurt, as the child tax credit not only remains fully indexed but will be increased by \$50 for the 1982 taxation year. For those at the other end of the age spectrum, the guaranteed income supplement will also continue to be fully indexed, and its recipients will receive an additional supplement to offset the indexation limit of the old age security payments.

Inflation is also perpetuated in increases in so-called regulated prices—prices for telephones, transportation, foodstuffs and components; indeed, the essentials of every-day life for Canadian families. Here again, the government is taking the lead by requesting that federal agencies keep in line with the objectives set out in the budget.

Senator Phillips, in his motion, calls for measures “to restore national confidence in the economy.” Honourable senators, the government is taking immediate action to strengthen investment and to build consumer and business confidence. A committee of prominent Canadians is to be set up; their names were given to honourable senators yesterday. These financial, legal, accounting and economic experts will examine proposals to reduce the taxation of investment income and interest rates to borrowers and will report to the Minister of Finance not later than September 30. Canadians are invited to comment on these proposals, and they will be implemented once their feasibility has been confirmed.

Several modifications have been made to the November budget tax measures following extensive consultation with many groups across the country. There has been a good deal of discussion on this point in recent days in this chamber.

Foreign investment will continue to make a positive contribution to Canada's economic development. To ensure that that is done in the most effective and expedient manner, several recommendations following the review of the Foreign Investment Review Agency will be the subject of action. These changes include increased thresholds for small business procedures and greater clarity and speed of decision-making in full review cases.

This budget also makes it clear that because we are well on target in our Canadianization goals, the government does not intend to accelerate the pace of acquisition of foreign energy holdings.

Honourable senators, there are many areas in our economy that require immediate attention. I am certain that each and

every one of us has received representations from small businessmen, farmers and fishermen facing financial difficulty. We have heard from people who must renegotiate their mortgages at enormously high interest rates and from people who fear they will lose their homes. No doubt many of us have seen the high costs in human, social and economic terms of record levels of unemployment. The higher-than-anticipated level of the budgetary deficit, \$19.6 billion, has been the topic of a great deal of discussion in recent days and the subject of many editorials across the country. It is a cause for concern. It is caused essentially by the drastically reduced revenues and increased expenditures which flow from the dramatic downturn in the economy. But how serious is the deficit? Is it the disaster portrayed by some people who write articles in newspapers?

An Hon. Senator: Yes, it is.

Senator Perrault: Well, an honourable senators says, “Yes, it is,” but should it trigger a selling of stocks on the marketplace? Should it cause a loss of confidence?

Some Hon. Senators: Yes!

Senator Perrault: Honourable senators, it may be of interest to remind ourselves that in 1942 and 1943 the deficits in this country represented over 20 per cent of the gross national product. The only meaningful ratio, when defining or discussing the deficit, is to look at it in relation to the gross national product, which is an indicator of a nation's ability to repay that deficit sooner or later. It might surprise some honourable senators to know that since the budget on Monday, papers published by the Organization for Economic Co-operation and Development, highly respected throughout the world, indicate that the ratio in Canada will be 5.2 per cent next year, while in the United States the ratio will be 5.4 per cent next year. The ratio in Canada is substantially lower than in many other countries of the world.

These are significant facts. This is not the kind of information which should trigger a selling wave on the stockmarket. The business leaders of this country, knowing the problems we are having selling our products abroad, should take great satisfaction in the fact that in relation to our gross national product our deficit is not out of line. It is not out of line and it is not alarming. It is a matter of concern. We must do better. We have to strive to do better. But it is not a disaster scenario. It is not a scenario in which Canada somehow is the only nation in the world going over the cliff. We are not going over any cliff. Our ratio compares favourably with that of most of our trading partners. As I have already mentioned, it is but a fraction of the ratio in relation to the GNP which prevailed during the war years of 1942 and 1943.

We talk about the deficit and about inflation and the worries associated with that. Some of us are old enough to remember at least part of the hungry thirties. We have to remind ourselves of what we are trying to do in this budget. Some of us can recall books like *The Ten Lost Years*, by Mr. Broadfoot, in which he outlined the tragedies visited upon thousands of families in all of the provinces of Canada.

[Senator Perrault.]

Hon. Richard A. Donahoe: Well, you ain't seen nuthin' yet!

Senator Perrault: Well, that is not the attitude that is going to cause a recovery in this nation. One of the honourable senators in opposition—and let's put it on the record—says, "You ain't seen nuthin' yet!" I hope the senator does not really represent the philosophy of the Conservative Party, which seems to traffic in doom, gloom and disaster—and derives enjoyment from it. Yes, they derive enjoyment from it.

Senator Donahoe: I lived in the dirty thirties.

Senator Perrault: Well, you may have lived in the dirty thirties, but let's not have the dirty eighties. Let's turn this economy around. We need your co-operation, senator. We—

Senator Flynn: You sure need something. You lack a lot.

Senator Perrault: We want you on the building team and not on the wrecking crew.

Senator Frith: Hear, hear.

Senator Perrault: We want a message to go out to the people of this country, whether they are Conservatives, Liberals, NDP or anything else—

Senator Flynn: You have no credibility; that's the problem.

Senator Perrault: —that the first thing we must do to move toward recovery is to appraise realistically what we can do as a nation and a government. We have to have a stock-taking to find out what our assets are and what the problems are. For instance, there is nothing the government can do about the price of commodities.

Senator Flynn: You were born yesterday.

Senator Perrault: If the opposition have some suggestions on what we can do to bounce up the price of commodities in the world and to bounce up demand, will they please let us know?

Senator Flynn: Sure. Resign!

Senator Perrault: There is nothing the government can do about the fact that copper is selling at 58 cents a pound—an historic low unmatched since the 1930s. I cannot bring any comfort to the copper miners in my province of British Columbia, and I cannot bring any comfort to the miners of Ontario with world prices at those levels, and the opposition knows that. So don't traffic in the gloom, doom and disaster in that industry. Don't take any wry satisfaction from thinking that somehow some political gain can be achieved by riding that horse.

Senator Flynn: Don't build straw men.

Senator Perrault: The situation exists as well for resources such as zinc, lead and lumber. While this is of little consolation to our hard-pressed mining industry and those who live on the production of natural resources, I don't believe that even our greatest critics would presume for a moment that there is anything we can do as a country to increase the cost of those commodities which are of such vital importance to full economic recovery.

● (1500)

Sooner or later the economic fortunes of our trading partners will improve. Copper, silver, gold, zinc and lumber will increase in price. The lumber market in the United States will

open again. They are not building houses in the United States. The province of British Columbia derives 50 per cent of its economy directly or indirectly from the forestry industry, and if houses are not being constructed in the United States, I ask you how anyone can sell lumber to them.

Senator Flynn: We are not speaking of the United States; we are speaking of Canada.

Senator Perrault: Therefore, the important questions facing this country are: Will we be in a position to take advantage of the economic resurgence of our trading partners? When the economy comes back, as it appears to be doing in the United States, are we going to be in a position to move from that point and be able to compete successfully in these re-opening markets? Will we be competitive in six months, nine months or one year from now, or even sooner, when our traditional trading partners turn to Canada to see what the costs of its raw materials will be and should be? Are we going to price ourselves completely out of the market? If we were to do that, we would not be able to compete.

We will not be competitive with a 12 per cent inflation rate. This is the message which I think must be echoed again and again across Canada. We have to put the welfare of this nation ahead of any other consideration, even political ambition.

Senator Frith: Hear, hear.

Senator Flynn: Resign, then!

Senator Perrault: With a 12 per cent inflation rate—

Senator Flynn: Call an election, then.

Senator Perrault: —we are running the risk of pricing ourselves out of the competitive market. I believe that most Canadians appreciate and understand that fact.

Inflation is something that we cannot ignore, although most of us at times would like to. Ironically, unlike unemployment, where everyone is a loser, there are winners and losers in the fight against inflation. Decent Canadians who are listening to the dialogue on Parliament Hill these days know that some of the winners are those people with money in the bank. Some senior citizens, some young people, people who have saved money which they have earned or have invested that money in the bank earning 16 per cent, 17 per cent or 18 per cent in interest. Some of them are winners right now.

Senator Roblin: After taxes, what is it? There's no way they are winners.

Senator Perrault: In relation to other people, they are winners.

Other winners are those who have had their wages or incomes totally insulated from the negative impact of inflation through COLA clauses. Other winners are those with job security. They are hardly affected by inflation. No one begrudges them their insulation. They are fortunate to have that, and no one should derive pleasure from categorizing these people as winners. I do not want to speak in derogatory terms, but these are statements of fact.

The losers in the fight against inflation are the ones who should concern honourable senators and all Canadians from coast to coast. They are obvious to all of us who really care.

There are the 1.2 million Canadians who are unemployed through no fault of their own. They are the 1.2 million Canadians out of work because of the tight monetary policy of this government, a legitimate policy in relation to the United States of America, a policy which exists in virtually every industrialized country in the world.

It is not hard to define the other losers; they are the small businessmen who, because of the continental interest rate policy and our inability to ignore that policy, must borrow to survive. Those people are the ones who have invested a great deal of money in a particular business and are now seeing it go down the drain. They are the real losers, the great tragedies; and government does not rush to save them either. If a business grows, has 5,000 employees, they go to the government and tell the government that it cannot allow them to close down, that the government must save them.

Hon. Eric Cook: Is that what Dome did?

Senator Perrault: What about the haberdashery shop down the street? What about someone with a small business on Main Street? We all know those people. Those are the people who deserve some sympathy.

Senator Roblin: Precisely.

Senator Perrault: They must borrow to survive to meet their payroll and cash flow, let alone to expand their business. Unless things improve, small businessmen are destined eventually to go bankrupt in large numbers. That has already taken place in some parts of the country. As well, larger business concerns, some of them household names, have cash-flow problems. I could go on and on listing the losers.

What we are trying to do is introduce measures which will start creating some winners in society. They will put us in a competitive position again.

The inflation rate places severe constraints on the government's ability to meet the needs of these worthy Canadians, these losers; nevertheless, the savings achieved through government restraint and other measures are being directed to creating jobs, to stimulating residential construction and to assisting small business, farmers and fishermen.

Allow me to give you a brief summary of those measures. In the job creation area, the government proposes to:

- direct \$200 million toward employment programs;
- direct \$150 million—which has already been announced—for localized, employment intensive projects;
- make available \$100 million from existing CEIC programs;
- direct \$300 million to economic development programs—

Senator Cook: For economic development—\$300 million?

Senator Perrault: Yes, \$300 million to economic development programs, and I hope that a large portion of that goes to Newfoundland, Senator Cook. Newfoundland is never forgotten.

[Senator Perrault.]

In the housing area, the government proposes to:

- make available \$3,000 in grants to all purchasers of new houses and to first-time buyers of existing houses on which construction commences before December 31, 1982, the program to take effect immediately;
- double funds for the Home Renovation Plan;
- increase from 25,000 units to 27,500 units of non-profit and co-operative housing in 1982;
- allow flexibility in the Canada rental support plan;
- extend the Canada Mortgage Renewal Plan for another year, with grants rather than deferrals.

In the area of small business, farmers and fishermen, the government proposes to:

- make available grants to reduce interest rates by 4 percentage points for two years—that is immediate—to finance small business, new investment and research and development, the total allocation there being \$400 million;
- make available \$100 million for assistance to farmers in financial difficulty.

Other measures besides the ones I have just enumerated have been discussed at some length in recent days in this chamber.

In the budget announced on June 28 it was made clear that the government feels it is time to share the burden in the fight against inflation. It is time for those of us who are fortunate enough to be categorized as winners to assume their moral and legal obligation to spread the impact of inflation across this country.

I know that not a single honourable senator regrets for one minute the increase in taxes, or the de-indexation of that money. That money, realized as a result of the budget measures introduced on Monday evening, will assist in providing funds to soften the negative impact on less fortunate Canadians.

Senator Flynn: The less fortunate will pay just the same.

Senator Perrault: I know that those who serve in this chamber have a sense of responsibility and want to assist in the economic recovery of this nation.

I urge honourable senators in opposition to support this government's economic program, which is designed to get us out of this recession and pave the way towards recovery. We believe a stimulative approach, given the strong inflationary pressures and the constraints of a high deficit, would not work. Instead, we are pursuing a positive co-operative approach which underlies the solidarity of sharing in our society so that these goals may be achieved.

MOTION IN AMENDMENT

Senator Perrault: Honourable senators, the motion has some merit, but I believe that it can be improved. Therefore, in amendment, I move:

That the motion be amended by striking out all the words after the word: "That" in the first line and substituting the following therefor:

"this House approves in general the budgetary policy of the Government".

● (1510)

Senator Flynn: Honourable senators, before the amendment is moved, I would ask Her Honour the Acting Speaker to consider and review the possibility that this amendment is entirely out of order. Therefore, I move the adjournment of the debate in order to deal with that point at a later date.

Senator Frith: Honourable senators, on that point, would it be appropriate to refer to an authority on the subject now? I am quite prepared to discuss it as a point of order when it comes up again.

Senator Roblin: What is your reference?

Senator Frith: It is page 154 of *Beauchesne*, fifth edition. It is a question of whether or not it is called an expanded negative. If it is treated as an expanded negative, it is out of order; if it is treated simply as an amendment with an opposite effect—I think those are the words—then it is in order. I will see that the reference is on the record for honourable senators to consider when it comes up again.

Senator Flynn: Her Honour the Acting Speaker will be able to consider this point in any case. I would ask her to put the motion so that we can register our objection.

The Hon. the Acting Speaker: Honourable senators, it is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Yuzyk:

That the Senate of Canada do urge the Federal Government to re-direct its economic, fiscal and energy policies, and bring forward as soon as possible a new budget; such budget to provide proper economic direction, improved employment opportunities and measures to restore national confidence in the economy.

In amendment, it is moved by the Honourable Senator Perrault P.C., seconded by the Honourable Senator Frith:

That the motion be amended by striking out all the words after the word "That" in the first line and substituting the following therefor:

"this House approves in general the budgetary policy of the Government."

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Senator Frith: Honourable senators, I believe what should now be recorded is the point of order raised by Senator Flynn, and that the matter be adjourned subject to a ruling on the point of order. The reference I had for consideration by honourable senators is page 154 of *Beauchesne*, fifth edition, where Citation 431 reads as follows:

An amendment to alter the main question, by substituting a proposition with the opposite conclusion, is not an expanded negative and may be moved.

The question is whether this, in effect, substitutes a proposition with the opposite conclusion, or whether it is simply an expanded negative.

Hon. Orville H. Phillips: Honourable senators, before Senator Flynn moves the adjournment of the debate, may I direct a question to the Leader of the Government? Is Petro-Canada considered to be one of those federal agencies which are to regulate prices according to the guidelines in the budget?

Senator Perrault: Honourable senators, I will take the question as notice.

Senator Roblin: Honourable senators, on the point of order, may I ask if Her Honour would take into consideration as well Citation 436(1) at page 154 of *Beauchesne*, fifth edition, which reads as follows:

An amendment proposing a direct negative, though it may be covered up by verbiage, is out of order.

Senator Frith: Honourable senators, that is precisely the question.

On motion of Senator Flynn, debate adjourned.

NATIONAL TRAINING BILL

THIRD READING—ORDER STANDS

On the Order:

Third reading of the Bill C-115, intituled: "An Act to establish a national program for occupational training"—(*Honourable Senator Bird*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, may I ask if Senator Tremblay has laid all the groundwork he wishes for his amendment from the point of view of debate? If so, perhaps we could have the amendment on the record.

Hon. Jacques Flynn (Leader of the Opposition): Senator Tremblay may tell you what the substance of his amendment is, but we would not want to debate it this afternoon.

Senator Frith: In that case, we might as well let this order stand. The motion for third reading can be moved on Monday.

Order stands.

COOPERATIVE ENERGY BILL

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-116, to establish the Cooperative Energy Corporation and the Cooperative Energy Development Corporation.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before the motion is adopted, I would like to say that I raised a point with the sponsor of this bill, Senator Argue, in connection with accountability to Parliament in view of the fact it involves \$100 million of public funds. When I spoke on second reading I raised that point, and Senator

Argue did not deal with it when he closed the debate. I spoke with him in committee the other day and raised the same point, and he said he would have to consider what to do about it.

I am rather disappointed that he is not in the chamber now to tell us how he intends to deal with that problem, because I gathered from listening to him in committee that he thought the point was one that ought to be addressed by himself as a minister of the Crown. While I do not intend to hold up third reading or vote against this bill, I want to express my disappointment at the fact that Senator Argue does not appear to want to discharge his obligation.

Senator Frith: Honourable senators, we will see to it that what Senator Roblin has said is drawn to Senator Argue's attention.

Motion agreed to and bill read third time and passed.

ACCESS TO INFORMATION BILL PRIVACY BILL

SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-43, to enact the Access to Information Act and the Privacy Act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other acts in consequence thereof.

He said: Honourable senators, Bill C-43 deals with three basic subjects: First, access to information; secondly, privacy; and, thirdly, public interest immunity. It is an extremely important piece of legislation and, justifiably, can be called a milestone in democratic government encompassing, as it does, in one bill rights of access to government information, freedom of information, privacy and Crown privilege.

What Bill C-43 tries to do is balance the requirements of open government, fairness for individuals and organizations, and the necessary protection for the government in the carrying out of its responsibilities. With those elements or ingredients, it shares the objectives of Senator Flynn's private bill that he withdrew, with consent, the other day, as honourable senators will remember. It tries to achieve these objectives in three ways: First, it creates new rights; second, it extends existing rights; and third, it reforms some existing rights.

● (1520)

When I say that it creates new rights, I mean that it makes available to every Canadian and permanent resident a right of access to information held by over 130 federal government institutions. It outlines the necessary limits placed on that right as well as the conditions under which that right to information can be exercised.

To make those rights real and meaningful, it provides for external and independent review of government decisions that refuse access to information. In this way, it creates a framework for the basic rules for obtaining access to information where no such rules have existed before.

[Senator Roblin.]

It then extends the protection that is now given to personal information under Part IV of the Canadian Human Rights Act. It creates a detailed code of fair information practices that govern the collection, use, disclosure and retention of personal information.

It also reinforces the right that Canadians will have to receive information about themselves held by the government—again complemented by a system of external and independent reviews.

In making this extension, new privacy legislation will be established. The present personal information rights that Canadians have under the Canadian Human Rights Act will be replaced by clear and comprehensive legislation that will protect information held on an individual by the government.

As honourable senators will remember, the basic principles under Part IV of the Canadian Human Rights Act are extended in Bill C-43 to keep government institutions from collecting personal information on people that does not concern the operating programs of those institutions. The bill reaches even further by requiring government agencies to keep only accurate, complete and current information on individuals.

This particular privacy portion of the bill owes a great deal to the privacy legislation developed by our colleague, Senator Flynn, in Bill S-9.

I have now dealt with the first two elements which are to create and to extend. The third basic element of the bill is that it reforms the laws governing crown privilege in regard to evidence before the courts.

The absolute privilege which exists under section 41 of the Federal Court Act will be retained only for cabinet confidences. In all other cases, where a minister claims that information requested in judicial proceedings is privileged, it will be left to the courts to decide whether the information ought to be produced.

By way of illustration, honourable senators, and without getting into all the subtleties and niceties of the jurisprudence, it simply amounts to this: As the law presently stands, if I am acting for a plaintiff in a civil proceeding and I serve a notice to produce on the Crown, asking it to produce documents which I consider relevant to the issue before the court, and, of course, helpful to me in my case, the minister of the Crown need only say, "I refuse to produce that document because it is against the public interest for me to do so." That is what is meant by the expression "the absolute privilege."

What is intended in this third element is the reform of the present rules regarding the right of Crown privilege. I repeat the phrase I just used, namely, "the absolute privilege", which means that no one can go behind that. When the minister takes that position, I am out of court; I cannot force him to appear before the court in any way to explain and justify his claim of privilege.

That absolute privilege is maintained with reference to cabinet confidences. In all other cases where information is requested and it is claimed to be privileged, the question of

whether the information ought to be produced will be left to the court to decide.

Honourable senators, the purpose of this three-pronged change—the creation of new rights, the extension of the privacy rights, and the suspension or modification of Crown privilege—is to strengthen the relationship between Canadians and their government. The bill gives Canadians better access to information about their government's decisions and actions concerning them.

Bill C-43 is also designed to equip Canadians with better machinery to discover the reasons for a particular course of government action. In these ways it seeks to help government to better serve the needs of Canadians.

By way of background, honourable senators, Bill C-43 has been a long time in the making and, because it has so many parliamentary sauces, in the sense of the impetus given it by many parliamentarians, it may be the exception to the broth that is spoiled by too many cooks. In this case, the broth may well have been improved by the length of the cooking.

The idea of improved public access to government information got its momentum in the mid-1960s from Barry Mather, an NDP member of the other place. He was the first to sponsor a private member's bill on freedom of information.

Hon. Peter Bosa: He was a former teacher.

Senator Frith: Thank you.

Senator Flynn and other Conservative colleagues have long argued for freedom of information legislation.

In 1977, the then Minister of Justice, the Honourable Ron Basford, obtained consent from Parliament to adopt Part IV of the Canadian Human Rights Act, which is used today as the framework for the safeguarding of personal information. Not long after that, the Honourable John Roberts, the present Minister of the Environment, wrote a green paper on giving the public access to government documents. Then, Bill C-15, introduced by the Conservative government, and a draft of this measure, were used to compile Bill C-43, which is before us today.

The Honourable John Roberts' paper also gave Canada a unique approach to, and was an important element in this bill. I refer here to the two-tiered review of government decisions on access requests.

In 1979, the Honourable Walter Baker sponsored the Conservative government's freedom of information bill. That bill died on the Order Paper when the government was defeated, and a new freedom of information bill was later introduced by the Honourable Francis Fox in July 1980.

In the past, honourable senators have frequently referred to the need for legislation in the area of public access to information held by the government. Senators played an active role when the Standing Joint Committee on Regulations and other Statutory Instruments studied this question back in 1977-78 on the basis of the green paper issued by the government. The committee made a number of recommendations concerning the right of access, exemptions to the right of access, and how the

system of independent review should operate. Many of these recommendations later found concrete expression in the freedom of information bill introduced by the Conservative government. That was the immediate ancestor of the bill now before us.

• (1530)

I understand that Senator Godfrey promoted the idea of a two-tiered review system involving, in the first instance, complaints to an ombudsman-like information commissioner, followed by recourse to the Federal Court. I am glad to be able to note that members of the Senate contributed so positively to the development, over the years, of the legislation on access to information and the protection of privacy.

Honourable senators, I have already mentioned the basic elements and objectives of this bill. There are three highlights of the bill which I think need an additional word of explanation. The first is the question of exemptions. The initial reaction to exemptions to a bill which grants important rights to all citizens is, it seems to me, a negative one. Therefore, we want to examine closely the reason for the exemptions and how they are defined. In this regard, Mr. Fox said, in the other place:

There is unanimous agreement on the need for exemptions; a surprisingly wide consensus on the types of information requiring special protection was seen. Our objective in devising the exemptions was to encompass only that information that had to be withheld from disclosure.

Like its Conservative predecessor, Bill C-43 attempts to be precise and detailed. The objective of the bill is to define the rights to information, to privacy, and to privileged documents in a wide, general way, and to describe the exemptions strictly and clearly. Therefore, the overall scheme is one in which the rights are granted and, only reluctantly, the exemptions are granted.

Another major highlight of the bill which deserves a further word of explanation is the independent review system. Up to now, if information has been requested of the government relating to its decisions, or, under the privacy provisions, relating to information of a more personal nature, difficulties have always arisen upon the refusal to release the relevant documents. In that case, the individual has had nowhere to turn. He could only urge the government to release the information by trying to exert pressure on it through whatever possible means, such as publicizing the matter through the press. However, there has been no appeal procedure in the face of such a refusal.

That problem will be resolved through the two-tiered review system provided for in this bill. First, it will be resolved by way of an information commissioner, who will be responsible for the hearing of grievances on the different aspects of the processing of requests for information. Secondly—and this represents the second tier—if the commissioner also refuses to allow an individual access to particular information, the applicant or the commissioner himself will be able to apply to the Federal Court for a review of the case. In a sense, therefore, it

is a three-tiered right, beginning with the government institution, going then to the commissioner, and finally to the court.

The court will be given extensive powers under this legislation to deal with complaints, and will be able to order the government institution involved to release the requested information if it is the view of the court that the information should be released.

The importance of the information commissioner, honourable senators, cannot be stressed too much. The minister shares the opinion that the commissioner will be expected to take up the cause of persons seeking information and to defend their interests vis-à-vis officials and ministers. The information commissioner will be the key lever for the access of Canadians to information they are entitled to see.

When court reviews become necessary, the court will deal with the cases in two different ways, depending upon the circumstances. For example, if information is withheld for national security, foreign affairs or national defence reasons, the Federal Court will decide whether the minister has reasonable grounds upon which to refuse the release of the documents in question.

I have already explained the process whereby the minister can express his view that it is against the public interest. Up to the present time, the reasonableness of his grounds could not be questioned. Now it can be by the courts. If the court decides that the minister is wrong in his appraisal of the document, the court can order him to release it.

Honourable senators, as you can see, this two-tiered review system, which includes the powerful information commissioner and the court, will ensure that no Canadian will be kept from information he has every right to see.

The release of personal information by the government will be scrutinized by a privacy commissioner. When very sensitive information is under consideration for release to third parties, such as to the police—which is a problem about which we have heard a good deal and which is addressed by this bill—the privacy commissioner has been given the power to examine all disclosures carefully. The commissioner can then report to the head of the institution concerned and to Parliament itself when he discovers that a government institution has not complied with the legislation.

Honourable senators, the third highlight, about which I will speak briefly, concerns the reason why the access to information and privacy legislation were combined in one bill. This has been done because Bill C-43 allows for the solid integration of two parallel and complementary types of legislation. The principle that the right to privacy is much more important than is the right to have access to government information is recognized.

The release of personal information under the access to information part of the bill is determined by the principles

contained in the privacy portions of the bill which deal with the releasing of personal information to third persons. Tying the two pieces of legislation together is meant to ensure complete consistency when dealing with personal information under both statutes. In this way, we shall avoid a problem that has plagued other countries that have freedom of information legislation, where rights to privacy and rights to access compete rather than complement one another, as this legislation is designed to bring about.

Another general feature of the bill which is important to Parliament, it seems to me, concerns the policy of the government. I believe that the policy of all previous sponsors of this type of legislation has been that it should be subject to a continuing process of review. In the other place the minister sponsoring the bill emphasized the fact that a committee of the other place will constantly be reviewing and attempting to bring up to date this legislation, in the sense that it should be kept consistent with experience.

Honourable senators, due to the length of time that the bill has been considered and because of the long study of its provisions over the years, which has led to its evolution in its present form, I have discussed with the Honourable Leader of the Opposition the advantages in having the bill receive royal assent before we adjourn, without a lengthy study of it before the Standing Senate Committee on Legal and Constitutional Affairs. This is on the understanding that there will be an undertaking, which I now make on behalf of the government, that in the fall we shall refer the subject matter of the new law to a Senate committee for continuing study and analysis, particularly in the light of the evolving experience under this very important piece of legislation, which amounts almost to an addition to our Charter of Rights.

● (1540)

I recommend to honourable senators that this bill receive second reading.

Before I resume my seat, however, perhaps I could add one brief comment that I undertook to make on behalf of one of our colleagues. Senator Hicks is interested in this bill, and particularly in the provisions dealing with government decisions in the matter of scholarships, fellowships, research grants and so on, and the problem that might arise with regard to the absence of confidentiality in the case of reference letters, and that sort of thing. When I explained to him that Senator Flynn and I had discussed the possibility of the bill's proceeding to third reading before we adjourn, on the understanding that the law would receive further study by Commons and Senate committees, he simply asked that I place on the record his interest in this aspect of the bill and his satisfaction that this

will receive study, among other aspects, in the manner I have outlined.

Hon. Richard A. Donahoe: Honourable senators, in rising to move adjournment of the debate, I inform the Senate that it is my intention to yield to Senator Flynn when the debate is resumed.

On motion of Senator Donahoe, debate adjourned.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government) moved, pursuant to notice:

That when the Senate adjourns today, it do stand adjourned until Monday next, 5th July, 1982, at eight o'clock in the evening.

Motion agreed to.

The Senate adjourned until Monday, July 5, 1982, at 8 p.m.

APPENDIX

(See p. 4488)

OFFICIAL LANGUAGES

FOURTH REPORT OF SPECIAL JOINT COMMITTEE

WEDNESDAY, June 30, 1982

The Special Joint Committee of the Senate and the House of Commons on Official Languages has the honour to present its Fourth Report as follows:

In accordance with its Orders of Reference from the Senate dated May 27, 1980 and April 23, 1981, and its Orders of Reference from the House of Commons dated May 23, 1980 and April 23, 1981, your Committee has considered the Annual Reports of the Commissioner of Official Languages 1978, 1979 and 1980. Your Committee has also considered the subject-matter of Bill C-214, which was referred to it by the House of Commons on July 15, 1980.

Your Committee is presenting its report on language of work and equitable participation within the Public Service of Canada in two parts. Part I deals with the historical and judicial aspects of the language of work question and with the manner in which the Government has translated its language of work objectives into practice. Part II deals in greater detail with the hearings of the Committee and includes, among other things, an evaluation of the capacity of certain departments to meet their language of work responsibilities in both official languages. Your Committee urges the Government to consider the advisability of adopting its recommendations.

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PART I**LANGUAGE OF WORK WITHIN THE PUBLIC SERVICE OF CANADA: HISTORICAL BACKGROUND AND DEFINITION****Pearson Statement (1966)**

1. Before 1966, no general policy had been formulated respecting the use of official languages within the federal Public Service. On April 6, 1966, Prime Minister Pearson issued a statement of principle, which read in part as follows:

"The Government hopes and expects that, within a reasonable period of years, a state of affairs in the public service will be reached whereby . . . d) a climate will be created in which public servants from both language groups will work together toward common goals using their own language and applying their respective cultural values, but each fully understanding and appreciating those of the other."

2. As the Royal Commission on Bilingualism and Biculturalism later noted, the concept of "climate" mentioned in paragraph *d*) of this statement was not sufficiently developed to be perceived as an invitation to the public service to promote the aims of institutional bilingualism so as to create an environment for working in French.

Royal Commission on Bilingualism and Biculturalism

Book I: Official Languages (1967)

3. Book I of the Final Report (a preliminary report was made public on February 1st, 1965) of the Bilingualism and Biculturalism Commission, published in October 1967, focussed on the status of the two official languages, English and French. Under the heading "Equal Partnership" the Commission stated in the blue pages of Book I that:

"Individual equality means essentially that everybody has the same access to the various benefits of a society without being hindered by his cultural identity. Thus, it is not enough for members of a minority group to have access to the same activities, institutions, and benefits as the members of the majority group; that simply requires an absence of discrimination against individuals as such. The equality to which we refer requires that a person who engages in some activity or associates with some institution need not renounce his own culture, but can offer his services, act, show his presence, develop and be accepted with all his cultural traits."¹

4. Within the framework of this principle and specifically with respect to the question of service to the public (the theme of the work world would be analysed in Book III), the Commission added that federal action should first be concerned with providing a wider legal basis for Canada's two official languages. The Commission went on to recommend the adoption of a federal Official Languages Act, one of the major aims of which would be to ensure that Canadian citizens have access to administrative and judicial services in the country's two official languages. This legislation was passed by the House of Commons and the Senate on July 7 and July 9, 1969 respectively, two months before the tabling on September 19, 1969 of Book III dealing with the work world.

Book III: The Work World (1969)

5. In the general introduction to Book III, the Commission raises the question of language of work and notes that:

"An individual should be free to work in the tongue in which he is most comfortable. Because he speaks one and not the other official language, he should not be unjustly penalized. In most fields, a 'career in French' should be as readily

available as a 'career in English'. Thus, as a bilingual institution, the federal administration must contain organizational arrangements designed to ensure that individuals can work and develop professionally in their own language."²

6. To accomplish what had never before been accomplished, namely to implement a real policy and define concepts, the Commission based itself on the fundamental principles stated in the general introduction to Book I and, specifically, on the principle of equality of the two official languages. It should be noted that this principle constituted for the Commission the basic instrument of the policy envisaged for the federal administration. The Commission broadened the scope of this principle, which had served in Book I as a basis for all of its recommendations aimed at ensuring that the public can deal with the authorities in either of the two official languages anywhere in Canada, by adding that:

"linguistic and cultural discrimination between employees in the Public Service must be terminated, through reorganization to ensure the use of French at work. For the first time, the language rights of employees, as well as of clients, would be protected by the Public Service. It is also a huge task, since it involves changing the formal structure and intangible character and traditions of the Service as a whole. However, when broken down into sub-policies and mechanisms for their implementation, the task seems far less difficult and results less remote."³

7. The Commission therefore set down a guiding principle, one which, in short, established the right of each individual to work in either of Canada's two official languages. The Commission was aware that a fundamental structural reorganization was needed. To give expression to this principle, it made some twenty recommendations aimed at making French a functional language of work within the Public Service.

8. Among other things, the Commission recommended the creation of French-language work units (without which, in the opinion of the Commissioners, "there can be no equal partnership in the Federal Public Service"), the appointment of Francophones to high-level positions in the Public Service, auxiliary services with bilingual personnel or parallel sections and the availability in both official languages of documents and manuals for general use.

9. As we shall see, these recommendations are all tied to the organization, management and organizational reform of the Public Service. The Commission made no formal recommendation calling for the inclusion in the Official Languages Act of the principle whereby a public servant can work in the language of his choice. It recommended the creation of a Public Service Language Authority "as a means of establishing French as a language of work in the Public Service, according to the linguistic régime which we have outlined in this chapter". It also recommended that the jurisdiction of the Commissioner of Official Languages be interpreted as includ-

ing the language rights of public servants. Prime Minister Trudeau cleared up any misunderstanding when he stated in the House of Commons on January 12, 1970 that Book III did not "necessarily involve legislation to implement some of its recommendations".

Government response to Book III (1970)

10. On June 23, 1970, Prime Minister Trudeau announced in the House that he was

"pleased to state that the government is able to accept in principle the broad objectives proposed for the public service by the Royal Commission. The general lines of these objectives are that the French language should increasingly become a language of work in the public service, that the atmosphere of the public service should represent the linguistic and cultural reality of Canadian society, and that Canadians whose mother tongue is French should be adequately represented in the public service—both in terms of numbers and in levels of responsibility".⁴

11. Furthermore, the Prime Minister informed the House of the Government's intention of setting up, on an experimental basis, French-language work units ("which would permit a better informed decision as to whether the system can be viable in the long term, to be taken by the government at a later date") and of its decision not to accept the Commission's recommendation to establish a Public Service Language Authority, since a new service with responsibility for co-ordinating implementation of the Government's official languages policy had been established in the Department of the Secretary of State in 1969.

12. Mr. Stanfield, for his part, declared: "This is a far-reaching matter. It is a matter that ought to be discussed in Parliament in such a way that the public which wishes to express its views could do so to a committee of the House."⁵

13. In short, the Official Languages Act came as a direct response to the recommendations contained in Book I of the Commission's Report and did not take into account other aspects of language reform (such as those emphasized in Book III of the Report of the Royal Commission on Bilingualism and Biculturalism which, in any event, did not call for amendments to the Act with respect to language of work.)

Parliamentary Resolution of 1973

14. In 1973, Parliament adopted a resolution stating the basic principles of the Government's program respecting official languages in the Public Service and containing other measures aimed at ensuring greater use of the French language in the Public Service. The Resolution recognized that

"public servants should, as a general proposition and subject to the requirements of the Official Languages Act respecting the provision of services to the public, be able to carry out their duties in the Public Service of Canada in the official language of their choice,"

and approved

"the taking of measures, after consultation with employee representatives, designed to produce a greater use of French at all levels in the Public Service, through increasing, where practical, the number of French Language Units, through further recruitment efforts by the Public Service Commission, . . . helping to realize the objective of achieving full participation in the Public Service by members of both the anglophone and francophone communities."

15. On May 31, 1973, Prime Minister Trudeau very clearly expressed his views by stating in the House during the debate on the Resolution that:

"We are not debating the Act; we are debating the public service official languages program . . . we want the public service to know what the guidelines are."⁶

16. The Government therefore chose to proceed by means of a resolution rather than pass legislation; the Resolution did not question the principles, but touched only on the practical aspects, the application and the implementation of these principles. To which the Leader of the Opposition, Mr. Stanfield, replied in the House that:

"The adoption of this resolution—I emphasize this—is not binding on the government . . . One might argue, of course, that there would be some moral obligation on the part of the government to comply with the resolution, but there certainly could be no legal obligation on the part of the government, or officials administering the legislation, because this resolution cannot have the force of law, cannot change any existing law and cannot be binding upon those who are administering the law."⁷

17. The primary objective of this Resolution was therefore to define the special requirements of the program for public servants (safeguards were established) and to present several new and essential elements respecting application of the language program in the Public Service.

18. To some, the principles and safeguards contained in the Resolution represented a postponement of the Act's implementation and a slowdown in efforts to create a functionally bilingual Public Service. For others, the proposals shed light on the issue and provided the guarantees they wanted.

19. In short, the Resolution did not enable the House to express a new opinion or viewpoint on the Official Languages Act, but it did enable parliamentarians to speak out on the practical application of the idea that all Canadians should be able to work in the Public Service either in French or in English and on the principle safeguarding the right of any Canadian to remain unilingual while serving his country.

COURT DECISIONS ON LANGUAGE OF WORK

20. Over the years, a number of court decisions have had the effect of upsetting the previously flexible application and broad interpretation of the Act followed by the Commissioner

of Official Languages. The debate has since that time moved onto the legal scene.

Serge Joyal et al v. Air Canada (1976)

21. This case involved a direct application for injunction made before the Quebec Superior Court by 41 French-speaking pilots for Air Canada and a Member of Parliament. The plaintiffs were seeking the repeal of Air Canada's policy on the use of French by its pilots.

22. Mr. Justice Deschênes received the application and issued an order of injunction against the Crown corporation ordering it to cease and desist from preventing its pilots from using French as a language of work on the flight deck (except when reasons of safety dictate the use of a language that is understood by all crew members) and in air-to-ground communications with Air Canada and Transport Canada ground stations. Judge Deschênes also ordered Air Canada to prepare a French terminology for all flight equipment used on the flight decks of its aircraft.

23. Judge Deschênes also confirmed in this decision a claim which the Commissioner of Official Languages had maintained for some time, namely that the expression "as to their use in . . ." contained in Section 2 of the Official Languages Act applies to language of work. He also stated that this section contains more than a simple principle and indicated that Air Canada was wrong in interpreting it merely as a declaratory provision rather than an executory one.

24. On February 16, 1982, Judge Deschênes's decision was reversed on appeal. Judge Monet, supported by Judge Nolan, ruled that the first instance judge had erred in finding Section 2 of the Official Languages Act executory rather than declaratory and stated that the Official Languages Act did not apply to the Aeronautics Act.

25. However, dissident Judge Barbès believed that the Minister of Transport is indeed bound by the terms of the Official Languages Act and that the Aeronautics Act and Regulations are not excluded from the application of its provisions.

Association des gens de l'air du Québec v. Minister of Transport (1977)

26. In this matter before the first instance division of the Federal Court of Canada, the plaintiffs disputed the validity of a Department of Transport order on standards and methods respecting aeronautical communications. This order which deals with the languages that can be used for oral communications in aeronautics authorizes the use of French for some types of communications while imposing the exclusive use of English in all other cases.

27. The plaintiffs asked that the order be repealed and that pilots and air controllers no longer be forbidden to use French in their work in Quebec. Their action was rejected.

28. Mr. Justice Marceau agreed with the Commissioner of Official Languages that Section 2 of the Act is in fact its "cornerstone" and that it is not merely wishful thinking or an

abstract statement of principle devoid of any consequence but, in his view, "an introductory statement of the statute" whose consequences are found in Section 9 which sets out the duties and responsibilities of federal government departments, ministries and agencies. According to Judge Marceau, "the statute is declared . . . there is now an obligation to take the steps required to achieve the stated aim, even though the rate at which this will be done depends on what can be done." He used the expression found in Section 9 : "to the extent . . . feasible," to state that "nothing prevents gradual bilingualization".

29. To summarize, Judge Marceau did not find Section 2 of the Official Languages Act executory but rather that the provisions of the Act specify and limit the application of that section.

30. This judgement was appealed before the appeal division of the Federal Court, and the appeal was rejected unanimously in 1978 by Justices Pratte, Le Dain, and Hyde. Mr. Justice Pratte stated in this instance that the concept of official language as contained in Section 2 was rather imprecise.

"It refers to the language used by the government in its relations with the public. To say that English and French are official languages is simply to state that those two languages are those which are normally used in communications between citizens and the State."

Further on, the Judge noted that the equality proclaimed in Section 2 was in no way an absolute equality and that certain circumstances such as air safety could dictate both languages being treated differently.

31. Judge Le Dain, for his part, stated that Section 2 expressed the spirit of the Act, while Sections 9 and 10 set out the terms of implementation so that it could be an actual right and a practical reality. He also added that although Section 2 was more than an introductory provision and was in fact the only legal basis for the use of French and English by public servants, "the practical implementation required to make it into an actual right is another story altogether".

Serge Joyal and Hugo Tremblay v. Air Canada (1981)

32. Proceedings in this matter were instituted in 1977 when the plaintiffs complained of having to use English as a language of work and of the fact that all technical and non-technical work documents used by employees were written exclusively in English, including manuals, parts requisition forms, time cards, assembly sheets, etc.

33. The plaintiffs were mainly seeking an injunction ordering Air Canada to stop preventing its employees whose mother tongue is French from using French as a language of work in the Maintenance Branch and the Purchasing and Facilities Branch. They also asked that the defendant prepare or translate into French all technical and non-technical documents that would be used for work purposes.

34. Mr. Justice Legault rendered his decision on May 25, 1981 and stated that Section 2 was a lot more than a state-

ment of intent on the legislator's part. "Under the said Act, Section 2 is declaratory and executory." However, Judge Legault said that he was not in a position to grant the injunction ("only the Governor in Council can take executory measures") and opted for a declaratory ruling stating that Air Canada would have to have completed, by the end of 1983, the implementation of all the progressive measures announced by its president, Claude Taylor, to consider itself bilingual in its shops; otherwise, it would be putting itself in a position of "voluntary violation" of the Official Languages Act.

THE NEED TO AMEND THE OFFICIAL LANGUAGES ACT

To include the principle of language of work

35. As we see from the preceding historical background, some confusion exists about the exact scope of the Official Languages Act and more specifically, about Section 2, which reads as follows:

Declaration of status of languages

Section 2

"The English and French languages are the official languages of Canada for all purposes of the Parliament and Government of Canada, and possess and enjoy equality of status and equal rights and privileges as to their use in all the institutions of the Parliament and Government of Canada."

36. Mr. Justice Deschênes, when he addressed this subject, interpreted the expression "as to their use in" contained in Section 2 as encompassing the question of language of work. Moreover, it was on the basis of this same expression that the Commissioner was able, even before the adoption of the Parliamentary Resolution in 1973, to examine and make recommendations pertaining to the language of work régime within the Public Service. This interpretation will not necessarily be upheld *ad infinitum* before the courts.

37. In his 1971-72 annual report, the Commissioner himself mentioned that his interpretation had hardly been shouted from the rooftops by the federal government. Although the use of a language in the workplace has been an objective of language reform since the Parliamentary Resolution of 1973 and, in this sense, the Commissioner is fully justified in acting in this area, in our view he currently has no solid legislative and juridical basis which he can use for the purpose of safeguarding the language rights of public servants. We believe it is doubtful and perhaps risky to have this entire issue rest on the words "as to their use in" contained in Section 2 of the Act.

38. It should be mentioned that on October 17, 1968, during the first reading debate on the legislation in question, Mr. Trudeau stated, in reference to this point, that:

"(The Act) does not regulate the internal operations of the government—an important matter, as I have said, and one which has evolved in many ways. There are other statutes and there are policy statements which deal with such mat-

ters as internal operations of the government. They also deal with matters having to do with communications between the government and an employee and deal with other areas where the question of bilingualism is a factor in employment."⁸

39. The Parliamentary Resolution of 1973 did not confirm this, but rather enabled parliamentarians to state for the first time that language of work would henceforth be one of the objectives of the Government in terms of its "internal administration" in the area of official languages. At no time during the debate in the House was there any mention of the fact that the language of work principle was now another objective with a legal basis similar to the one established in the Act itself as regards service to the public. The Parliamentary Resolution of 1973 did not change the Official Languages Act. It is not perceived as having force of law.

40. It is now time to recognize expressly the rights of choice of language of work on the same basis as the rights relating to service to the public. In this way, future judicial interpretations may well avoid producing confusing and ambiguous situations.

41. Even if the new Charter of Rights contained in the Canadian Constitution gives precedence to language rights over the provisions of any other legislation, it may well be interpreted as doing so only with regard to those constitutional language provisions contained in the Charter itself, which appear to relate only to service to the public and not to language of work. But even if the language of work question were deemed to be covered by the Charter of Rights, judicial disputes could only be heard by reference to the Charter, and not to the Official Languages Act: in other words, by contesting the constitutionality of a law deemed not to be in compliance with the principle of linguistic equality as stated in the Charter of Rights. In our view, therefore, it is also necessary to provide for rights and recourse within the framework of the Official Languages Act itself so that this Act may truly become a charter of fundamental language rights.

42. In our opinion, it is essential that the principle mentioned in the Parliamentary Resolution of 1973 be legally recognized in the Act in order to clarify the scope of Section 2.

43. Consequently, we recommend:

"That the Official Languages Act be amended so as to include a section stipulating that employees of federal departments, agencies and Crown corporations should, subject to the requirements of the Official Languages Act respecting the provision of service to the public, be able to carry out their duties in the official language of their choice."

To stress the primacy and executory nature of the Act

44. The mere fact of incorporating into the Act a section stipulating that French and English are the languages of work in the institutions of Parliament and the Government of Canada does not resolve all of the problems. Quite the contrary. The whole legal debate has centred on two other aspects:

a) can the Official Languages Act require implementation of the principles and provisions it contains and b) in the event of a difference between the Official Languages Act and another federal act or regulation, does the Official Languages Act take precedence?

45. Most of the Judges called upon to rule on the question have perceived Section 2 as being declaratory in nature. In their view, the Act does not create executory rights, rights which a party can seek to have enforced through judicial process. Currently, authority for monitoring compliance with the Official Languages Act lies with the Commissioner, who merely has the power of recommendation.

46. To some, this question is resolved by the provisions respecting guaranteed rights and freedoms (Charter of Rights) entrenched in the Canadian Constitution. Now that the Charter is enshrined in the Constitution, it will make inoperable any provision of other laws incompatible with it. Section 16 (1) of the Charter of Rights is almost an exact repetition of Section 2 of the Official Languages Act:

Section 16 (1)

"English and French are the official languages of Canada and have equality of status and equal rights and privileges as to their use in all institutions of the Parliament and Government of Canada."

47. Others do not share this opinion and claim that the Official Languages Act will always remain the tool with which the courts will attempt to elucidate the spirit and intent of the legislator. Owing to the lack of specific detail in the Official Languages Act, the courts will be able to do no more than underline the very general nature of Section 16 (1) of the Canadian Constitution. This section entrenches the equality of the two official languages but the means by which this principle is applied will still have to be viewed in the context of the Official Languages Act in instances where the Charter is non-explicit.

48. The Deputy Minister of Justice himself stated before our Committee that Section 16 does not confer absolute rights and is subject to interpretation. He stated that a section on precedence included in the Official Languages Act would clearly affirm that all provisions of the Act would take precedence over any act of Parliament. We also noted during this meeting that the enforcement provisions of Section 24 of the Charter of Rights leave a great deal of room for discretion by the courts. It is not explicitly stated that enforcements of an "executory" nature will be possible in order to force the government to respect the rights and principles set out in the Charter of Rights or in the Official Languages Act. We would like to clarify this aspect given that the wording of Section 24 of the Act is vague and prevents us from predicting how the courts will interpret it.

49. Committee members are convinced of the need to ward off any attack on the principle of equal partnership contained in Section 2 of the Official Languages Act, the cornerstone of that Act. At present, the Act does not override ordinary

legislation and therefore can be easily undermined, as several court decisions over the years have shown. The Committee feels it is important to avoid any ambiguity and to make the equality of the two official languages a principle having legal implications of both a "declaratory" and "executory" nature, a principle that supersedes any other law, order, rule or regulation.

50. We do believe, however, that particular circumstances may justify derogation from this principle. By inserting a "notwithstanding" type of clause, Parliament would be able to go outside the Act but would have to explain and defend its position whenever it deemed that federal legislative or regulatory provisions should not be subject to the application of the Official Languages Act. Each time Parliament adopts an Act that does not contain the expression "notwithstanding the Official Languages Act", the latter will automatically take precedence.

51. Consequently, we recommend:

"That Section 2 of the Official Languages Act be amended so as to establish the declaratory and executory nature of the Act."

52. *"That the Official Languages Act be amended so as to include a provision whereby every law of Canada, unless it is expressly declared by an Act of Parliament to operate notwithstanding the Official Languages Act, shall be so construed and applied as not to abrogate, abridge or infringe the rule set forth in Section 2."*

53. *"That Section 36(1) of the Official Languages Act be amended so as to include the following definition: 'law of Canada' means any Act of the Parliament of Canada, enacted before or after the coming into force of this Act, any order, rule or regulation thereunder, and any law in force in Canada or in any part of Canada at the commencement of this Act that is subject to be repealed, abolished or altered by the Parliament of Canada."*

54. *"That all acts, orders, rules and regulations or any of their provisions in force at the present time which fall within the jurisdiction of the Parliament of Canada and which are inconsistent with the Official Languages Act or Sections 16 to 20 of the Canadian Charter of Rights and Freedoms be modified as soon as possible in order to comply with the principles and provisions of the aforementioned Act and Charter."*

IMPLEMENTATION OF THE LANGUAGE OF WORK REGIME

55. As a result of the Parliamentary Resolution (which confirms language of work as one of the fundamental principles of the government program respecting official languages in the Public Service), Treasury Board issued in 1973 a directive which provided that in certain parts of Canada, outside French and English regions of the country, employees can be supervised and have access to central services in both

official languages. These geographic areas, henceforth to be known as bilingual regions, included the National Capital Region, certain parts of Montreal and Quebec, northern and eastern Ontario and northern and eastern New Brunswick. They were selected in part because the purpose was to have the internal administration of the federal Public Service reflect the fact that the use of the two official languages is rather generalized in government offices and the surrounding communities of these areas.

56. Four years later, in September 1977, Treasury Board issued a policy statement (Circular 1977-46) in which it defined more specifically language use in the internal government administration as well as the rights of employees regarding language use. The statement enumerated services for which the use of the two official languages is required in the internal administration of the government as well as specific criteria for identifying the language requirements of each position. A summary of each public servant's rights and obligations respecting language use was also included.

57. Furthermore, this policy statement established more clearly the bilingual regions of 1973 by providing details about the counties and cities which comprise these regions. The Province of New Brunswick became a bilingual region as did the central offices of agencies and departments located outside the National Capital Region.

58. In September 1977, the Government also issued a document entitled "Revised Official Languages Policies in the Public Service of Canada," enabling it to make adjustments to its policies and methods of implementation. This policy statement confirmed existing provisions (support measures) designed to facilitate the choice of language of work. Among other things, these provisions deal with personnel services, central services, supervision, positions in the executive category, languages used at meetings, availability of work instruments and professional training and development in both official languages. The policy also provides for greater use of French unilingual positions to provide Francophones with more opportunities to work in French.

59. Since 1977, departments are supposed to have adopted and implemented plans and programs with a view to enabling employees to work in the language of their choice. Such plans and programs are included in the official languages plan that each department submits annually to Treasury Board.

60. The Commissioner of Official Languages stated before our Committee on November 3, 1981 that this set of principles and guidelines "has not brought about to any great extent [the] new and more satisfactory patterns of language use all of us would like to see established". Below, we shall analyse the situation regarding language use within those departments and agencies that appeared before our Committee, but at this point we should like to point out the status of what the Commissioner refers to as the "theoretical aspects" of the question: the Treasury Board guidelines.

61. In our view, this set of guidelines does not meet the commitment made by the Government when the Parliamentary Resolution was adopted in 1973, namely the concrete, succinct formulation of policies clearly informing public servants of their rights and obligations. Moreover, Treasury Board has never undertaken an overall, in-depth study of the question of language of work. It has "concentrated" its efforts more on statistical studies on the use of official languages in bilingual regions.

62. In our opinion, such an overall study should be undertaken as soon as possible and we feel that the Commissioner of Official Languages is the person best qualified to take on this task. Among other things, the study could focus on the infrastructure set up by Treasury Board to promote the free choice of language of work for public servants. The country has been divided into bilingual and unilingual regions by Treasury Board. Departments did not question this decision when they appeared before our Committee. We understand that the universal application of the principle of the free choice of language of work may well be an unrealistic objective, but we would like to see a study carried out to determine whether the current approach is too rigid or restrictive or, conversely, too generous, thus giving public servants unrealistic expectations.

63. As we pointed out in our first report, we believe that regulations having force of law should be adopted under Section 35 of the Official Languages Act. Bilingual regions and administrative support services should be subject to regulation by the Governor-in-Council upon recommendation by the Commissioner of Official Languages when he has completed the study that we are suggesting he carry out.

64. *Consequently, we recommend:*

"That the Commissioner of Official Languages undertake as soon as possible an in-depth study on the principles, the guidelines and the government programmes with respect to language of work."

65. *"That regions designated for language of work purposes and administrative support services enabling public servants to work in the official language of their choice be determined by the Governor in Council on the recommendation of the Commissioner of Official Languages, following his study, and that regulations to this effect be adopted pursuant to Section 35 of the Official Languages Act."*

66. *"That Treasury Board subsequently undertake a process to reform, simplify and update its guidelines respecting language of work."*

PART II

USE OF FRENCH AND ENGLISH AS LANGUAGES OF WORK IN THE PUBLIC SERVICE

Treasury Board Studies

67. Departments are still more or less in the dark on how to apply the overall language of work policy, which does not seek

to govern the use of languages in a sweeping and uniform manner, and which does not include specific measures. On the contrary, this policy provides that use of the languages may vary according to region, functions of the agencies and even individuals.

68. In what proportion and according to what terms and conditions are the two official languages used by Anglophone and Francophone public servants in the Public Service of Canada? At present, the answers to these questions remain vague and incomplete owing to the absence of recent general studies in this area. Also, no existing evaluation model can take into account the complexity of the use of languages in a given workplace, owing to the fluid and highly interdependent nature of the phenomena in question. Few departments have fundamentally analysed their use of French as a language of work.

69. The Official Languages Branch of the Treasury Board Secretariat is currently conducting two types of studies on the use of official languages in federal departments and institutions. One is an audit of the language of work situation based on a sample of approximately ten departments. The other is an update of its study of the use of the two official languages in the bilingual regions of the Public Service conducted in 1978-79 and published in March 1980.

70. The 1978-79 study revealed that, for all the bilingual regions combined, French-speakers comprised 45% of staff, and French was used 31.5% and English 68.5% of the time. However, the use of English and French varied according to the first official language of public servants: on average, English-speakers used English 91.9% of the time, while French-speakers used French 59.9% of the time. The study also revealed considerable variations in the exclusive use of the first language at work: more than half of the English-speakers (55.6%) used only English at work, while 12.1% of French-speakers worked exclusively in French. Other noticeable variations were found in different regions. In Quebec, French-speaking public servants used French three times more often than English, and their English-speaking colleagues used French almost as often as English. On the other hand, English remains the principal language of work in federal offices in New Brunswick. In Ontario's bilingual regions, English-speaking public servants use English almost exclusively while their French-speaking counterparts use French less than half the time. Finally, the study showed that individual French-speakers made greater use of the second language, hence less use of their first language, than did English-speakers in bilingual and French and English essential positions.

Units Working in French

71. In response to the recommendations of the 1970 Royal Commission on Bilingualism and Biculturalism, the Government decided to establish French-language units on a trial basis in order to determine whether the use of these units was a valid long-term concept for organization and management. French is the principal language of work in these units, which are composed of a group of French essential positions and a

minimal number of bilingual positions, where necessary. In 1975, convinced of this concept's value, the Government issued a Treasury Board circular urging departments to create such units in the National Capital Region. The revised official languages policies of autumn 1977 retained the concept of units working mainly in French, but specified that departments should decide on locations where such units would be an appropriate means of encouraging greater use of French as a language of work.

72. Departments do not agree on the usefulness of French-language work units. Some have stated that they see these units as a practical means of ensuring that French-speaking Canadians can exercise their right to work in their language; others, particularly scientific institutions such as the National Research Council and Atomic Energy of Canada Limited, create such units in order to better establish themselves in a Francophone milieu. Still other institutions stated that they hesitated to create French-language work units because these units tend to reduce the mobility of people working in them.

73. Invited by the Committee to express his view on the units-working-in-French experiment, the Commissioner of Official Languages replied that he felt that in Quebec the experiment had given very positive results in that, before such units were established, there had been a general tendency to correspond with Ottawa in English. Even if the Quebec section of a department was almost totally French-speaking, usage dictated that correspondence with Ottawa would be in English and that Ottawa send out directives in English. However, since the units-working-in-French system required that all communications with these units be in French, it was possible to create a much healthier situation. In his opinion, units working in French in the National Capital Region were much less successful. In many cases the concept was somewhat artificial in that branches which were already working in French were officially designated as units working in French. Thus, there was no difference except on paper.

74. To the extent that government departments and institutions establish autonomous administrative structures that work mainly in French, they help to increase the proportion of French essential positions, thereby increasing employees' opportunities to use French at work.

75. Since it has been demonstrated that units working in French encourage the use of French as a language of work, we recommend:

"That efforts be continued to establish such units in departments and agencies of the federal government."

Equitable participation and language of work

76. The Committee examined this issue and recognized that the principle of the full participation of the two official language groups is an important element in the achievement of the two other major official language policy objectives within the federal Public Service, namely the provision of bilingual services and the right of public servants to work in the official language of their choice. This principle was given concrete

expression in the Parliamentary Resolution of 1973 and clearly recognized four years later in 1977 in the government statement on a national official languages policy entitled "A National Understanding". The Government stated in this policy paper that:

"The two official language groups should participate equitably in the federal institutions of government."⁹

The Committee believes that this principle should also be formally recognized in the Act in order to give it legal status.

77. Consequently, we recommend:

"That the Official Languages Act be amended so as to include a section stipulating that Canada's two official language groups shall be equitably represented in, and at all levels of, the institutions of the Parliament and Government of Canada."

78. There is both a quantitative and qualitative aspect to the principle of the full participation of the two official language groups. The quantitative aspect corresponds to the balanced representation of the two official language groups, whereas the qualitative aspect ensures that the working environment enables both French-speaking and English-speaking Canadians to develop their maximum career potential while working in their own language.

79. A language will not actually be used in a given environment unless a certain number of people speak that language; conversely, only constant use can create an environment that is likely to attract candidates of the language group in question.

80. At first glance, it appears that most departments and institutions with a low percentage of French-speakers have not yet managed, in any noticeable way, to establish French as a language of work. On the other hand, in departments with a high concentration of French-speakers, French has really found its place as a language of work. The Committee noted, however, that in certain departments where Francophone representation has attained or exceeded 25%, French is still used all too rarely as a language of work. Nevertheless, in the critical category of upper management the Committee did note a definite shortage of French speakers. We are convinced that this situation has a deleterious effect on the status of French in a department, and consequently on the implementation of the Act. The key to success therefore does not seem to lie merely in having a "critical" overall number, but rather in combining a balanced concentration in the various occupational categories with a working climate and conditions that encourage the establishment of French as a language of work.

81. The problem is especially acute in scientific departments where Francophone participation in the scientific and professional and technical categories must be ensured if French is to have any vitality. Less than 20% of staff in the technical and scientific and professional categories are Francophone. Efforts to recruit Francophone technicians and professionals must therefore be intensified over the next few years.

82. On the other hand, we noted the existence of a French language polarization in Quebec and an English language polarization in the other provinces within the federal Public Service. As early as December 1980, in a special study on the participation of English-speaking public servants in Quebec federal institutions, the Commissioner of Official Languages stated: "Anglophone participation in the Public Service, that is to say, those institutions subject to the *Public Service Employment Act*, is poor in Quebec, outside the National Capital Region; however, it remains strong in other areas of federal employment, such as Crown corporations". During our Committee hearings, we also realized that Francophones are not equitably represented within federal departments and agencies.

83. Currently, central agency guidelines on equitable participation are vague and general and offer little in the way of concrete guidance to departments and agencies of government. We therefore recommend:

"That the Treasury Board Secretariat and the Public Service Commission develop clearer guidelines designed to help individual departments and agencies set appropriate participation targets for both official language groups in order to rectify certain imbalances in representation and thereby move more quickly toward achieving the Parliament's objective of equitable participation."

84. Furthermore, we recommend:

"That each department, agency or Crown corporation undertake a detailed analysis of the participation of the two official language groups within its own ranks, and take the necessary steps to correct any imbalance of a linguistic group being poorly represented either in an occupational category, or at a working level, or in a given geographic region."

Difficulties in Making French a Genuine Language of Work

85. Although a number of departments have taken interesting initiatives in an effort to stimulate the use of French as a language of work (inter-regional exchange programs, simultaneous drafting in both languages, language training geared to the requirements of the workplace, the presence within work units of revisers, the designation of one day per week as a French day, etc.), English remains the dominant language in departments and agencies of the federal government.

86. The testimony of witnesses before our Committee indicated that most internal and inter-departmental management meetings take place in English only. If the opportunity to use the language of one's choice during such meetings can be considered an indicator of the extent to which functional bilingualism has advanced within an institution, then language reform in terms of language of work is certainly not well advanced. The alternative, the use of simultaneous interpretation, is practiced by very few departments because of the high costs involved.

87. It also became clear that few departments have managed to respect the Treasury Board's directives relating to internal communications between offices located in the National Capital Region and those located in bilingual regions. In a number of departments, such communications still take place too often in English. For example, written communications are often conducted in English and are accompanied by the message "French to follow". The directives nevertheless state that communications between offices in the National Capital Region and those located in unilingual regions in Quebec should take place in French, whereas those between Ottawa and offices located in other bilingual regions may take place in either of the official languages.

88. The Commissioner of Official Languages noted before our Committee that many anglophone officers do not use their French (which they have often acquired through government language schools) because they consider that it is not necessary to do so or because they find that they can manage without doing so. The result is that many do not make any particular effort to deal with their Francophone employees in French and do not try to encourage Francophones to write and speak French. In addition, either because they do not have the opportunity to use their second language or because they are not motivated to do so, many Anglophones have difficulty maintaining and developing their second language skills even after they have mastered a certain level of French.

89. Like many observers of the official languages situation within the federal Public Service, we are convinced that noticeable progress toward giving French equal status as a language of work cannot take place without a serious commitment on the part of senior management. There is no doubt that senior managers have an influence on the personal behaviour of their employees. However, the same senior managers very often have only a limited ability to work in French, to use documents drafted in French and to transmit their decisions in that language.

90. Although the Committee noted a sincere commitment on the part of a number of senior managers to improve the use of both official languages within their departments and agencies, that commitment did not always appear to have obvious repercussions on the daily activities of the institution. Certain witnesses stated that acceptance of language reform still met with some resistance or resentment at certain levels of the organization.

91. *Consequently, we recommend:*

"That the Treasury Board inform all departments of its expectations with respect to the implementation by managers of departmental official languages policies and explain in clearer terms the consequences that poor administrative practices in this area may have on the annual performance evaluation of managers".

Evaluation of Departments' Linguistic Performance

92. The language régime outlined in the 1977 revised official languages policies requires federal departments and agencies to provide their employees in bilingual regions with a certain number of services in both official languages. These services include personal services (pay, medical services, library and information services), central services (accounting, administrative, financial and budgetary services), supervision and written material (work instruments, manuals, guidelines, etc.). Employees must also be given the opportunity to receive professional training and development in the language of their choice and to participate in meetings using their first official language.

93. All these essential elements constitute, what may be called the backdrop for the language régime in the language of work area. To see to what extent both languages are being used at work, all one has to do is study each of these aspects and see how departments carry out their responsibilities. On the question of work instruments, for example, testimony indicated that few departments can boast of providing their employees with all the work instruments they need to perform their duties in the language of their choice. Reasons given for this are delays caused by translation, the urgency of a particular situation, or difficulties in translating extremely complex documents in scientific and technical fields. Some witnesses told the Committee that translating some documents was of no use since, when the translation was finally ready, the documents in question were already out of date.

94. The Committee was also able to establish that the right of employees to be supervised in the language of their choice was often not respected. In most departments and agencies called before the Committee, there are still too many supervisors who do not meet the language requirements of their position or who are simply not bilingual. This situation cannot continue without compromising the efforts of departments to establish French as a language of work. We noted that, in general, there are too few training and development courses offered in French as compared with the number offered in English. In terms of the availability in both official languages of personal and central services, the situation varies considerably from one department to another. In some departments, some or all of these services are actively offered in both official languages. In others, however, they are offered in both official languages only upon request. Still other departments and agencies offer such services only in English.

95. We became aware of the fact that very few federal departments and agencies can say beyond doubt that they respect their obligations in each and every one of these areas. The reason for this state of affairs is very simple: in a number of departments, there is no formal supervisory and evaluation mechanism that can systematically control the degree to which departmental plans are implemented and policy requirements for the department as a whole met.

96. *Consequently, we recommend:*

"That all federal departments and agencies establish supervisory and evaluation mechanisms to provide systematic control over the degree to which departmental plans are implemented and policy requirements met, and that a report on such mechanisms be included in the annual plans they submit to Treasury Board."

Imperative Staffing for Language of Work Purposes

97. In its first report, on language of service, the Committee dealt with the issue of imperative staffing and recommended "that the December 31, 1983 deadline be re-established after which there should be no further conditional appointments". Subsequently, a number of witnesses commented upon this recommendation before our Committee. For example, one of the Public Service unions stated that the December 31, 1983 deadline was unrealistic, but added that "if we could have an honest designation system, we would be prepared to support imperative staffing".

98. On December 8, 1981, the Chairman of the Public Service Commission stated before our Committee:

"In the case of bilingual positions, if we add up the number of positions staffed imperatively and those staffed non-imperatively, we find that 75 per cent of these individuals meet the language requirements of the position at the time of their appointment. Three-quarters of all people appointed to bilingual positions meet the requirements of their position at the time they are appointed."

99. In light of this statement, the Committee believes that the recommendation on imperative staffing contained in its first report is not only defensible but essential for positions designated bilingual for language of work purposes. For example, it was frequently brought to the Committee's attention that employees in supervisory positions are those who least meet the language requirements of their position. Furthermore, since the Chairman of the Public Service Commission was able to state in December 1981 that 75% of all appointees to bilingual positions already met the language requirements of their position at the time of their appointment, we presume that percentage will increase considerably during the two-year period ending on December 31, 1983.

100. We nevertheless recognize that, in exceptional situations, there may be justification for continuing the system of conditional appointments beyond December 31, 1983. In our opinion, however, the general rule should always be in favour of imperative staffing and exceptions should be defined and justified by the Treasury Board in cooperation with the Public Service Commission.

We therefore recommend:

101. *"That December 31, 1983 be re-established as the date beyond which conditional appointments should no longer take place".*

102. *"That the Treasury Board and the Public Service Commission define and justify the exceptional situations in*

which conditional appointments may continue beyond December 31, 1983, and that these agencies take the necessary steps to eliminate such exceptional situations as soon as possible."

CONCLUSION

103. In tabling this, its fourth report, the Committee has completed its general analysis of the three major elements of language reform: service to the public, language of work and equitable participation. We do not consider our examination of these questions as final, but when we return to matters related to these three aspects, it will be in the context of a study of specific issues.

104. In the fall, the Committee hopes to visit locations in Canada in order to broaden its experience by meeting with individuals and groups interested in language reform. The Committee will thus be able to gain a better understanding of the situation and of the state of language reform since adoption of the Official Languages Act in 1969 and the Parliamentary Resolution in 1973.

FOOTNOTES

¹ *Report of the Royal Commission on Bilingualism and Biculturalism*, Queen's Printer, Ottawa, 1967, Volume 1, General Introduction, paragraph 68.

² *Report of the Royal Commission on Bilingualism and Biculturalism*, Queen's Printer, Ottawa, 1969, Volume 3, paragraph 223.

³ *Ibid.*, paragraph 526.

⁴ *Debates of the House of Commons*, 2nd Session, 28th Parliament, June 23, 1970, p. 8487.

⁵ *Ibid.*, p. 8420.

⁶ *Debates of the House of Commons*, 1st Session, 29th Parliament, May 31, 1973, p. 4304.

⁷ *Ibid.*, p. 4314.

⁸ *Debates of the House of Commons*, 1st Session, 28th Parliament, October 17, 1968, p. 1483.

⁹ *A National Understanding*. Statement of the Government of Canada on the official languages policy. The Official Languages of Canada. Minister of Supply and Services, Ottawa, 1977, p. 45.

APPENDIX 1—Witnesses

Groups and individuals who gave evidence on language of work and equitable participation before the Committee (listed in alphabetical order). The Issue of the Minutes of Proceedings and Evidence of the Committee in which their evidence was recorded is indicated.

Agriculture, Department of:—Issue 34

Mr. Gaétan Lussier, Deputy Minister;

Dr. J.E. McGowan, Assistant Deputy Minister, Food Production and Inspection Branch;

Dr. E.J. Leroux, Assistant Deputy Minister, Research Branch;

Mr. R. Laplante, Acting Director, Official Languages Division.

Atomic Energy of Canada Limited:—Issue 38

Mr. Robert Després, Chairman of the Board of Directors;

Mr. Harry Hughes, Vice-President, Personnel;

Mr. Laurent Amyot, Vice-President, Quebec Operations.

Auditor General, Office of the:—Issue 27

Mr. Kenneth M. Dye, Auditor General of Canada;

Mr. Yvan Gaudette, Assistant Auditor General;

Mr. Normand Bourdeau, Director of Official Languages.

Bank of Canada:—Issue 32

Mr. Gerald K. Bouey, Governor;

Mr. John Crow, Deputy Governor and Member of the Bank's Advisory Committee on Bilingualism;

Mr. Serge Vachon, Adviser and Member of the Bank's Advisory Committee on Bilingualism;

Mr. Roy Flett, Chief, Personnel Administration;

Mr. Martin Samuels, Adviser on Bilingualism, Personnel Administration.

Canadian International Development Agency (CIDA):—Issue 32

Mr. Marcel Massé, President;

Mr. Charles Bassett, Director general, Personnel and Administration Branch;

Mr. André Plouffe, Director, Official Languages.

Commissioner of Official Languages, Office of the:—Issues 23 and 41

Mr. M.F. Yalden, Commissioner;

Mr. Gilles Lalande, Deputy Commissioner.

Communications, Department of:—Issue 36

Honourable Pierre Juneau, Deputy Minister;

Mr. Ken Hepburn, Assistant Deputy Minister, Spectrum Management and Government Telecommunications;

Mr. Frank Vieni, Director General, Personnel and Administration;

Mrs. Suzanne Mauviel, Director, Official Languages.

Employment and Immigration, Department of:—Issue 25

Mr. J.D. Love, Deputy Minister and Chairman;

Mr. D.J. Lindley, Executive Director, Personnel.

Energy, Mines and Resources, Department of:—Issue 28

Mr. M.A. Cohen, Deputy Minister;

Mrs. Irene Johnson, Assistant Deputy Minister;

Mr. Donald Hanright, Director General of Communications;

Mr. Pierre Carrière, Coordinator, Official Languages.

Environment, Department of the:—Issue 26

Mr. J.B. Seaborn, Deputy Minister;

Mr. J.P. Bruce, Assistant Deputy Minister, Atmospheric Environment Service;

Mr. G.A. Yeates, Director General, Program Management; Parks Canada;

Mr. F. Pagé, Director General, Information Directorate;

Mr. R. Laprade, Director, Official Languages Branch.

External Affairs, Department of:—Issue 27

Mr. de Montigny Marchand, Associate Under-Secretary of State;

Mr. Jacques Gignac, Deputy Under-Secretary of State;

Mr. Léo Boudreau, Acting Director of Official Languages.

Fisheries and Oceans, Department of:—Issue 28

Mr. Donald D. Tansley, Deputy Minister;

Dr. A.W. May, Assistant Deputy Minister—Atlantic Fisheries Service;

Mr. Jean Chandonnet, Director of Personnel;

Mr. Jean Haché, Assistant Director General, Gulf Region.

Johnston, The Honourable Donald, President, Treasury Board:—Issue 24**Justice, Department of:—Issues 37 and 42**

Mr. Roger Tassé, Q.C., Deputy Minister of Justice and Deputy Attorney General;

Ms. Marie-Andrée Bastien, Director, Public Affairs;

Mr. Gérard Bertrand, Q.C., Chief Legislative Counsel;

Mr. Jacques E. Chevrier, Director, Official Languages Program;

Mr. Frederick J.E. Jordan, Q.C., Acting Assistant Deputy Minister, Public Law.

National Defence, Department of:—Issues 25 and 26

Mr. C.R. Nixon, Deputy Minister;

Lieutenant-General G.C.E. Thériault, Vice Chief of the Defence Staff;

Lieutenant-General H.A. Carswell, Assistant Deputy Minister (Personnel);

Chief M.Gen. J.E. Vance, Chief Personnel, Careers and Senior Appointments;

Mr. G.A. Sullivan, Director General, Official Languages.

National Research Council of Canada:—Issue 35

Dr. Larkin Kerwin, President;

Mrs. M.M. Hinchey, Secretary General;

Mrs. M. Piché, Advisor on Official Languages.

Professional Institute of the Public Service of Canada:—Issue 30

Mr. J.E. Donegani, President;

Mr. Denis Cardinal, Employment Relations Officer;

Mr. E. Spencer, Planning and Development Officer.

Public Service Alliance of Canada:—Issue 30

Mr. R. Perron, Staff Officer.

Public Service Commission of Canada:—Issue 31

Mr. E. Gallant, Chairman;

Mr. J. Edwards, Commissioner;

Mr. R. Lapointe, Director General, Language Training Branch;

Mr. A.J. Neilson, Director General, Staffing Branch;

Mr. F. Tremblay, Assistant Director General, Official Languages Directorate;

Mr. J. Ranger, Director General, Senior Executive Programs Branch.

Public Works, Department of:—Issue 29

Mr. J.A.H. Mackay, Deputy Minister;

Mr. G. Desbarats, Assistant Deputy Minister, Design and Construction;

Mr. D. McFarland, Regional Director General, National Capital Region.

Supply and Services-Supply Administration, Department of:—Issue 29

Mr. G.R. D'Avignon, Deputy Minister, Supply Administration;

Mr. A.W. Allan, Assistant Deputy Minister, Science and Engineering Procurement;

Mr. G.A. Berger, Assistant Deputy Minister, Commercial Supply;

Mr. M. Caron, Director General, Personnel Sector.

Treasury Board of Canada:—Issue 24

Mr. Edwin Aquilina, Deputy Secretary, Official Languages Branch.

Respectfully submitted,

LOWELL MURRAY,
Joint Chairman.

THE SENATE

Monday, July 5, 1982

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

INDIAN-INUIT WEEK BILL

FIRST READING

Hon. Guy Williams presented Bill S-28, establishing Indian-Inuit Week and Inuit-Indian Day.

He said: Honourable senators, this bill reads as follows:

Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. This Act may be cited as the *Indian-Inuit Week Act*.
2. Throughout Canada, in each and every year, the week beginning on Monday, Victoria Day, shall be kept and observed as "Indian-Inuit Week", and Sunday, the last day of Indian-Inuit Week, shall be kept and observed as "Inuit-Indian Day".

The Hon. the Speaker: Senator Williams, it isn't necessary to read the whole bill.

Senator Williams: There is just one more clause, Mr. Speaker.

3. Indian-Inuit Week may also be called "Indian Week" or "Inuit Week", and Inuit-Indian Day may also be called "Inuit Day" or "Indian Day".

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Williams, with leave of the Senate and notwithstanding Rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

ENERGY MONITORING BILL

Hon. George J. McIlraith: Honourable senators, Bill C-106, which, when enacted, will bear the title "Energy Monitoring Act", provides, among other things, for the obtaining by the minister, or by the Petroleum Monitoring Agency, of a wide range of information on a confidential basis.

Clause 36 of the bill provides:

- (1) Notwithstanding anything in this Act, the Minister may disclose any statistic, information or documentation obtained under this Act where he considers the disclosure to be in the public interest, taking into account the

competitive position of the individual, corporation, partnership, trust, organization or association of persons affected by the disclosure.

Honourable senators will note that this clause provides that the minister may disclose any statistic, information, or documentation so obtained where he considers the disclosure to be in the public interest, taking into account the competitive position of the supplier of the information who may be affected by the disclosure, and provides that where the minister proposes to make such disclosure, in a form that identifies the supplier of the information, the minister must notify such supplier and afford it a reasonable opportunity to make representations with respect to the effect the disclosure might have on its competitive position.

Questions were raised in the committee with regard to clause 36 permitting the disclosure of information obtained on a confidential basis. That disclosure is, of course, predicated on believing that it is in the public interest to do so. The minister is authorized to do this only in the public interest.

The committee concluded that the minister is accountable to Parliament for the decision as to what is in the public interest, and that Parliament is the appropriate authority to determine the proper use of the discretion lying in the words "in the public interest". Because of the continued concern of your committee, however, as to the exercise of this authority to disclose information, the minister did undertake that he would return to this committee to account for his actions if he exercised the power under this clause.

The committee accepted the commitment of the minister, and agreed to report the bill without amendment.

REPORT OF COMMITTEE

Hon. George J. McIlraith, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Monday, July 5, 1982

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-106, intituled: "An Act respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act", has, in obedience to the Order of reference of Wednesday, June 2, 1982,

examined the said Bill and now reports the same without amendment.

Respectfully submitted,

GEORGE J. McILRAITH,
Acting Chairman.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Peter Bosa moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

MOTOR VEHICLE FUEL CONSUMPTION STANDARDS BILL

Hon. George J. McIlraith: Honourable senators, Bill C-107, respecting motor vehicle fuel consumption standards, contains a similar type of provision with regard to disclosure. A similar point was raised in connection with that bill, and I do not need to repeat it here.

In addition, this bill contains a provision to the effect that the minister is required to report to Parliament as soon as possible after the end of each year. When your committee took objection to this rather general term, which, regrettably, is rather common in legislation, the minister undertook to take the matter up with the Department of Justice, and to have this clause examined by them with a view to amending it, possibly through a miscellaneous statute law amendment act, at the earliest opportunity, to the effect that the report will be prepared within three months of the end of the year, and be tabled within 15 sitting days thereafter.

REPORT OF COMMITTEE

Hon. George J. McIlraith, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Monday, July 5, 1982

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-107, intituled: "An Act respecting motor vehicle fuel consumption standards", has, in obedience to the Order of reference of Tuesday, June 15, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

GEORGE J. McILRAITH,
Acting Chairman.

● (2010)

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government), for Senator Riel, moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

[Senator McIlraith,]

PETROLEUM ADMINISTRATION ACT

BILL TO AMEND

Hon. George J. McIlraith: Honourable senators, when Bill C-103, to amend the Petroleum Administration Act, was before the committee concern was expressed by the Coal Association of Canada concerning the definition of "oil" and "oil product" in the bill. It expressed the fear that coal that had been processed prior to selling it as coal would come under all of the provisions of the act. There was considerable discussion on that point, and the minister pointed out that coal was specifically excluded from the definition of oil or oil products.

In order to make it clear to the coal industry that it was a matter that need not occupy their attention, and to alleviate their concern, he gave a specific commitment that the Department of Energy, Mines and Resources would consult the industry before initiating any action to designate any product of the processing of coal as an oil product within the meaning of the act. It is visualized that products such as methanol, liquid gasoline or gas would be designated, but not coal itself.

The Air Transport Association of Canada made representations to the committee to the effect that the transportation fuel compensation recovery charge levied on exported aviation fuel between May 1981 and January 1982 should be refunded to Canadian international carriers.

The government reviewed the situation and the minister, when he was before the committee, announced that the government had decided to accede to the association's request and, with regard to refund, would treat Canadian carriers in the same manner as foreign carriers were being treated. That was in accordance with the views of the committee. That can be done without legislative action. It does not involve any amendment or any other legislative procedure.

● (2015)

Hon. Arthur Tremblay: Honourable senators, I should like to ask a question of the Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce. Being a junior senator, I am asking him, a much more experienced senator, for clarification on a particular point. What is the exact meaning of the so-called "commitment from the minister"? The acting chairman of the committee has just indicated that he has received a commitment from the minister. I want to know the status of such a commitment in terms of its practical application to legislation.

Senator McIlraith: Honourable senators, I shall try to be brief in my answer, although it may require further discussion. The simple answer to the honourable senator's question is that legally a commitment from a minister has no effect whatever. What does have effect is the formal report, that the bill is reported without amendment. However, as a matter of experience, commitments from ministers is a technique developed by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, and, I must say, it has been remarkably effective and successful.

Hon. Jacques Flynn (Leader of the Opposition): More or less.

Hon. Royce Frith (Deputy Leader of the Government): Which is it, "more" or "less"?

Senator McIlraith: I do not agree that it is more or less. I can think of only one instance when such a commitment was not effective.

Hon. Raymond J. Perrault (Leader of the Government): Senator Flynn is becoming a little cynical.

Senator Flynn: No, he is.

Senator McIlraith: There is a practical application in all this. For instance, holding up an important bill by sending it back to the other place for amendment, at this late stage in the session, to replace a clause stating, for example, "provided the minister shall report as soon as possible after the end of the year," would, I think, go against the wishes of most senators. All I can say is that such commitments do work.

Senator Tremblay: If I understand the honourable senator's words correctly, when a commitment is given by a minister to a Senate committee and is subsequently included in the legislation, it has a practical effect. But when there is no amendment to, or modification of, the legislation, the commitment is just a pious vow. Do Senate committees normally rely on such a commitment—

Senator Flynn: Certainly.

Senator Tremblay: —even when the legislation is not correct, in their perception?

Senator Perrault: There is an element of trust involved here.

Senator McIlraith: Because of the magnitude and wide range of the legislation that comes before the committee, it must make a decision as to whether or not it is going to risk delaying the passage of a bill for the sake of correcting or improving a lesser provision of the bill. It is a choice the committee has to make. Certainly, it is a choice I personally dislike having to make, although it is a choice I have no hesitation in making—

Senator Flynn: But you are the majority.

Senator McIlraith: —simply because, from past experience, such a commitment has been fulfilled in almost all cases.

● (2020)

Senator Tremblay: When a government has lost the confidence of the people, what is the worth of that commitment?

Hon. Jack Marshall: Resign! They are forced to resign.

Senator Perrault: That is a rhetorical question.

Senator Marshall: Take it as notice.

REPORT OF COMMITTEE

Hon. George J. McIlraith, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Monday, July 5, 1982

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-103, intituled: "An Act to amend the Petroleum Administration Act and to enact provisions related thereto", has, in obedience to the Order of reference of Monday, June 21, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

GEORGE J. MCILRAITH,
Acting Chairman.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator McIlraith moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

QUESTION PERIOD

[English]

THE SENATE

ABSENCE OF MINISTER FROM CHAMBER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Minister of State for Economic Development, but he is still in the northern—

Hon. C. William Doody: He is still hiding.

Senator Flynn: Scandinavian countries.

Hon. Raymond J. Perrault (Leader of the Government): It had been hoped that the Honourable Senator Olson would be present this evening. I understand that he is in transit, rushing back to Ottawa to answer questions posed by members of the opposition and to perform other important duties.

Senator Flynn: He has not yet recovered from the budget.

Hon. David Walker: Whether he is here or not is a matter of no importance. We have seldom received any worthwhile information from him, in any event.

THE BUDGET

INTEREST ON NATIONAL DEBT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have delayed answers to certain questions asked relating to the budget.

The Department of Finance has given a good deal of consideration to the questions posed by honourable senators in recent days. Those questions were asked by the Honourable Senators Asselin, Murray, Donahoe, Smith and Roblin. I

should, first of all, like to deal with the questions posed by the Honourable Senator Asselin.

Senator Asselin asked how much the government will be paying in interest on the government's current deficit.

This depends on interest rates prevailing in capital markets during the year and on the type of debt instruments issued by the government.

The narrow question regarding interest payments on the current deficit is not clear. In the budget papers, however, public debt charges—interest payments on the total outstanding debt—are now expected to reach some \$17.9 billion in 1982-83. The rise from \$15.1 billion in 1981-82 reflects the need to finance the 1982-83 deficit, plus some roll-over of existing debt at higher interest rates.

IMPACT ON INTEREST RATES

Hon. Raymond J. Perrault (Leader of the Government): The Honourable Senator Asselin also asked a question regarding interest rates. He asked whether interest rates would fall in the near future, and whether there were measures in the budget to bring down interest rates. That question is found at page 4460 of *Debates of the Senate*.

High Canadian interest rates are largely attributable to two factors: the high level of U.S. interest rates and the high rate of domestic inflation.

While an easing of U.S. interest rates will reduce the upward pressure on Canadian rates, the underlying problem in Canada remains inflation. Given that interest rates must exceed the rate of inflation, if savers are to get any net return and if borrowers are to experience any net cost, only a decline in inflation can lead to a lasting reduction in the level of interest rates. The major thrust of the budget, of course, is a reduction in inflation.

● (2025)

The budget provides an action plan directed at lowering inflation and, hence, interest rates. The plan includes the public sector compensation restraint program, from which the government hopes the provinces and the private sector will take their lead, and the ongoing review of federally administered prices and measures to improve confidence, investment and productivity in the business sector. New spending initiatives are to be funded, out of savings achieved largely through cutbacks and limits on indexation factors.

GOVERNMENT SPENDING—INFLATION

Hon. Raymond J. Perrault (Leader of the Government): Senator Asselin continued his line of questioning by asking whether it has occurred to the government that to lower inflation it should first lower its own spending.

The budget restated its commitment to limit the trend rate of increase in its spending to the trend rate of increase in gross national product. A number of factors have combined to push up spending relative to GNP this year. The depth of the current recession itself has lowered the expected rate of growth

[Senator Perrault.]

of GNP and has pushed up spending on items such as unemployment insurance payments. A \$1.1 billion deferral of certain energy-related expenditure items from 1981-82 to 1982-83 has also acted to push up spending this year.

The increase in spending and the decline in revenues associated with the recession have combined to result in a large increase in the deficit projection for 1982-83. Under the current circumstances, with the economy in recession and with the personal savings rate at a very high level, the deficit is probably not having a significant impact on interest rates or inflation.

An Hon. Senator: Oh, come on!

Hon. Martial Asselin: Who drafted that?

Senator Perrault: I regret the cynical remarks from the other side.

CAPITAL COST ALLOWANCE AND TAXATION OF EMPLOYEE BENEFITS

Hon. Raymond J. Perrault (Leader of the Government): As reported at page 4463, Senator Murray asked whether the November budget measures on capital cost allowance and the taxation of employee benefits are still being put forward by the government. The answer is: Yes. The Minister of National Revenue, the Honourable William Rompkey, announced certain exemptions from the employee benefits rules in March. There were also some minor revisions to the CCA provisions.

APPOINTMENT OF ADVISORY GROUP

Hon. Raymond J. Perrault (Leader of the Government): Senator Donohoe asked whether the proposed tax increases are to be subjected to the same "so-called"—to use his words—blue ribbon panel as the proposed expenditures to promote investment.

The proposed two-year limited indexation of the personal income tax system and specific transfers will not be referred to the committee.

Senator Donahoe asked a further question as to whether the Minister of Finance has any alternatives to consider in the event that the blue ribbon panel rejects his proposals.

The proposed measures, when implemented, will improve an important source of distortion in the tax system and help restore appropriate incentives in certain investment areas. The measures were discussed during the consultations exercise and are high on the list of business priorities. A rejection of the proposals is not expected, although amendments, counter-proposals and further discussions will be required.

Senator Donahoe asked whether the green paper envisaged budget announcements on possible policies followed by consultations, or did it suggest consultations to be followed by a budget.

The green paper dealt with pre-budget consultations. Although the proposals were introduced with the budget, they will still be a focus of discussion in the period leading up to the next regular budget.

Hon. Jacques Flynn (Leader of the Opposition): This is an irregular budget we have now.

Senator Perrault: Among several questions Senator Donahoe asked the other day, he asked whether there will be a new budget in the fall.

Senator Flynn: A regular budget.

Senator Perrault: This reply will be of interest to all honourable senators. Yes, the Minister of Finance is committed to a new budget in the fall.

Hon. Martial Asselin: What will the deficit be?

Senator Flynn: Probably \$30 billion.

ENERGY PRICES—INFLATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Smith asked what proportion of the 656 per cent increase in world oil prices will flow to the federal treasury.

The increase in oil prices referred to relates to the increase over the 1973-81 period.

● (2030)

On page 77 of the NEP Update, federal revenues over the period 1981-86 are projected to be \$36 billion, or 22 per cent of total revenues, down from a September projection of \$61 billion, or 29 per cent of the total. The provinces' projected revenues are now \$53 billion, or 32 per cent, and industry revenues are projected at \$74 billion, or 46 per cent of the total.

Hon. G. I. Smith: What is the percentage? That is the question.

PROVISIONS

Hon. Raymond J. Perrault (Leader of the Government): Senator Roblin asked the following question: Does the budget statement on administered prices mean that the 6-per-cent rule will apply to telephone rates, hydro rates or the marketing boards in the province of Manitoba?

The Minister of Finance will ask federal agencies that regulate prices on goods and services, such as public communications and foodstuffs, to adhere to the price guidelines established in his budget. He clearly has no jurisdiction over provincial matters such as hydro rates.

Senator Roblin asked for the meaning of the new threshold limit on the small business review.

The threshold limit for the small business review has been raised to \$5 million of assets and 200 employees. The third provision means that those investments which qualify for the small business review will generally not be subject to the full small business review except where important policy issues are raised.

Senator Roblin asked: What is the meaning of the statement on Canadianization?

The statement is quite clear. The government is ahead of its Canadianization goals—

Some Hon. Senators: Oh, oh!

Senator Perrault: The government, I am pleased to say, is ahead of its Canadianization goals and, while it will not press the pace of Canadianization in the years immediately ahead, the 50 per cent target for 1990 remains.

Senator Roblin asked: What is the ratio of interest costs to income received? On a public accounts basis, the ratio of public debt charges to budgetary revenues is projected at 30.6 per cent in 1982-83. On a national accounts basis, the ratio of public debt interest to total revenues is projected at 25 per cent in 1982-83.

Honourable senators, I believe most of the questions asked concerning the budget have now been answered. There may be two or three others, to which I will attempt to provide answers later in the week.

FOREIGN AFFAIRS

ARGENTINA—LIFTING OF SANCTIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Flynn on June 22 concerning the ending of sanctions against Argentina.

I can confirm that Canada lifted the sanctions against Argentina on June 22.

Hon. Jacques Flynn (Leader of the Opposition): The day I asked the question.

Senator Perrault: I would be pleased to table the press release of the Secretary of State for External Affairs on that subject. I propose that it be incorporated in today's record.

Hon. Senators: Agreed.

(The press release follows:)

The Secretary of State for External Affairs, the Honourable Mark MacGuigan, announced today that the Government of Canada had decided to end its ban on imports from Argentina and to permit export credits for new transactions with that country.

The ban on imports and credits, announced on April 13, 1982, was imposed by Canada, in concert with the countries of the European Economic Community, against Argentina because of that country's violation of Article 2(3) of the United Nations Charter requiring member nations to settle their international disputes by peaceful means and because of Argentina's refusal to comply with the terms of Security Council Resolution 502 of April 3, 1982, which demanded an immediate cessation of hostilities and an immediate withdrawal of all Argentine forces from the Falkland Islands.

Dr. MacGuigan noted that the hostilities in the South Atlantic now appear to have ceased, the British had already returned to Argentina several thousand Argentine soldiers captured in the fighting and that the Argentine

government has acknowledged on June 18, 1982, in a Note to the President of the UN Security Council that "in view of the present circumstances there is a *de facto* cessation of hostilities which Argentina is now observing". He hoped that this situation would be confirmed by further undertakings regarding a complete cessation of all hostilities and that the long-standing differences between Argentina and the United Kingdom would be settled by peaceful negotiations.

Dr. MacGuigan pointed out that a change in the current *de facto* cessation of hostilities would represent a new situation which could require the government to reconsider its position. He also noted, in this connection, that the Canadian embargo on all exports of military equipment to Argentina will remain in effect for the time being.

Effective June 22, 1982, steps are being taken to remove "Item 66: Goods of Argentine origin" from the Import Control List. In the meantime, the requirement for import permits continues; however, such permits will be issued freely on request pending the completion of the steps to remove Item 66 from the Import Control List.

THE BUDGET

INTEREST ON NATIONAL DEBT

Hon. Ernest C. Manning: Honourable senators, may I ask the Leader of the Government to clarify one point in his answer to the first question, which concerned the interest on the present national debt?

Does the figure of \$17.9 billion he quoted represent the forecast interest costs on the basis of the debt as set out at the time of the November budget, or does it take into account the additional \$9 billion of deficit referred to in the budget of last week?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, when I provided that reply, I stated that the debt charges are now expected to reach some \$17.9 billion. That, then, is the current best estimate.

THE SENATE

DEBATING PROCEDURE—SPEAKER'S RULING

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before Senator Neiman moves the third reading of this bill, I would say there was what seems to me to be a lack of understanding on the procedure respecting third reading.

The question arose when Senator Steuart moved the third reading of a bill, and a point of order was raised as to whether Senator Steuart, by merely making his motion, had thereby foreclosed his right to speak. I thought that we had come to an agreement that, as long as the senator moving third reading simply stands and says, "I move third reading of this bill," and

[Senator Perrault.]

then sits down, anyone could speak, including the senator who moved third reading, later in the debate.

Hon. Jacques Flynn (Leader of the Opposition): At any time.

Senator Frith: At any time. If that senator proceeds to speak, then he or she exhausts his or her right to speak on third reading. Of course, there would be no right of reply, as there is on second reading.

I want to be perfectly clear in my understanding that, by merely moving the motion, Senator Neiman is not foreclosing her right to speak on third reading, either immediately or later in the debate, in the event some other honourable senator wishes to speak on third reading.

Senator Flynn: Are you suggesting that there be a ruling?

Senator Frith: I am asking if there is still a misunderstanding. If there is, then I am asking for a ruling. If the Leader of the Opposition agrees, as I thought he did on the last occasion, that moving the third reading of the bill does not by itself constitute a speech, then there is no problem. However, if that is still questionable, then, yes, I am asking for a ruling before Senator Neiman speaks so that we understand, for the future, that a senator, by simply moving third reading, is not thereby making a speech that precludes him or her from speaking to the matter in debate on third reading.

Hon. G. I. Smith: Or the other way around, if the ruling is to the contrary.

Senator Flynn: The deputy leader puts it in a rather confusing way. The mere moving of third reading, in itself, does not constitute a speech, but if the mover, after having moved the motion and the motion is put by the Speaker, does not speak at that time, then I think he has indicated that he has nothing to say. That is the point I want to make.

If the sponsor moves third reading, he has to say at that time whether he wants to speak or not. If he does not, it means that he has nothing to say and he is not entitled to speak later on. It is not a right of reply.

Senator Frith: In that case, I think we should have a ruling. I do not feel it is correct to say that the senator who moves third reading must speak then or forever hold his peace. If that is so, I would be glad to be instructed by His Honour that that is the case, but it is not my understanding.

I think a senator can move third reading, sit down and, if no one else speaks, he can remain seated and can allow third reading to take place. Some other senator may rise and outline his concerns at third reading, in which case the sponsor can speak in the debate. The mere fact that he sat down and did not, so to speak, come out of the gate first, does not, in my opinion, mean that he cannot speak later.

If what Senator Flynn says is correct, then we will have to govern ourselves accordingly. However, I did not understand that the mover of third reading had to speak immediately, or forever hold his peace.

Senator Flynn: The deputy leader is asking for a ruling on a hypothetical case. I do not know if Senator Neiman intends to speak after moving third reading. If she wishes to speak immediately, then a ruling is not required. I do not like the idea of having a general, up-in-the-air ruling without any stated case.

Senator Frith: I agree with Senator Flynn, and I do not like the idea of a ruling up in the air for no other reason than an academic one. The reason I have brought the matter up is not academic. I am told that Senator Asselin wishes to speak to this bill on third reading. Senator Neiman would prefer to listen to what Senator Asselin has to say and then, as sponsor of the bill, speak later. This seems to me to be perfectly reasonable. In other words, she has moved second reading, the bill has gone to committee and has been reported without amendment. Therefore, if she, as sponsor, wishes to say, "Well, if no one else wishes to speak to it..."—well, I will leave it at that.

● (2040)

Senator Flynn: You are speaking for Senator Neiman at this point, are you?

Senator Frith: I am speaking to the non-academic point before us.

Senator Flynn: You are speaking for Senator Neiman.

Senator Frith: No, I am speaking for myself. Let me review the matter. First, I raised the question; then Senator Flynn said there was no reason to have a ruling on a purely academic point. I am saying it is not an academic point. The exact situation we are facing now is the question of a senator moving third reading and waiting to see if any other senator wishes to speak on the question. In this particular case that might mean Senator Asselin or someone else.

However, if we are saying that a sponsor of a bill, or any honourable senator moving third reading, must speak without waiting for anyone else to speak or he or she cannot speak later, then I think we should have a ruling. It is not an academic case. It will come up tonight, not academically, on Bill C-61.

Hon. Joan Neiman: On a point of clarification, honourable senators, Senator Donahoe and Senator Asselin have both been good enough to advise us that they would like to make a few comments on this bill. I am prepared to go ahead and speak now on moving third reading, but, as has been indicated by Senator Frith, I would prefer to hear their comments before making mine in closing the debate. Perhaps a ruling is required. I just took it for granted that, as I had already suggested to Senator Donahoe, I would defer to him and to any other honourable senator who wanted to speak, and speak later.

Senator Flynn: In essence, then, what the deputy leader is asking His Honour the Speaker to rule is whether the mover of third reading has a right of reply.

Senator Frith: No.

Senator Flynn: That is exactly it.

Senator Frith: No, that is exactly not it.

Senator Flynn: Absolutely.

Senator Frith: This is why I say it is exactly not it.

Senator Flynn: Senator Neiman has just said it.

Senator Frith: There would only be the right of reply, if we assume that the mere moving of a motion constitutes an intervention by way of debate. If it does not, then that is not a right of reply but is simply a right to speak at any time in the debate, and a senator, therefore is not foreclosed from speaking by the mere fact that he or she does not speak immediately upon the order being called or the motion being put.

Hon. Jack Marshall: The debate is closed now.

The Hon. the Speaker: Honourable senators, we know quite well what takes place on second reading. It is accepted that when the proposer of the motion speaks again that is the end of the debate and there is no reply. I refer to Rule 29:

A senator who has moved the second reading of a bill or made a substantive motion or an inquiry shall have the right of final reply.

So the position is clear with respect to second reading. However, for third reading there is no specific rule, but I refer you to Rule 31, which states:

A senator who moves an order of the day or seconds a motion, but does not speak to it at that time, may address the Senate on the subject at any subsequent period of the debate.

Therefore, honourable senators, unless there is some other rule or jurisprudence that takes precedence, I say that according to Rule 31 Senator Neiman, even if she moves third reading, will have the right to speak again.

Hon. Martial Asselin: Mr. Speaker, that is not the case here, because Senator Neiman has not yet moved the motion. Let her move the motion, and, if a point of order is then raised, you can settle that point of order. At the moment there is no point of order before the Senate.

Senator Frith: Yes, there is.

Senator Asselin: The deputy leader has raised a point, but, in fact, there is no point of order before the Senate. Let us ask Senator Neiman to move the motion and then, if a point of order is raised or if she wants to speak after she has moved the motion, then, Mr. Speaker, you can make your decision.

Senator Frith: Honourable senators, I do not know how Senator Asselin can say that a point of order has not been raised. In fact, I have raised a point of order. Senator Asselin's point seems to be that he thinks the point of order should have been raised at another time. I point out to him that a point of order can be raised at any time. Here a point of order has been clearly and properly raised.

Senator Asselin: No point of order has been properly raised.

Senator Frith: Perhaps Senator Asselin, if he had been the one raising the point of order, would have raised it at a different time. That would have been his right. However, it is

my right, and that of any other senator, to raise a point of order at any time. When it is raised, it is raised. It does not disappear just because it is not raised at the time Senator Asselin would like it raised.

The Hon. the Speaker: Honourable senators, generally speaking, I think Senator Asselin is right that we should have a point of order before the Senate, if we want to deal with an actual problem. In this particular case the same problem occurred last week. It was exactly the same situation. It is simply because we had this problem last week—and it was a problem for me which I felt could quite likely occur again—that I say it is not purely academic.

In any event, if the preference is to wait until Senator Neiman moves her motion, I have no objection to that. I will make the same response I have already made, and I will ask those who think she is not entitled to speak to give their arguments.

Hon. Joseph-Philippe Guay: Honourable senators, if I may speak to that same point, surely we have the right to ask for clarification in moving any motion at all. Is that not simply what we are asking at the moment? We are asking for some clarification from His Honour the Speaker.

Senator Asselin: No, we are not asking for that.

Senator Guay: I have been in this house for quite a while, and during all that time I have always understood that the mover of a motion also has the right to close the debate.

Senator Asselin: Only on second reading.

Senator Guay: Well, Senator Asselin, if you look at Rule 30, I think you will find that you have that right on third reading as well. Rule 30 states:

The final reply provided for in Rule 29 closes the debate. It is the duty of the Speaker to ensure that every senator wishing to speak has the opportunity to do so before the final reply.

The Hon. the Speaker: I should advise honourable senators that it would be easy for the sponsor of a bill to avoid this kind of situation. If the sponsor really wants to speak on third reading, all he need do is have another honourable senator move third reading. That being the case, I do not see why we are making such an issue of the matter. All it requires is a change in technique. In other words, if Senator Neiman wants to speak on third reading, all she need do is ask another honourable senator to move third reading. Rule 30 concerns closing the debate on second reading, but we do not have a similar rule respecting third reading.

Senator Frith: As I understand it, Mr. Speaker, you are saying that rule 31 applies to the situation.

The Hon. the Speaker: Yes.

Senator Frith: That is satisfactory to me.

[Senator Frith.]

YOUNG OFFENDERS BILL

MOTION FOR THIRD READING—DEBATE ADJOURNED

Hon. Joan Neiman moved the third reading of Bill C-61, respecting young offenders and to repeal the Juvenile Delinquents Act.

On motion of Senator Asselin, debate adjourned.

NATIONAL TRAINING BILL

THIRD READING

Hon. Florence B. Bird moved the third reading of Bill C-115, to establish a national program for occupational training.

She said: Honourable senators, in moving third reading I realize that Senator Tremblay wishes to move an amendment. Perhaps he would care to do that now.

● (2050)

[Translation]

MOTION IN AMENDMENT

In amendment, Senator Tremblay moved, seconded by Senator Doody, that Bill C-115 be not now read the third time but that it be amended as follows:

1) by replacing in the 7th line of paragraph (4) of clause 8 the words "consultation with" by the words "approval of"; and

2) by replacing in the 11th line of said paragraph the word "with" by the word "of".

He said: Honourable senators, personally, I am always intrigued by this kind of presentation, which is rather obscure on the face of it. I am handing in an English and French version of my motion to the Clerk. I have additional copies, in French and in English, for senators who may wish to read the motion.

The Hon. the Speaker: In amendment, Senator Tremblay moved, seconded by Senator Doody, that the bill to establish a national program for occupational training be amended as follows:

1) by replacing in the 7th line of paragraph (4) of clause 8 the words "consultation with" by the words "approval of"; and

2) by replacing in the 11th line of said paragraph the word "with" by the word "of".

Senator Tremblay: Honourable senators, considering the very obscure nature of the amendments I have just proposed, they are nevertheless complementary; and I think it would be useful to refer to clause 8 of the bill in question.

Clause 8 deals with agreements with employers. To save time, I think we could dispense with reading the clause itself. It is about providing occupational training which is, in fact, the subject of this bill. The clause also deals with agreements with other persons, in paragraph (2). These agreements will make it possible for another person to act on behalf of an employer or a group of employers where the latter are unable

to provide the training referred to in the first paragraph of this clause. The third paragraph of the same clause deals with what is referred to in the margin of the French text—of course, this is not in the body of the text, but I would just like to point this out in passing—as “non-exclusion des provinces”, which in the English version reads as “provincial participation”.

I do not think there are any legal implications, but it seems to me there is a difference between the French and the English version in the marginal text, and it should be pointed out. Personally, I prefer the English rendering, where there is a positive reference to participation by the provinces. The French text refers to non-exclusion of the provinces.

That being said, I shall now go on to paragraph (4), where the proposed amendments would be made. This paragraph reads as follows:

The Commission may not enter into an agreement, other than an agreement with the government of a province, pursuant to subsection (1) or (2), unless the content of each course that is to be the subject of the agreement or the content of a course similar thereto has been the subject of consultation with the government of the province in which the course is given or is to be given or, in the case of a course given or to be given outside Canada, with the government of the province in which the adults to be trained in the course are employed.

The words “other than an agreement with the government of a province” are fairly obvious. There is an agreement. In French, this is rendered in the last sentence:

Le présent paragraphe ne s'applique pas aux contrats conclus avec le gouvernement d'une province.

Obviously, if the agreement is made with the government of a province, this implies the province has been consulted beforehand and also that it has given its consent.

That is exactly why I am proposing this amendment, because a province's approval, rather than just consultation, is involved.

First of all, and I shall try to be as brief as possible—it refers to the contents of the course given under one of the contracts provided in section 1, or in paragraphs (1) and (2) of section 2. It refers to the contents of the course.

Paragraph (4) specifies that the province concerned will be consulted about the contents of the course. Although not specifically mentioned, I imagine it will be through the joint committee set up, if I am not mistaken, under section 12. Such a joint committee, in the original version of the bill had an uncertain future if I may use that term. Fortunately, the amendments to that section and other sections of the same bill made in the other place have in some way assured the future of the joint committee which, as was the case in the legislation which will be replaced by this bill, will really have a role to play.

Consequently, keeping in mind the amendments made in the other place to the original version, it seems to me there is a question of coherence, in the overall economy of the bill, and

the agreement of the provinces ought to be obtained concerning the programs referred to in clause 8 and mentioned in the subclauses. That is the first point I want to emphasize. It is a question of having some coherence with what has already been done after first reading in the other place.

Here is my second point. I have heard some comments in committee according to which, if the provinces had agreed to this, it would give rise to an unjustified series of administrative procedures because of the significant number of programs involved when the courses are offered by the employers, a group of employers or someone acting on behalf of the employers. Mention has been made of a sizeable number of such courses. In this respect I would point out that if the wording of subclause 4 is to be taken seriously, this problem of delays, this program of red tape—let us call things as they usually are—is already in place because, under subclause 4 of clause 8, consulting each of the provinces concerned is mandatory.

Therefore, all steps concerning that consultation will have been taken and the only difference between what I am proposing and what is already described in the text is the difference between consultation and approval. It is not a difference of procedure nor an additional step. It is indeed a fundamental difference. The argument about red tape is not valid. The only argument is that when it comes to educational courses of that nature, the federal commission is in a better position and must have a mandate which is different from the mandate of the provinces.

Those are programs of educational content. What happens—and this time I am looking at it from the point of view of the clients, the adults themselves—when they receive a program organized by their employer? I know what happens, having seen it very often during the years I spent in that sector. The employees are not satisfied just with recognition on the part of the employer simply because he sets up the course and that it will be related to their work. They know full well that, because of the many changes which occur and the ups and downs of the labour market, perhaps they will be looking for another job six months, one year or two years down the road. Should that ever happen, they insist that other employers must be made aware of the training they received from their first employer. This is where the provinces get into the act: the training given under programs provided in clause 8 must be recognized by employers other than the specific company for which the courses in question were prepared. It is not a matter of knowing whether a course must be set up and financed. Let us just say that is the responsibility of the commission since it foots the bill. But recognition of the training received must be portable, in the interest of the clients themselves who will be taking the course. The role of the provinces becomes essential with respect to recognition for the purpose of transferring to another employer.

With the text as it now stands, the provinces will have been consulted. I suggest that we go further in the direction already taken in other clauses so that the province can say that it recognizes or approves a given course in the interests of the clients themselves, of the workers who will receive a certain

training in an industry, but who, if they change jobs, will need to have the qualifications they received in this course recognized.

Honourable senators, that is the purpose of my amendment. It aims at determining whether, in the interests of the workers themselves, the only authority able to define what I would call the portability of qualifications gained in this course from one industry to another will be guaranteed to the workers.

Senator Bird: Honourable senators, I would like to thank Senator Tremblay for his courtesy. He gave me the text of his amendment last week and I have therefore had the time to examine it and reflect on it.

I have come to the conclusion that this amendment is not necessary because I believe that it would be a waste of money and would make the legislation less effective.

• (2100)

[English]

I can understand the honourable senator's concern, and I would share it had I thought there was any infringement of provincial rights or if there were any reason to be concerned about some of the points he raised. I should like to point out that the words "consultation with", which the proposed amendments would change to "approval of" appear in subsection 6(3) of the Adult Occupational Training Act, which is similar to clause 8(4) of Bill C-115. The words "consultation with" have been in the act since 1967 and have not created any problems, so it would be reasonable to assume that they will not create any problems in the future. It would, therefore, seem unnecessary for the Senate to hold up this important bill in order to make the verbal changes proposed in the amendment.

Clause 8(3), as I see it, really has nothing to do with clause 8(1) and (2). Under the Adult Occupational Training Act the federal government was not able to sign a contract for a province or a territory directly. Now we can treat them as any other employer because of clause 8(3). That is very important to the north, where the Crown is virtually the only trainer in industry.

As Senator Tremblay is well aware, the provinces decide on the content of institutional training programs. The federal government has no ability and, of course, no inclination to encroach on the constitutional right of the provinces with regard to education. Under this legislation all of the institutional programs must be attested by the province in which they take place, thereby giving the provinces what amounts to a veto on all curricula. The word "consultation" rather than "approval" in clause 8 is used to ensure desirable flexibility in the legislation. It is designed to avoid unnecessary red tape and a consequent waste of time and money regarding on-job training programs.

What happens is that there is consultation between the federal government and the provinces until agreement is reached on the substance of on-job training. After that, each and every small business that undertakes training will not have

[Senator Tremblay.]

to wait for weeks or even months for a provincial stamp of approval on a program, but can go ahead right away.

In any case, I should like to point out to the Honourable Senator Tremblay that it is always possible that changes, such as the one put forward by him, may be included in an agreement. The agreements are bilateral, so it is advisable for the legislation to be broad and comprehensive enough to allow for minor changes in agreements after consultation. As the legislation now stands, no one will be tied unless they want to be tied.

The success of this new national training program will depend on the degree of co-operation between governments.

Senator Tremblay: Honourable senators, I rise on a point of order. I had understood, though I may be wrong, that, having moved an amendment, I could speak on that amendment, as I have done; that Senator Bird could then speak on the amendment; and that I could then reply.

Hon. Royce Frith (Deputy Leader of the Government): I do not think so, but we can find a way, if you wish.

Hon. Gildas L. Molgat: You can do so, with leave.

Senator Bird: Honourable senators, of course, I spoke before, but now I am speaking to the amendment.

Senator Tremblay: Honourable senators, as I understand it, once I have replied to Senators Bird's comments she can then speak again to close the debate on third reading. At this stage, Senator Bird can speak on the merits of the amendment, as she is now doing.

Senator Frith: She is speaking to the amendment.

Senator Tremblay: After she has finished, I may speak on her comments. Does that conform with the rules?

Senator Frith: I do not think so, and I will tell you why. Certainly, I do not wish to cut off your desire to speak in this instance, but if you are asking for the rule and the procedure that cover the situation, it seems to me that a right to reply would not conform with the normal rule.

[Translation]

Senator Frith: As a general rule, one can speak only once on a motion or an amendment, except on second reading of a bill and a substantive motion or an enquiry. Those are the three exceptions when a reply is allowed. I believe that in this particular case, namely an amendment you can only speak once. The same principle applies to Senator Bird. She has the right to reply only in those three cases referred to in Rule 29; this is my understanding. You can perhaps raise a question but not under this rule.

[English]

Senator Tremblay: So, if I understand the honourable senator correctly, I require leave of the Senate to speak again on what Senator Bird has said. I am asking for leave.

Senator Frith: Agreed.

Hon. Martial Asselin: In due course.

[Translation]

Senator Frith: Not now, because Senator Bird has not completed her intervention about the amendment.

● (2110)

[English]

Senator Bird: It seems very odd to interrupt me in the middle of my intervention in order to ask whether I am going to speak again. I usually say what I have to say in one speech, and I would hope that the honourable senator would let me finish what I am saying.

As I was saying when I was interrupted, the success of this new national training program will depend on the degree of co-operation between governments. Since co-operation is of vital importance to the whole country, for reasons that I went into at length when I presented Bill C-115—and I will not repeat them now—I find it hard to believe that it will not continue. All of the governments involved are aware that Canada must acquire a highly skilled work force as soon as possible, if we are to hold our own during a period of incredibly rapid technological change.

A great deal of intelligence and good will have gone into the drafting of the proposed legislation. Major worries by the provinces have been set at rest by amendments in the other place. The bill has been given thorough pre-study by the Standing Senate Committee on Health, Welfare and Science. The chairman has tabled a report without amendment explaining that several amendments were discussed with the minister and included in the amendments made in the other place. Since the Honourable Senator Tremblay is a member of the committee, he must certainly be aware of it.

Common sense and good reason tell us that the time has now come to pass Bill C-115 without amendment. It is time to give governments the money so that they can go ahead with the job.

[Translation]

Senator Tremblay: With leave, may I add a few words concerning the discussion I had with Senator Frith?

Senator Asselin: Is it agreed?

Senator Langlois: Agreed.

Senator Tremblay: Senator Frith said that I had leave to reply, but a point of order was raised.

I wanted to avoid asking the Chair for a ruling. What interests me basically is the substance of the legislation. I want to thank Senator Frith for allowing me to give my opinion on the substance rather than on procedural matters.

Senator Bird noted that in the present legislation the point with which my amendment deals is not covered, and she extrapolated by saying that, since this is already included in the legislation and since everything worked out in the past, everything would continue to work out in the future.

As a matter of fact, for the information of Senator Bird, everything has not worked out. The point I am raising is one of the major contentious issues concerning the application of the

legislation passed in 1967 concerning occupational training provided by employers or a substitute of these employers. It is specifically to correct this weakness in the existing legislation which is repeated in the new legislation that I move this amendment, and I do so, as I have already emphasized strongly enough, I hope, in the interests of the clients themselves, of the workers. Everyone knows how vulnerable workers in a given industry are because of the present conditions, and how they can suddenly find themselves looking for another job. I have moved this amendment in the interests of those who have taken a course to become more qualified in the industry where they are now working, and I have done so at the request of the workers themselves. We have to provide accreditation which will allow the workers to transfer to another industry the qualifications they have acquired under section 8.

In this regard, and this is perhaps my most important point, unless the Commission becomes a kind of department of education able to recognize diplomas or qualifications, only the provinces can recognize qualifications officially. This can only be done through certification and not only through consultation. This is the point I wanted to make. It is up to the Senate to decide if the interests of the workers have priority over the small problems that this will mean with our work schedule in Parliament. It is up to the Senate to decide whether these small problems are more important than the interests of the workers who are asking for the recognition that only the provinces can give them.

The Hon. the Speaker: Honourable senators, I shall read the motion again:

In amendment, Senator Tremblay moved, seconded by Senator Doody, that the Bill to establish a national program for occupational training be amended as follows:

1) by replacing in the 7th line of paragraph (4) of clause 8 the words "consultation with" by the words "approval of"; and

2) by replacing in the 11th line of said paragraph the word "with" by the word "of".

All those in favour of the motion in amendment will please say yea

Hon. Senators: Yea.

The Hon. the Speaker: All those opposed to the motion in amendment will please say nay.

Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the nays have it.

Motion in amendment negatived, on division.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the main motion?

Some Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

● (2120)

[English]

ACCESS TO INFORMATION BILL PRIVACY BILL

SECOND READING

The Senate resumed from Wednesday, June 30, 1982, the debate on the motion of Senator Frith for second reading of Bill C-43, to enact the Access to Information Act and the Privacy Act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other acts in consequence thereof.

Hon. Richard A. Donahoe: Honourable senators, I do not intend to say anything further on this order. If it meets the wishes of the Senate, I shall move the adjournment of the debate; otherwise I am quite prepared to yield to any honourable senator who wishes to speak on the order.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I intend to speak on this matter. I do not know, however, if I will say those things that Senator Donahoe might have said.

[Translation]

Senator Flynn: I am not sure, honourable senators, of doing justice to the importance of Bill C-43, which is of ambiguous significance. This is a bill to give the public freedom of information in matters of federal jurisdiction, such is the first purpose of the bill.

Second, it deals with the protection of privacy. Third, it proposes rules for these three purposes and restricts accordingly the Crown privilege, or immunity, in matters of evidence.

The sponsor of the bill, Senator Frith, spoke in my absence the other day, and I am sorry I could not be here to listen to him. I read his remarks, and I feel he did a very good job. He covered all the important aspects of the legislation, and is to be commended for this.

The history of Bill C-43 is quite long. The legislation itself was brought forward in July 1980 for first reading. That was two years ago or so. There followed a very long period of discussion in committee.

At times, it was felt it would die on the order paper. The government apparently was not very enthusiastic about it, and it even seemed it was hoping that certain provincial objections would give it an excuse to let the bill die.

Finally, the bill passed the House of Commons last week, just before Mr. MacEachen's famous budget speech—the last one, that is—by virtue of a compromise by opposition parties who were objecting to some kind of watering down brought or forced by the government, upon public opinion, mainly for the protection of cabinet documents, and with respect to the protection of privacy, so that it would not have to restrict—as it should, in my view—the use of the social insurance number.

Bill C-43, which received first reading in July 1980, had a predecessor in Bill C-15 which was put forward in November

1979 by Mr. Walter Baker, the then government leader in the House of Commons.

As Senator Frith explained, as Minister of Justice, I had to look into this bill with Mr. Baker. I am therefore interested in this bill and I note the absence of Senator Godfrey who had promised to keep a sharp eye on any bill which I might have sponsored directly or indirectly during my brief tenure as minister of justice. In any event, he may have the opportunity on third reading to give us his views which, in his opinion, are always relevant, if not in the opinion of the rest of the Senate.

This legislation, on the other hand, is similar to that which was passed by the U.S. government in 1964. For 18 years now, our American friends have been experimenting with this type of legislation. I believe it was last year that together with a group sponsored by the parliamentary centre of external affairs and trade, I went to Washington to meet with various groups responsible for implementing the freedom of information legislation in the United States. It is fair to say that they experienced a lot of ups and downs.

There is of course a great deal of public support, but there are also many administrative difficulties. It raises all sorts of problems, and it is not easy to draw the line between what should be allowed and what should not be in the matter of access to government information.

Here, in Canada, before Bill C-15 and Bill C-43, we had the crusades of Mr. Barry Mather, an NDP member sitting in the other place, and especially Mr. Gerald Baldwin, the then Progressive Conservative Party member for Peace River, who must be delighted to see the results of his efforts—maybe not exactly the results he may have wanted, but certainly a step in the right direction.

Commentators are of the opinion that we are faced with what could be called half a loaf. However half a loaf is better than no loaf at all. As for the part of the bill dealing with privacy, the Clark government had entrusted with Mr. Perrin Beatty who was then Minister of State, the responsibility of drawing up a bill to that effect. The bill was ready and was to be tabled when the government was defeated. Part of Bill C-43 dealing with that aspect of privacy is almost similar to the bill which was not tabled but was drawn up by the former government. The only exclusion is still the use of social insurance numbers.

Senator Frith: Except in one sense.

Senator Flynn: Except that in Mr. Beatty's bill under the Clark government, we had restricted the possible use of the social insurance number.

Senator Frith: Not in this one.

Senator Flynn: It is right. Access to government information has always received the support of various groups, especially that of the Canadian Bar Association and the Civil Rights Association. A spokesman for the Canadian Bar Association said he regretted that the bill protected cabinet papers in a way which could lead to abuses. Once again the conclusion was that it was better to have that legislation than nothing at all.

As for the arrangement I mentioned allowing the bill to be passed, it especially includes concessions made by the opposition about cabinet papers.

In that connection, I would like to refer to page 18856 of Commons *Hansard* of Monday last where Mr. Baker explained why he regretted the difference between Bill C-43 and Bill C-15 which he had introduced in 1979. I quote from page 18856 as follows:

• (2130)

[English]

Among other things, the government has left open the opportunity for one of the first initiatives of the next Progressive Conservative government. The Leader of the Opposition has said that it will be one of the first priorities of a Progressive Conservative government after the next election—and I ask the House to note my words—to reopen the whole question of access to information and to go back, hopefully, to the provisions of Bill C-15 so that we can do a number of things. We want to remove Clause 68 and reinstate Clause 21, with appropriate amendments, to reflect the relevant section in Bill C-15. We want to look at each one of the exemptions to see where they can be narrowed to bring them back at least to the position of Bill C-15. We should bear in mind that under Bill C-43 perhaps there will be a short period to gain experience that we can draw on. That is a priority. The Leader of the Opposition said that during the course of the annual meeting in my riding and I was delighted that he did. In other places across the country he has said, as I have, that it will be a priority of this government when it returns to office. If the Minister of Communications is still with us then, he will have an opportunity to use the improved legislation. In some ways the legislation was better. It was different in the broadness of the exemptions.

[Translation]

I quoted these remarks to show the basic difference between our party's position and that of the government. As far as the part of the bill that deals with privacy is concerned, the difference lies in the removal by the government of those provisions which restricted the use of the social insurance number to six specific cases. I might list them, but you can find them on page 1865 of *Hansard* of the House of Commons, in the speech by Mr. Perrin Beatty. At this stage, and given the compromise which made passage of this bill in the other place possible, it seems impossible for the Senate to bring about any substantial amendment or even to proceed to a thorough consideration in committee. The current situation and circumstances do not allow it. Should we decide to amend the bill, we would create a problem and we might delay forever consideration of this legislation.

The minister agreed that the bill might eventually be amended. The Deputy Leader of the Government, Senator Frith, said the other day he agreed with my proposal to refer this bill to a committee next fall, when Parliament reconvenes.

Obviously, it will be the Committee on Legal and Constitutional Affairs. I hope Senator Goldenberg will still be here to act as chairman of this committee. We shall be able then to consider the questionable parts of this legislation, in particular, thanks to the short experience we shall have gained by then, regarding the administration of this legislation.

In this context and with this formal commitment that we accept on this side of the House, we agree to second reading of this bill and not to refer it to a committee right now. We shall proceed to its third reading tomorrow or the day after or whenever the sponsor of this legislation decides to move third reading.

This is an important step. It is not as re-assuring as we might have wished on this side of the House. I think a huge step has been taken as regards the principle of access to government information and some principles concerning privacy and personal information which are guaranteed in this legislation. This is a good step forward. It is a step in the right direction. Moreover, if in the fall a Senate committee suggests some amendments that could be made to this legislation, we might convince the government to improve the bill.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker: Honourable senators, if Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for second reading.

Senator Frith: Thank you, Mr. Speaker. Honourable senators, I regret I did not mention in my speech the Honourable Gerald Baldwin who played such an important role in the making of this bill.

Some Hon. Senators: Hear, hear.

Senator Frith: If I am not mistaken, it is the Act and not the bill that will be referred to the committee next fall.

Senator Flynn: That is correct.

Senator Frith: It will then be an Act. I would also like to thank Senator Flynn for his comments. I think there is agreement on second reading and a study of the Act in the fall, hoping that we will have gained some experience in the meantime.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Frith: I move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND (NO. 3)—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Stollery, seconded by the Honourable Senator

Anderson, for the second reading of the Bill C-108, intituled: "An Act to amend the National Energy Board Act (No. 3)".—(*Honourable Senator Flynn, P.C.*).

Senator Flynn: Honourable senators, I had promised to speak tonight, but to inflict a second speech on you at this late hour seems to me to be totally unfair! Anyway, the subject matter of the bill is before the Standing Committee on Banking, Trade and Commerce where the Minister of Energy, Mines and Resources is to appear tomorrow morning. Whether his appearance will inspire me to be more conciliatory or more aggressive, we shall see.

Senator Frith: As we say, a sweet talker.

Senator Flynn: But I think that in the circumstances, there would be no harm in postponing the debate until tomorrow afternoon.

Hon. Joseph-Philippe Guay: It is always a pleasure to listen to you.

Senator Flynn: That is very kind of you.

On motion of Senator Flynn, order stands.

● (2140)

[*English*]

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA—MOTION OF CONGRATULATIONS TO GOVERNMENT AND PEOPLE OF GREAT BRITAIN ON RESOLUTION OF CONFLICT—DEBATE ADJOURNED

On the Order:

Resuming the debate on the motion of the Honourable Senator Croll, seconded by the Honourable Senator McIlraith, P.C.:

That this House congratulate Prime Minister Thatcher, the Government and the people of the United Kingdom on their resolution of the conflict in the Falkland Islands that maintains the principle that armed aggression must be resisted, that respect for the United Nations Charter and the role of law in international affairs be observed and force not used to settle territorial disputes between states, regrets the loss of life and injuries on both sides and urges a peaceful settlement of all outstanding issues between the U.K. and Argentina.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have nothing to say on this motion at this time. Therefore, I yield to Senator Croll.

Hon. Jacques Flynn (Leader of the Opposition): Is Senator Croll closing the debate?

Hon. David A. Croll: That was the idea.

Senator Flynn: I do not know if this is an appropriate motion. It seems to me that we would do well to let this matter stand.

I would have worded the resolution differently, and, in those circumstances, perhaps I should have a word with Senator Croll to see whether we can come to some agreement in this regard.

I would not like to see this motion passed on division. In that spirit, I move the adjournment of the debate.

Senator Frith: Honourable senators, Senator Flynn is moving adjournment in the hope that he can have a discussion with the mover of the motion in an endeavour to come to an agreement on the wording. In the light of Senator Asselin's intervention and in the light of Senator Macquarrie's intervention, it seems that there is some room for unanimity on this question.

Senator Flynn: There could be.

On motion of Senator Flynn, debate adjourned.

THE ESTIMATES 1982-83

MOTION FOR ADOPTION OF REPORT OF NATIONAL FINANCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on National Finance on the Estimates laid before Parliament for the fiscal year ending 31st March, 1983.—(*Honourable Senator Flynn, P.C.*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I ask Senator Flynn if I am correct in my understanding that he took the adjournment of the debate in case someone else wishes to speak. Does he feel that we should issue an invitation to other senators to speak to this matter, or does he wish to speak to the matter now?

Hon. Jacques Flynn (Leader of the Opposition): Perhaps we should try to correlate this item with the motion of Senator Phillips to which Senator Perrault moved an amendment. Both items deal with the same subject matter and, therefore, perhaps one should be eliminated.

Senator Frith: Perhaps the matter should be left for the moment.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, July 6, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

TRANSPORT AND COMMUNICATIONS

VIA RAIL CANADA INC.—INTERIM REPORT OF COMMITTEE
PRESENTED AND PRINTED AS APPENDIX

Hon. G. I. Smith: Honourable senators, I have the honour to present the Interim Report of the Standing Senate Committee on Transport and Communications entitled: "Interim Report on Passenger Rail Service provided by VIA Rail Canada Inc."

Honourable senators, I ask that this report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see Appendix "A", p. 4564.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Smith: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

CANADA BUSINESS CORPORATIONS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. George J. McIlraith, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, July 6, 1982

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-105, intituled: "An Act to amend the Canada Business Corporations Act", has, in obedience to the Order of Reference of Wednesday, June 2, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

GEORGE J. MCILRAITH,
Acting Chairman.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator McIlraith: I would ask honourable senators if they wish this bill placed on the Orders of the Day for third reading

later this day so that it may be considered with the other so-called energy bills.

Hon. Jacques Flynn (Leader of the Opposition): Is there to be Royal Assent this afternoon?

Hon. Royce Frith (Deputy Leader of the Government): No.

Senator Flynn: Then, we will have third reading tomorrow.

Senator McIlraith: Honourable senators, I move that this bill be placed on the Orders of the Day for third reading at the next sitting.

However, before the motion is adopted, I beg the indulgence of the Senate to say a few words in connection with this bill.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator McIlraith: Bill C-105 proposes amendments to the Canada Business Corporations Act. Your committee was particularly concerned with clause 8 of the bill, which replaces the present section 168(1)(c) of the act.

The new clause contemplates that shares may be constrained "in order to assist the corporation or any of its affiliates or associates to qualify under any prescribed law of Canada or a province to receive licences, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership or control." The purpose of that provision is, of course, to assist those companies seeking to establish a high degree of Canadian ownership in order to increase their rights to benefits under other energy bills that have been enacted, and particularly the one dealing with the Petroleum Incentives Program.

The constraints would be permitted, under certain circumstances, in order to qualify under "any prescribed law of Canada or a province," whether or not the subject matter is related to energy. That point caused the committee some concern. In giving evidence at some length, the minister assured the committee that it was the express policy of the government that these provisions would only be available to the energy sector.

The Canadian Life and Health Insurance Association, in giving evidence before the committee, expressed several concerns. However, on examination by the committee, many of their expressed concerns were found not to be sustained by the actual wording of the clauses. As an example, they expressed concerns about retroactivity and the possibility of shares being sold without their consent.

Notwithstanding the concerns which were found not to be sustained, there still remains the concern that the proposed amendments to section 161(1)(c) respecting the application of

the prescribed law of Canada for the purpose of receiving benefits under the National Energy Program by reason of their level of Canadian ownership were unnecessarily broad and that the objects and purposes of the National Energy Program could be achieved by limiting such prescribed laws to the energy sector.

In response to those concerns, the minister specifically undertook to review the wording of clause 168(1)(c) in order to determine whether this purpose could be achieved by specifying in the legislation the specific statutes of the government to which the provisions could be applicable. That undertaking was explicit and clear.

Difficulties arise if the problem is dealt with by way of trying to define the type of companies to which it would be applicable, because we now have in the energy field, as examples, distillery companies or railway companies with vast interests through subsidiaries or affiliates. Therefore, such amending clauses did not appear to be practicable, and specifying the legislation as expressed in the undertaking seemed to be the more logical and reasonable approach. It was felt that this approach was the most likely to bring about a satisfactory solution to the concern of such regulated industries as the insurance industry, and possibly other industries that are under tight regulation. This undertaking of the minister, coupled with his evidence in committee as to the policy of the government that these provisions were intended only to be available to the energy sector of the economy, dealt with this point adequately for the time being, and the committee therefore had no amendment to offer to the bill.

● (1410)

Motion agreed to.

[Translation]

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO PUBLISH AND DISTRIBUTE
REPORT ON GOVERNMENT POLICIES AND REGIONAL
DISPARITIES

Hon. Fernand-E. Leblanc, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Senate Standing Committee on National Finance be authorized to publish and distribute its report on government policy on regional disparities as soon as it becomes available, even though the Senate may not then be sitting.

Motion agreed to.

[English]

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, can the Deputy Leader of the Government tell us what is in store for us for the remainder of this week? I understand that we shall sit tomorrow and Thursday, but what are the prospects for adjourning either this week or next?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I really have nothing new to add, but I

[Senator McIlraith.]

can give more detail of the position as it was given last week. As I understand it, because of the new budget there are two bills the government wishes to have adopted before adjournment, and it has already presented them in the Commons. I refer to the extended borrowing authority legislation and to Bill C-124 relating to the reduction of indexing. With respect to the borrowing authority legislation, both Senator Roblin and Senator Flynn, during my intervention on the earlier borrowing authority, indicated that we could count on being asked to deal with that. Bill C-124 is an act respecting compensation in the public sector.

Apart from those two bills, which, as I have said, I understand the government will be asking Parliament to pass before adjournment, there is also the possibility that we will have to consider the ports bill I referred to on the last occasion this question was asked. However, as I say, that is only a possibility.

With respect to the business for this week, although some of the legislation we now have before us is at second reading stage, for the most part it is at third reading stage and it seems reasonable to expect that this week we will be able to clean up everything we now have before us. If we were then to receive the borrowing authority bill and Bill C-124 this week, it seems to me it would be worthwhile attempting to complete our consideration of both of them this week, even if it means sitting on Friday in order to do so. In that event, if those are the only two bills we can expect to receive, and if we are not going to be asked to deal with the ports bill, then we can leave, even if the other place decides to hold an extended adjournment debate. That need not affect us.

● (1415)

The other possibility, it seems to me, honourable senators, for next week is that if it seems we are not going to receive those bills—that is, if we clean up all the legislation we now have before us, and, in effect, are just waiting for bills from the other place—and I am open to advice on this subject, we might just as well simply come back when those bills are ready for our consideration.

In summary, honourable senators, then, there are two bills arising out of the budget, which is legislation that is not now before us but that we can expect, in the form of a bill for additional borrowing authority, plus Bill C-124. Then there is the possibility of the ports bill coming over, and a couple of other bills—for example, the government re-organization bill. There are, however, no strong messages on those to date. If we do not get those bills this week, my suggestion to the Senate will be that we simply adjourn and resume when those bills are ready for consideration.

While I am on my feet, honourable senators, I should also like to propose that, if we have third reading of some of the bills on the Order Paper, today or tomorrow, we have Royal Assent tomorrow afternoon, to dispose of them. There is, as Senator Flynn implies, and as I think we can reasonably infer, a real possibility that all the legislation before us now could easily be dealt with by tomorrow night.

Senator Flynn: That brings up the question as to whether we will sit on Thursday.

Senator Frith: The only other items on the Order Paper we might want to dispose of are the motion by Senator Phillips on the budget, with Senator Perrault's amendment, and, perhaps, certain other private motions, as we might call them. Nothing else occurs to me now that would require our sitting on Thursday, unless we are told that we may receive those bills on Thursday or Friday—that is, not only that we might receive them, but that we might be able to deal with them and have Royal Assent, or at least attempt to do so, this week.

It seems to me that if we are not going to be able to dispose of the legislation from the Commons this week there is no reason for us to sit on Thursday and Friday.

Hon. G. I. Smith: Honourable senators, I wonder if, as Chairman of the Standing Senate Committee on Transport and Communications, I might be permitted to make a comment.

I understand that the ports bill is being dealt with by the equivalent committee in the other place, and while I cannot anticipate what this house might want to do by way of reference to a committee here, I suppose that, whatever committee it goes to, we will find ourselves faced with a bill which may be the subject of desired representations, at least, from widely scattered places throughout the country—from Victoria, I suppose, to St. John's, Newfoundland. Some time would therefore be required in order to make sure that an opportunity was given to people to be heard from widely separated parts of Canada, so that, whatever committee it was referred to, I would be inclined to think that it would not be something that could be done in a day or two.

Senator Frith: Honourable senators, that is very helpful. I have not studied the bill. I know there is a good deal of interest in it, and, as I think Senator Smith and others will know, there is a good deal of pressure, if I can call it that, to have the bill passed; but I understand that there are some differences of opinion and some views to the effect that the bill needs some improvement. I am grateful, therefore, to Senator Smith for telling me that, in his opinion, there would be no chance of our having that bill passed without reference to committee. In effect, that is what he is saying, as I understand it, and that is of help to me in dealing with the government if they raise the question of what the Senate's approach would probably be to the bill.

Senator Smith: Honourable senators, I would like to respond to that by saying that that is only my assessment from what I see happening in the other place. I have no means of knowing that the house would consider it appropriate to refer this bill to a committee.

Senator Frith: Honourable senators, I appreciate that it is only Senator Smith's opinion, but he is Chairman of the Standing Senate Committee on Transport and Communications, so it is an opinion of some weight.

[Translation]

COMMUNICATIONS

BELL CANADA—RATE INCREASE APPLICATION—DEFINITION OF "EXCEPTIONAL CIRCUMSTANCES"

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government. Last week, I had an important question for him regarding the government's policy on rate increases, and I was referring in particular to the case of Bell Canada which intends to increase rates by 25 per cent in some cases and by 35 per cent in others.

I asked the Leader of the Government whether the federal government had decided to apply the standards provided by the Minister of Finance in his budget. As I mentioned last week, it seems the Minister of Communications is in favour of the rate increase, while another minister of the Crown said that like other companies, Bell Canada would have to comply with the guidelines given in the budget by the Minister of Finance.

I realize the Leader of the Government did not have enough time to answer my question. He was probably not prepared for it, and it is an embarrassing question for the government. That is why I gave him plenty of time to look into the matter and come up with an appropriate answer. In his budget, the Minister of Finance said, obviously referring to increases:

Accordingly, I am asking that federal agencies which regulate the prices for such vital goods and services as public transportation, public communications and food-stuffs, adhere to the objectives established tonight and depart from them only in exceptional circumstances.

I would therefore appreciate it if the Leader of the Government also gave us a definition of the exceptional circumstances referred to by the minister and could inform us whether—and I am getting back to last week's question—Bell Canada would qualify under this definition. Finally, what other cases would qualify as a result of the minister's statement on this important matter?

● (1420)

[English]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

THE ECONOMY

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—FEDERAL LOAN TO IMPERIAL OIL LIMITED

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State responsible for the state of the economy. I wonder if the minister can shed some light on the recent announcement that the Government of Canada has seen fit to forgive Imperial Oil the \$40 million loan for the Cold Lake project. It seems most unusual for the government to donate \$40 million of taxpayers' money to a company that last year made a net profit of \$465 million, while at the same time paying lip service to restraint and telling public servants that wage increases would be limited to 6 per cent and 5 per

cent. Is the government's action regarding that \$40 million in the same spirit of restraint?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, Senator Doody has, of course, got the salutation incorrect. However, he probably expects the Government of Canada to act in a way that honours its contracts and the agreements it has entered into. If he looks at the agreement that was made to keep the Cold Lake technical and other teams in place for a substantially longer period of time, he will find that what is being done is in keeping with the undertakings and obligations of the Canadian government. This government intends to honour its obligations.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Doody: As a supplementary, can the minister tell me if the amount I mentioned was indeed a loan or whether it was a grant to Imperial Oil. If it was a loan, then presumably it should be repaid; if it was a grant, contingent on doing certain things, then perhaps it should not have been portrayed to the public as a loan.

● (1425)

Senator Olson: Honourable senators, there was, indeed, a loan agreement with very carefully worded terms of repayment. The carefully worded terms of repayment were to the effect that—and I think it is spelt out in the document, though I do not have it with me—if the project is revived or proceeded with within the time frame spelt out in the agreement, the loan will be repaid. Although I am not absolutely sure, I believe the time frame spelt out in the terms and conditions of the arrangement has now expired and, therefore, under the loan conditions, repayment is not called for.

Hon. Martial Asselin: So it is a loan resembling a grant.

Senator Olson: The terms and conditions were very clearly spelt out in the agreement and were explained by the minister directly responsible. I am sure that my honourable friend has the capability of upgrading his comprehension so that he can understand that.

Senator Doody: Honourable senators, it would be a challenge to the comprehension of anybody to try to understand the fiscal and economic policies of the Government of Canada at the present time. I certainly would not claim that capacity.

Senator Olson: That is why you are not in office, because you did not understand that when you were there.

Senator Doody: Can the minister tell us, if there are other such grants or loans donated to industry in the name of the mega-project and economic policy of the minister and of the government? How many millions of dollars have gone down the tubes in pursuit of that mega-project policy, which now appears to have collapsed?

Senator Olson: Honourable senators, it is difficult to answer questions that are based on such completely false premises.

Senator Perrault: Hear, hear.

[Senator Doody.]

Hon. Lowell Murray: What does the Auditor General say about such matters?

Senator Olson: Anybody, such as my colleagues and me, who like to be precise and accurate when giving out information in response to questions, would have a great deal of difficulty with such questions that have a long preamble—

Senator Perrault: A murky preamble.

Senator Olson: —that contains assumptions that bear no relation to the facts or the opinions expressed in the past. I would like to demonstrate that. I do not think that any specific loans have been made with respect to the National Energy Program or other programs that have exactly similar terms and conditions as the one to which we have been referring. But I do know that terms and conditions have been attached to the granting of funds or loans-cum-grants if certain conditions are met, either positively or negatively, and that is not a new or unprecedented situation.

Hon. Duff Roblin (Deputy Leader of the Opposition): Why don't you answer the question?

Hon. Guy Charbonneau: Honourable senators, I have a supplementary question. With regard to these companies, would the minister tell us whether or not letters of comfort have been issued instead of loans or grants?

Senator Perrault: We are of great comfort to people all over the country.

Senator Olson: The honourable senator is asking me to do some research. When my honourable friend refers to letters of comfort, he will also realize that letters of comfort can come in different degrees. This arrangement does not take the form of a letter of comfort. It was an advance of \$40 million under certain terms and conditions.

I think there are many cases whereby the government has given support to industry in the energy sector and many other sectors by way of stating its policy and its attitude toward certain economic developments. If that falls within the definition of a letter of comfort which my honourable friend had in mind, then there are probably a number of such letters that have been issued from time to time over the years, and some of them may still be in existence.

INDUSTRY

DOME PETROLEUM LTD.—TERMS OF GOVERNMENT ASSISTANCE

Hon. David Walker: Honourable senators, I have a question for the Minister of State for Economic Development. Would the minister be good enough to give us the terms of the advance of \$100 million to Dome Petroleum Ltd. He might remember that we have discussed this topic on two or three occasions.

Hon. Martial Asselin: And he had no answer then.

Senator Walker: No, and I do not expect to get one today. I simply want to illustrate that the minister is useless in this chamber.

Hon. Jack Marshall: That's being diplomatic.

Senator Walker: He simply uses us as a punching bag, and he does not attempt to answer questions. This thing was in the air for three days, yet he gave us no intimation of it. He did not want any advice from the Senate. Did he simply go ahead and advance these hundreds of millions of dollars without consulting anyone? He has certainly not consulted the Senate on any of the many steps that he has taken.

● (1430)

I suggest that, as the months go on, his role as a minister in this chamber becomes less and less. He is an abject failure, as far as I am concerned.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I can think of many ways of answering that assertion, and part of the assertion might have had a question in it, but I promised myself that I would not get down into the gutter with my honourable friend, and I intend to keep that promise.

Senator Walker: You are still a smart aleck, unable to answer any questions put to you. You just go off in a vitriolic diatribe and are oh, so satisfied about what you have done.

I just want it to be a matter of record that I think that you are useless, and the longer you remain here the more useless you become.

Hon. Royce Frith (Deputy Leader of the Government): Where has parliamentary language gone?

Senator Olson: Honourable senators, I think we should—

The Hon. the Speaker: Order.

Senator Olson: Take your seat when the Speaker rises.

Senator Walker: My apologies to you, Mr. Speaker.

The Hon. the Speaker: Senator Charbonneau.

THE ECONOMY

SUPPORT OF CANADIAN DOLLAR

Hon. Guy Charbonneau: I should like to address a further question to the Minister of State for Economic Development.

Now that we have received official reports of the June financial operations of the government to defend the Canadian dollar, in addition to the \$750 million (U.S.) Eurobond issue, the \$600 million (U.S.) in stand-by credits from domestic banks, and the \$1 billion (U.S.) in stand-by credits from foreign banks, does the government intend to approach the International Monetary Fund to bolster its reserves, which are getting dangerously low?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the figures given by Senator Charbonneau regarding the amount of stand-by credit obtained in U.S. dollars is accurate. We have obtained \$750 million (U.S.) from a bond issue in the Eurodollar market, \$600 million (U.S.) in stand-by credits from Canadian banks, and \$1 billion (U.S.) in stand-by credits from foreign banks.

If the Minister of Finance feels that he needs to take other measures to defend the Canadian dollar against what is normally referred to as a "run" on it, I am sure that my honourable friend will understand that a responsible Minister of Finance will do that at the time it needs doing.

It should be clear that these are exchanges from one currency to another, from Canadian currency to U.S. currency, and the stated position of the Minister of Finance, assisted by the activities of the Bank of Canada, has been that the dollar, in relation to U.S. funds, will find the level that the market demands, but from time to time when there are significant swings or movements, the bank will intervene to lessen the length or extension of those runs. I think that the Minister of Finance will continue to do that, but I do not believe he has announced any action in addition to what my honourable friend is already aware of.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question relating to the government's financial manoeuvres to support the Canadian dollar. I should like the minister to confirm, if he will, that the sum committed to the support of the Canadian dollar in recent times is approximately \$2.4 billion. The minister has said that that represents a transfer of funds, in some respects, that it is not a direct cost to the government—

Senator Olson: It is a transfer from one currency into another.

Senator Roblin:—but what is a direct cost is the interest the government has to pay to support those transactions.

The reports in the press indicate that the interest payments—or a good portion of them—are over 16 per cent. I should like the minister to tell this house what the interest cost on a per annum basis is for the amount of money that the Canadian government has appropriated in one form or another in order to buy Canadian dollars and, thus, keep the Canadian dollar from sinking even lower than it has?

Senator Olson: Honourable senators, my honourable friend is leading into a fairly complicated set of figures, and he knows as well as I do that it is not as simple as that. It is not that we do not either collect interest or pay interest on the Canadian dollars. It is a fact that the amount of funds that are borrowed at any given time are required by the government and, indeed, the Bank of Canada. Actions to obtain such borrowings may occur at any time.

What happens is that there is a purchase, or in some cases a loan, in a particular currency, and almost all of the time in U.S. currency, so that we will have in our reserves a higher percentage of the kind of currency that is being demanded in exchange for Canadian dollars.

So, honourable senators, I am not disputing completely that there could be some additional interest charges as a result of this action, but of course it is, again, an exchange of one currency into another.

Senator Roblin: I presume my honourable friend undertakes to provide the information requested.

Senator Olson: Yes.

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—TOTAL COST TO TREASURY

Hon. Duff Roblin (Deputy Leader of the Opposition): I should also like to ask the Minister of State for Economic Development a question apropos some of the points made by my colleague, Senator Doody. Is it not correct that the total cost to the public Treasury for the Cold Lake fiasco was not \$40 million but \$50 million because the government had to take into the account the interest charges involved therewith.

Hon. H. A. Olson (Minister of State for Economic Development): I shall check into that, honourable senators. I am not too sure about that. The number I have off the top of my head—because I do not have the agreement with me—is that it was \$40 million insofar as the agreement is concerned, but I shall take the question as notice to determine whether there were interest charges attached to that because it might have been paid after the agreement was made.

Senator Roblin: I can assure my honourable friend that no matter how he slices it, he will find an interest charge fairly close to \$10 million.

ALSANDS PROJECT—REFINERY CAPACITY IN EASTERN CANADA—GOVERNMENT ASSISTANCE

Hon. Duff Roblin (Deputy Leader of the Opposition): My next question has to do with the fact that the government also supplied some \$6 million to buy themselves one month's time in respect to the Alsands proposal, even though it was obvious that that project was a non-starter.

Will my honourable friend please tell the house where that \$6 million came from, and what rate of interest is being paid on it if it came about as a result of borrowed money?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall look into that for my honourable friend. There was an agreement between the Government of Canada and the Government of Alberta that they would take more time to consider an amendment to the proposals that were made to the Alsands consortium by both levels of government. I think that was, if my memory serves me correctly, during the month of April 1982. I am sure my honourable friend will recall that there were substantial amendments made by both levels of government as a result of those 30 additional days.

We know now that it was unacceptable to the consortium. On approximately April 21 or April 22, when those amended offers were made to the consortium, they did not accept them.

With a program as large as Alsands, and the amount of crude oil involved—something in the order of \$13 to \$15 billion—I am sure that my honourable friend will not criticize the spending of \$6 million to give both levels of government further time to assess the situation.

Senator Roblin: It is not surprising that my honourable friend should illustrate the magnitude of his failure by telling us how much oil and gas from western Canada we are foregoing because of these flops.

[Senator Olson.]

I must say that my honourable friend and his associates have a positive genius for clambering aboard a sinking ship. I wonder what they are going to do in Montreal.

● (1440)

Could the minister tell me what the status is of the \$200 million promised to major oil refiners in Montreal in order to induce them to band together to set up a plant to refine heavy oil or residual oil that they now have no use for? Would my honourable friend give me the timing? When was the \$200 million offered, and when did the two important members of that consortium withdraw? Who is in the consortium now? Does the offer still stand, and, if so, where is the money coming from? Is it by tax rebate, or is it by those horrible loopholes that we have heard so much about—tax incentives—or is it going to be by direct government grant, or how?

Senator Olson: My honourable friend is asking questions on matters on which he should have better recall than he is displaying here.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Roblin: If the leader applauds that, he will applaud anything.

Senator Olson: My honourable friend knows that there was, for example, a provision in the National Energy Program for an amount of funds—I am not sure that it was precisely \$200 million—for modifications to the refinery capacity in eastern Canada so that they could, in fact, cope with the requirements of some of the residual oil, as he pointed out, that is not now useful and that the refiners are unable to refine to gasoline, diesel fuel, home heating oil and that sort of thing.

As to where the money was to come from, it was stated fairly clearly that that was provided for in the budget at that time.

Regarding the other details—as to where the offer is now, what its status is at this point in time, and so on—I will have to take that as notice because I do not have that information immediately on the tip of my tongue.

Senator Roblin: I thank my honourable friend for taking those questions as notice. I presume the energy industry in Canada is pretty gun shy. Any time the government offers to help them out it is because they have a very, very sick horse on their hands, if I can use that kind of analogy, so I would not be surprised if they do not take my honourable friend up on it. In fact, I will be thankful if they don't, because it may be just another misdirection of public funds in the energy business.

Senator Olson: My honourable friend has fairly good retrospective vision, and I congratulate him for that. He can identify all of those things that have failed after they have failed, but I can tell him that a responsible government has an obligation, on a continuing basis, to look at industries that are having a difficult time, or, if there is a significant economic advantage to the country in being involved in it, it ought to be involved in it. I can also tell him that I also believe that he ought to know enough about the whole situation that he would

not simply abandon a sick horse because it happens to be sick for a few days.

Senator Perrault: Hear, hear.

Senator Olson: Where I come from and where this party stands is that we try to make sick horses well.

Hon. D. G. Steuart: Honourable senators, I should like to ask a supplementary question on that same point, the failure of Alsands. Could the minister give us a calculation as to how much of the cost to the Canadian people could be attributed to the fact that the Alberta government refused to grant a licence for, I don't know how long—several months or perhaps a year?

Senator Olson: Honourable senators, it is a known fact that the Alberta government refrained, or whatever the right word is, from issuing a licence for not only several months but, I think it was, almost two years, even during the period while my honourable friends opposite were in office—

Some Hon. Senators: Oh, oh!

Senator Olson:—until they had come to an agreement with the federal and provincial governments. I would expect that it is fair also to say that the increased cost of the processing plant of Alsands and several others went up by nearly 20 per cent a year during that period of time, because I have been told—

Some Hon. Senators: Hear, hear.

Senator Olson:—by the leaders of the Esso Resources project at Cold Lake, as well as the leaders of the Alsands project, that while the CPI was going up at about 11 or 12 per cent, their cost of construction was going up at approximately 20 per cent, for a variety of reasons that they could demonstrate.

Hon. Royce Frith (Deputy Leader of the Government): Shame!

Senator Olson: Therefore, it seems to me you could multiply—

The Hon. the Speaker: Order!

Senator Olson:—something close to 20 per cent times approximately 24 months, and that is what changed that project from an original cost estimate of somewhere around \$8 billion or \$9 billion to \$14 billion to \$16 billion.

Senator Steuart: I have another supplementary. Could there be any calculation—

The Hon. the Speaker: Order!

Senator Steuart:—as to how much that cost the taxpayers?

I don't blame senators opposite for shouting. You should be embarrassed. You should hang your heads. You were the government then, and you did nothing. You did nothing! You stayed in your seats and let this happen. In fact, had you made a deal with your own sister or brother government in Alberta, this thing would never have happened. We wouldn't have had the mess to clean up, of which I think we have done a pretty good job.

Senator Perrault: Hear, hear.

Some Hon. Senators: Hear, hear.

Senator Steuart: Thank you very much. I just thought I would ask the minister if he could bring a calculation to the Senate of how much that cost the taxpayers. Also could he find out if at any time honourable senators opposite publicly asked any questions of their own government, and of the Government of Alberta, that they are asking now with great hindsight, with 20-20 vision, which they obviously did not have then?

Senator Perrault: They were too afraid.

The Hon. the Speaker: Order!

Hon. Martial Asselin: The Minister of State for Economic Development is applauding!

Senator Olson: I will take that question as notice, but I have to advise my honourable friends—

The Hon. the Speaker: Order!

Senator Asselin: He is applauding—with a \$20 million deficit!

Senator Olson:—that I think it would be an exceedingly difficult research project to find out whether honourable senators opposite asked their government—

Senator Steuart: They never said a word.

Senator Olson:—any questions about—

Senator Steuart: They never said a word.

Senator Perrault: They never said a word.

Hon. Jacques Flynn (Leader of the Opposition): You would say that—twin jokers!

Senator Roblin: When I heard the intervention of the honourable senator from Saskatchewan, I realized, when he raised his voice to the number of decibels he hit, that he must have a very weak argument because—

Some Hon. Senators: Oh, oh!

The Hon. the Speaker: Order!

Senator Roblin: If honourable senators will allow me to explain my point and then to refer to the minister with respect to it—

Senator Frith: Apology accepted.

Senator Flynn: The session lasted two months.

The Hon. the Speaker: We will wait until things settle down. I prefer being on my feet, in any case. Isn't the true fact of the matter that the whole problem with the Province of Alberta was exacerbated, the whole question of the division of the spoils between the two buccaneers in this field—

Senator Steuart: He wanted to be the leader, that's the problem.

Senator Roblin:—had to do with the National Energy Program?

Senator Asselin: Where is your party? You have no party.

Senator Roblin: The national energy policy is the basic—

The Hon. the Speaker: Order!

Senator Roblin: The national energy policy is the basic defect in the government's defence in this matter because it has not done any of the things it intended to do, and it has brought about the mess that Senator Steuart is referring to. If the Conservative Party, in the short time it was in office, is to be held accountable for any mess—and I suppose any government can be held accountable for anything that takes place when it is in office—how much more so will my friends opposite be held accountable for the mess they created with the national energy policy. If Senator Steuart would expand his question to the minister and ask the minister if he would please quantify the expenses that have been incurred by the government on the people because of the national energy policy, we might get closer to the fact. It was the national energy policy that held up the Alsands.

Senator Flynn: That's right.

An Hon. Senator: No, no.

Senator Frith: Oil prices.

Some Hon. Senators: No, no.

Senator Flynn: Certainly. It was a big lie that you told during the campaign.

An Hon. Senator: They are doing nothing about it.

Senator Roblin: You don't think so.

Senator Steuart: Unbelievable!

● (1450)

Senator Roblin: Just take it to the people of Canada, and we'll find out.

Senator Asselin: You are afraid to.

Senator Roblin: I must admit that I used an unfortunate expression in talking about the "sick" horse. The minister was right to rebuke me. The horse is not sick: it is dead; it is dead and its four feet are pointing to the heavens. That is what has happened to the policies of this government.

THE BUDGET

WESTERN ECONOMIC DEVELOPMENT FUND—DEFERRAL

Hon. Duff Roblin (Deputy Leader of the Opposition): Having dealt with the dead horse—

Hon. Jacques Flynn (Leader of the Opposition): The horse on the payroll.

Senator Roblin: —I want to give the minister a little more to answer for.

I would direct the minister's attention to the fact that in the budget papers it was noted that the Western Economic Development Fund, with a \$92 million appropriation for 1982-83, would be deferred. Will the minister please tell us what items of development in western Canada are adversely affected by this?

[Senator Asselin.]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would just say a few words about the preamble to the question, and I am sure, if my honourable friend did not want me to respond to it, then he obviously would not have mentioned it.

I can find no relationship whatever between the NEP and the long period of time, from about May or so of 1979 to about February 1980, during which this was held up, because the NEP was not in existence at that time.

Senator Flynn: It was in existence from the time of the campaign.

Senator Olson: There was no NEP in existence.

Senator Flynn: Six months.

Senator Olson: More than six; it was about seven months, I believe, until October 30, 1980. Therefore, for my honourable friend to stretch his imagination to the point of saying that something which happened on October 30, 1980, had the effect of causing the withdrawal of permits and other necessary approvals for those two major projects, is stretching the matter beyond my comprehension. I cannot follow his reasoning that far.

Senator Flynn: That is not difficult.

Senator Olson: I want him to know, in no uncertain terms, that I do not agree with him that the oil industry, including the heavy oil and the tar sands, is a dead horse.

Hon. Royce Frith (Deputy Leader of the Government): No, sir.

Senator Olson: Together they are one of the greatest assets this country has.

Hon. Raymond J. Perrault (Leader of the Government): A Kentucky Derby winner.

Senator Olson: The tar sands contain over 900 billion barrels of oil, and comprise a natural resource that any country in the world would be proud to have as a reserve. They can produce oil whenever the costs and the demand get in line.

Senator Frith: That horse is alive and kicking.

Senator Olson: If that is a dead horse, then that is a different concept from the one I have.

The last point the honourable senator raised has to do with the matter of re-profiling the Western Development Fund. I will look for the exact details in that regard. Of course, only two priorities were announced in the budget of November 1981—funding for expanding the capacity of the western rail lines and economic development for the native peoples of that part of the country. I will get the exact amount. We are now, I think, in a position to identify that some \$90 million of funding, but I do not want to be specific about this.

Senator Flynn: You are never specific.

Senator Olson: Oh, yes, in many cases I am far more specific than the questions.

It is pretty clear now that it took a little more time because of this government's concern to widely consult those people who would be affected by Crow rates, the expansion of that rail system, and the régime that will follow. Therefore, it is highly unlikely that all that funding could be used in fiscal year 1982-83. Therefore, there is some re-profiling of the amount, and I will bring more specific details to the house.

Senator Roblin: Is my honourable friend telling us that the \$92 million was related to the Crow?

Senator Olson: I am saying that the government made a commitment of \$1.355 billion from the federal treasury, along with some other funding, so that the capacity of the rail system from the three prairie provinces, and in British Columbia, to export position could be significantly increased over the next four or five years. There are some financial conditions related to that insofar as putting together a financial package that would allow or motivate the railway companies to begin the investment of that kind of capital, which will be somewhere between \$7 and \$13 billion. The Crow rate has a relationship to all of that financing package, yes.

Senator Roblin: I take it that it has to do with the Crow. That is what the minister seems to be telling me.

Senator Olson: Yes.

Senator Roblin: I want to get back to the dead horse. I predict that it will never trot while this administration is in office, but I would not be surprised if it were revived by a new government.

I would hope that the new government would recognize the disastrous effect of the National Energy Program on cash flow and the relationship that has to the abandonment of oil projects in the Dominion of Canada.

Senator Olson: Honourable senators, I hope that no government that can reach that kind of convoluted reasoning ever gets into office. If Senator Roblin believes what he has just said and would, therefore, discount the impact of the international prices, and the projections that were made on that involving a price of something over \$60 a barrel and perhaps as high as \$70 a barrel by the time that oil comes on stream, and that the whole international situation had turned around, and if he is not willing to give proper weight to that—that is somewhere in the neighbourhood of 99 per cent of the reason why this project and several similar high-cost-per-barrel oil projects are not going forward—then, certainly, there is no hope that a government made up of my friends opposite could ever come to the reality of this thing because they cannot see the real world.

Senator Perrault: They never have.

Senator Roblin: There is no hope in my honourable friends opposite at all, and the sooner they admit that then the better off we will all be.

If the government amended its National Energy Program, instead of taking the front-end money as it does, usually all the way through, and contented itself with taking a share of the

profits after the profits were made, it would find the policy to be a lot more effective.

Senator Olson: That is my honourable friend's opinion, and he is welcome to it. However, it seems to me that he would be far better informed and far more in tune with the reality of the massive investments that are involved in all of this if he would adopt a somewhat more mixed feeling.

Senator Roblin: All the more reason the government should amend their policies that are effectively working to a very limited degree indeed.

If my honourable friend would summon up the courage to say, "Yes, a national energy program may be a good thing, but the way we are going about it is counter-productive," we would all be further ahead.

Senator Olson: Honourable senators, I simply cannot say that because I do not believe it.

Senator Flynn: They are happy with the situation as it is.

Senator Roblin: If my honourable friend is happy with the situation, then there is nothing else I can add, but I would tell him that I do not think the majority of the country is.

Senator Flynn: The attitude is that nobody can do better than you.

Senator Perrault: What was the question again?

Senator Roblin: Why are you still in office; that is the question? Go!

Hon. G. I. Smith: They are afraid to go to the people; that is why they are still in office. That is an easy answer.

Senator Frith: Don't do us any favours.

Senator Smith: Speak up if you wish to be heard.

Senator Perrault: I didn't say a word.

Senator Smith: You didn't say a word. I admit it could have been a donkey's bray.

Senator Flynn: Reinforcements coming back.

Senator Perrault: You seem to be using the "horse" analogy an awful lot.

Senator Frith: We are getting a lot of manure from the other side.

THE ECONOMY

SUPPORT OF CANADIAN DOLLAR

Hon. G. I. Smith: I do not mind, as Senator Steuart does, the honourable gentleman's recognizing when a minister is in distress and trying to help him by distracting attention. I do not mind that at all. That is a tactic they should employ more frequently.

● (1500)

I wish to direct the attention, if I may, of the honourable Minister of State for Economic Development to the exchange

of question and answer, if it was an answer, which he had with my colleague, Senator Roblin, about the exchange rate and the borrowing from the Eurodollar pool in U.S. funds. As I understood him, he said that this was really just an exchange of funds from one currency to another, and to some extent I would certainly agree with him that there is an element of exchange in it. However, as I understand the matter of borrowing, whether it is in Eurodollars or in any other kind of dollars, when you borrow you pay interest. Obviously, therefore, there is an interest charge of a substantial rate on the money borrowed in Eurodollars to which the minister referred.

If all that borrowing was invested in equal funds at equal rates of interest, I could understand his argument that the income from the investment after the borrowing would offset some or all of the interest paid on the borrowing. I could understand that. But is he really telling us that all of this money was borrowed simply to hold it in reserve, either invested or otherwise, so as to give the government more flexibility? Is that what he wishes us to believe? Or was that money borrowed to be used for some purpose, whether the purchase of other currencies or something else?

If after considering that, if he is able to do so, will he tell us what is the difference, if any, between the rate of interest paid on the money borrowed by Canada and the rate of interest, if any, received by Canada from the proceeds of that loan, if it was invested?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, those are details of information I shall attempt to obtain for my honourable friend, but there are several things I could tell him today that might help him and others to understand this whole situation.

For one thing, the official foreign exchange operation, obviously performed by the Bank of Canada, is designed to counter temporary pressures in the foreign exchange market and thereby smooth erratic movements in the exchange rate. Since there was a substantial downward pressure on the Canadian dollar during June, there were sizable sales of U.S. dollars from official holdings. There is no question about that. Indeed, I am advised that there was a transfer from one currency to another in the amount of about \$2.9 billion in the month of June, for example.

However, as I have said, I will try to obtain that more detailed information for my honourable friend. It may be a bit more complex than he realizes, because there are other considerations that go into the requirements of whether the government or the bank is paying interest on what they are holding. For example, there are such things as the sale of treasury bills every week. Of course, that is done on the basis of what is required from time to time for those reasons that are involved in all of that. It seems to me, therefore, that it is not correct to assume that the totality of the interest that may be paid on a loan of U.S. currency, or U.S. currency out of the Eurodollar reserve, is necessarily an addition to the debt service charges in total to the federal government.

Senator Roblin: Let's hope not!

[Senator Smith.]

Senator Smith: Well, I hope not. Just to relieve the honourable gentleman's fear of my complete ignorance on the subject, I may say that I listened more than once to the then Governor of the Bank of Canada explaining this to the assembled premiers of Canada, and I think I comprehended what he said. I don't suppose there is any difference in principle now as compared to then.

I am trying to find out from the minister whether there is a difference between the amount necessarily being paid out—one, of course, would assume it has not been paid yet—in interest on the money borrowed for this particular purpose and the income received from the proceeds of that borrowing. In other words, is there a net cost, a net outgo in interest, or is the outgo offset by the income in interest? If not, what is the difference? Which way does it ride?

Senator Olson: I will take that question as notice in order to be more precise about it. I think it would have the opposite effect, however.

THE BUDGET

PROVISIONS

Hon. Richard A. Donahoe: Honourable senators, I should like to address a question to the Leader of the Government in the Senate. I had intended to answer the question myself from what I believe to be my own knowledge, but in the interests of that high degree of accuracy recommended by the Minister of State for Economic Development I am putting the question to the Leader of the Government in the hope that he will be able to assist me.

If I may, I will preface my question by saying that in the course of a day or two I propose to leave these quarters in order to return to my native province. I expect that I will be greeted there by a great many questions concerning the quality and nature of the budget brought down by our co-provincial man, Mr. MacEachen, a week or so ago.

An Hon. Senator: A lovely man!

Senator Donahoe: The questions that I expect to be asked will be directed towards how much effective provision was made in the budget to save the money of the taxpayers of Canada. I began to think about that and I came to the conclusion that I knew that there were two things in the budget that could save us money. One was the limit put on the salaries of those in the public sector; the other was the limit put on certain public sector pension increases. One could see that both of those measures were likely to save the Canadian taxpayer money.

To come to my question, is there anything else in the budget that is intended to save the taxpayers money? I ask that question in the interests of those who, I know, will ask me for the answer when I return to my native province.

Hon. Raymond J. Perrault (Leader of the Government): I hope that the honourable senator, when he returns to his great home and native province, will do his utmost, and expend all of his energies in the attempt, to convince the people of that

province of the necessity to observe the guidelines suggested by the government. Were he to do so, he would perform a real service for his country.

Hon. Jacques Flynn (Leader of the Opposition): Try to do it in B.C. and see what happens.

Senator Perrault: With respect to the targets of 6 per cent and 5 per cent, if the honourable senator, with his innumerable contacts in his home province—

Hon. Royce Frith (Deputy Leader of the Government): And his eloquence.

Senator Perrault: —could persuade those in the public and private sectors to co-operate insofar as they are able to help in this fight against inflation, the nation would indeed, be indebted to him.

For our part, honourable senators, we have assiduously pursued every avenue in order to reduce spending and to exercise economy within our own sphere. As I stated last week, the truly major savings which are often asked for by the opposition can be found only in major reductions in the great social programs, and none of us would like to see those in great need deprived of the ability to fight inflation with adequate incomes.

I hope the honourable senator will make his visit to his home province next week a triumphal tour in support of this new program.

Some Hon. Senators: Oh, oh.

Some Hon. Senators: Hear, hear.

Senator Flynn: In support of a new government.

Senator Donahoe: I have a supplementary question. First of all, I would tell my honourable friend who has just spoken that in my province we have an old adage which goes: Once bit, twice shy. Well, we were "bit" in 1980. We received all kinds of promises and undertakings with respect to what fuel would cost and how the country would be run and how money would be saved. It is true that the man who headed the government was careful not to commit himself. He let the people take it on faith. The people did that, but "once bit, twice shy," and when I return to my province I will be going back to a province of hard-headed, wise thinking people, who will want to know facts, and who believe, as does the Minister of State for Economic Development, in having accuracy in facts. If I were to ask them to listen to any of the garbage that I listen to from the Leader of the Government in the Senate, and take it as an assurance that they would not be "bit" again, I would deserve the kind of treatment that I would expect. I would deserve to be thrown overboard with a weight around my neck.

● (1510)

I do not expect that treatment, however, I expect to tell them the truth. I expect to tell them what things in the budget—and they are damned few—will save them any money. I will tell them that I cannot get a statement from my honourable friends opposite, and the best I have been able to do is to find only those two things. Moreover, I will tell them

that I found that the nearly \$20 billion deficit that was mentioned in the budget was a fake anyway, because nearly \$2 billion—certainly more than \$1.5 billion—was needed in order to bring some kind of order into the unemployment insurance fund. If those billions are added to the other billions we get a deficit of \$21 billion.

Senator Frith: And the question is?

Senator Donahoe: And the question is, again: Are there any measures in the budget which I can tell the people of Nova Scotia will save money, other than the two simple measures I have mentioned?

Hon. Jack Marshall: Yes or no?

Hon. D. G. Steuart: I have a supplementary that the Honourable the Leader of the Government can answer while he is answering that question—

Hon. Martial Asselin: Wait for the answer to the first question.

An Hon. Senator: Order! Order!

The Hon. the Speaker: Order!

Senator Perrault: Honourable senators, I know that the honourable senator will strive to be non-partisan during his forthcoming visit to his province. This is a time for all of us to work together to help the nation. I suggest that the great body of information that I have brought to the chamber in the past week—and I urge honourable senators to review my responses to the questions that have been asked—may form the basis of some factual information that can be provided to the people of his province when he returns there. In the meantime, if the honourable senator has some questions that have gone unanswered in this chamber, perhaps he would let me know before he leaves for his home province, and together we could try to work out responses that will be of interest and value to the citizens of that province. This is an endeavour which, if we are successful, will turn the economy around and help all of Canada. I know that the honourable senator, regardless of our political differences, joins in that wish for the country.

Senator Donahoe: All I want to say is: Thank you for your invitation, but if the quality of the answers that I might elicit by asking you further questions is no better than the quality of the answers that I have received to the questions I have already asked, it ain't worth my time.

Senator Steuart: Honourable senators, I wonder if the Honourable the Leader of the Government would bring to this house the information regarding those—

Senator Marshall: What is your question?

Senator Steuart: Well, if I took as long to ask a question as some of the members on the other side of the chamber, we could all be retired before I got to the end of it.

I wonder if the Honourable the Leader of the Government would get the information as to how many of those fearless Conservative premiers of provinces, such as Alberta, Saskatchewan, Ontario, New Brunswick, Nova Scotia, Prince Edward

Island and Newfoundland, had the nerve to come here and say, "We will go back to our provinces and put some kind of a 5 per cent or 6 per cent limit on our public service salary increases, and be real Conservative governments." I am sure the answer will be that there were only two of them who had the guts to go back and do that. All the rest of them did was come here and complain and blame the federal government. How many of them really came down here and said that they would go back and put a real limit on their civil service salary increases such as the federal government is prepared to do respecting the federal public service?

Honourable senators opposite may wave their hands all they want to, but these governments did not have the courage to do that, and they do not have it today.

Senator Flynn: How many Liberal governments are left?

Senator Perrault: There is a good deal of merit in Senator Steuart's question. It may be very difficult and very costly to undertake the research necessary to find any evidence of the kind of initiative he refers to, but the inquiry will go forward.

Hon. C. William Doody: Who is the minister in charge of soft ball?

Senator Perrault: Honourable senators, I have a delayed answer to a further question regarding the budget which I hope the Honourable Senator Donahoe will take back to Nova Scotia. The question was asked by Senator Roblin on June 29.

The question is to the effect that since the current estimate of financial requirements excludes the forecast shortfall in the unemployment insurance fund, will financial requirements not actually be some \$2 billion higher than projected in the budget?

This is becoming a popular misconception. Financial requirements do include any deficit or surplus projected in the unemployment insurance account. The budgetary deficit, or surplus, is the difference between budgetary revenues and expenditures, which reflects only the government's own contribution toward unemployment insurance benefit payments. The net source of or requirement for funds provided by the unemployment insurance account, excluding the government's own share of benefits, is included in non-budgetary transactions. The sum of the deficit, or surplus, on budgetary transactions and the net source or requirement on non-budgetary transactions represents financial requirements, excluding foreign exchange transactions. Consequently, the increased unemployment insurance account is included in financial requirements.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, my honourable friend is moving to another question, so could I ask him a supplementary in respect of this? What is he trying to tell the Senate? Is he trying to tell the Senate that \$2.2 billion is required to be raised by somebody, or not?

Senator Perrault: Honourable senators, if the honourable senator wishes to ask a supplementary question I would be pleased to obtain a reply. I do not have the exact wording of the senator's original inquiry in this chamber, but I have provided an answer to that question.

Senator Roblin: If I can help my honourable friend, the point I was trying to make was that the budget figures showed a deficit of \$19.6 billion, and yet there was an additional requirement of funds of some \$2.2 billion for the Unemployment Insurance Fund. As I understand the answer given, my honourable friend is saying that that portion of the UI deficit which the government would make up is included in the \$19 billion.

The leader's answer leaves the question of who pays the balance, and how much is it? It is going to have to be raised in one of several ways. Either the deficit will be increased to accommodate it, if the government takes it in. In that case the direct borrowings of the government will be increased by that sum, or else there will be an increase in the payroll taxes now paid by people who pay unemployment insurance—the employer and the employee. As far as the citizen is concerned, leaving the niceties aside, it is going to mean an increase in his taxes to pay for that. I want to know what the situation is.

Senator Perrault: I understand the question now. There is a possibility that there may be an increase in that payroll tax. But surely there is nothing wrong in the concept that during times of high unemployment those with employment, some of them in well-paid occupations, should make a contribution, along with other taxpayers, to the support of those who do not have jobs. I do not find the concept offensive, and surely the honourable senator does not.

Senator Roblin: I think there is a good point to be argued here. Is this an insurance fund, or is it not? If it is an insurance fund, then my honourable friend's observations do not apply. We know that people have been raiding this fund, if I can use that expression. The Minister of Immigration—I forget his correct title, but in any case, the minister in charge—has been allocating funds from the unemployment insurance bank, so to speak, for other mitigating policies, which, in themselves, may be good or bad—I am not debating that. I am simply saying that if it is an insurance fund, then the people who are the direct beneficiaries are the ones to be considered. The government has been transferring the cost of this fund successively over the last little while from the general revenue to the people who pay the payroll tax. I believe that has been going on. I am really trying to establish the facts, because it seems to me that if we have a shortage in the Unemployment Insurance Fund, that has to be made up by someone. If the shortfall is not included in the \$19 billion—and some of it assuredly is not included in the \$19 billion—then how much is included? Then the minister will be able to say not that there "may" be an increase in January but that there "will" be.

● (1520)

Senator Perrault: Honourable senators, that information will be made known in due time. An announcement is not yet ready with respect to a possible increase in UI payments by the working force and the employers of this country; but may I say that since its inception, during admittedly a very difficult period of time, the early years of unemployment insurance provided some real challenges for successive governments. There were abuses in some areas, but very largely those abuses

have been corrected. We have in Canada today perhaps the best unemployment insurance program of any nation in the world, and every endeavour is made to place it on a sound actuarial basis; but during times of unusually heavy unemployment it is necessary to supplement payments to the unemployed. Surely no one in this chamber resents that concept. It is necessary to supplement those funds with additional moneys in order to help the unemployed in this country.

Interestingly enough, despite the line of Senator Roblin's questioning, I have yet to hear him question in this chamber the benefit levels available under the unemployment insurance program, because together with everyone on this side of the house he realizes the serious plight of many of those who are unemployed. Some of them are coming to the end of their benefit period.

Hon. G. I. Smith: When are you going to answer the question?

Senator Perrault: So, in due time announcements will be made with respect to employee unemployment insurance premiums and employers' payments. But this effort to help the economy calls for a co-operative endeavour by all Canadians.

Senator Roblin: My honourable friend knows perfectly well that that was not the point of my question at all.

Senator Perrault: It was so.

Senator Roblin: I am not questioning the advisability of unemployment insurance.

Senator Perrault: You are asking where the money is coming from.

Senator Roblin: I am not questioning unemployment insurance as a policy. Who would?

Senator Perrault: I am glad to hear you say that.

Senator Roblin: What I am asking my honourable friend is: Seeing that he is living on it, if I might use that expression, seeing that he is bleeding money out of it for other policies than the original one laid down in the Unemployment Insurance—

Senator Perrault: Who is bleeding money out of it?

Senator Roblin: Well, the minister has requisitioned up to \$200 million for new initiatives of one kind or another. I am not prepared to complain about that at the moment. Perhaps I will at some time, but I am not prepared to complain about it now. I am prepared to ask the minister, for the umpteenth time, how is he going to finance the deficit? That is the question he has avoided answering. He says, "In due time"; that we are going to have a new budget in September. Will he give me an undertaking that some advance notice will be given to the people concerned, let us say in the budget in September, as to what the fate will be of those people who have to pay this?

Senator Perrault: Honourable senators, Senator Roblin is making a serious allegation that somehow there is a diversion of funds for improper purposes.

Some Hon. Senators: No, no.

Senator Perrault: The initiatives of the minister responsible for unemployment insurance have related directly to the unemployed of this nation and an improvement in their social conditions through employment, and that is a proper use for those funds.

Secondly, I stated quite clearly that there is a possibility that there could be an increase in employee and employer UI payments to make up all or part of that deficit. But that is a possibility, and the opposition will be fully advised. There is no obfuscation on our part.

Senator Roblin: I do not usually like members to modify their adjectives when they apply them to me, because I quite enjoy the range of their imagination; but when my honourable friend accuses me of saying that there is something improper in the sense of its being illegal—

Senator Perrault: That is the inference.

Senator Roblin: Not at all. If that is the inference, then I ask my honourable friend to change his mind, because that is not what I said and it is not what I intended to say.

To get back to the point, I want to find out what changes are going to be made in the unemployment insurance charges to the worker and the employer. If my honourable friend will not answer the question now, then that is all right, I cannot compel him to. I would ask him, when can he answer the question?

Senator Perrault: Very shortly, and I hope that Senator Roblin will retract his use of the word "raided," which has all sorts of shady connotations associated with it, connotations of a misdirection of funds.

Some Hon. Senators: Oh, oh!

COMMUNICATIONS

BELL CANADA—RATE INCREASE APPLICATION—CONFLICTING MINISTERIAL STATEMENTS

Hon. Martial Asselin: Honourable senators, I should like to have an assurance from the Leader of the Government that he will be in a position to answer the question I asked last week and today regarding Bell Canada. I hope that the Leader of the Government will have time to provide that answer before the end of the session and that the question will not die on the Order Paper with the end of the session.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, every effort will be made to provide a reply to that question, which, without any doubt, is a relevant one.

FOREIGN AFFAIRS

LEBANON—MULTINATIONAL PEACEKEEPING FORCE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information concerning

Lebanon. World reports today have indicated a peacekeeping force and a United Nations or United States initiative. It is premature to speculate what the Canadian government's reaction might be to a multinational force within or outside the United Nations or to Canadian participation in it, if invited. So far Canada has not been requested, either by the UN or any government, to participate in such a force.

We are aware of the proposal that has been made to establish a multinational force to police the evacuation of PLO personnel from Beirut. We do not yet have details about the short time arrangement, but we understand that the United States has indicated a willingness to provide members of that force.

● (1530)

[Translation]

YOUNG OFFENDERS BILL

THIRD READING

The Senate resumed from yesterday the debate on the motion of Senator Neiman for third reading of Bill C-61, respecting young offenders and to repeal the Juvenile Delinquents Act.

Hon. Martial Asselin: Honourable senators, this bill has been given serious consideration in committee, and we have had several sessions of very interesting debate on the subject. Committee members have had an opportunity to hear the views of senior departmental officials, including Judge Archambeault and Deputy Minister Bissonnette, whose views proved very useful to the committee. We also heard presentations by the minister and also by several provincial ministers who appeared before the Senate committee to submit objections to the bill that had not been dealt with satisfactorily in the other place. Witnesses included representatives of the Governments of Ontario, Nova Scotia, New Brunswick, British Columbia and Saskatchewan.

These governments do not seem to be entirely happy with the provisions of the bill, and their objections fell mainly into two very distinct categories. There were objections of a social nature, and I am of course referring to the maximum age at which young offenders will be considered as such. Some provinces would have preferred to have a variable maximum age, to be determined by the provinces themselves, instead of having the federal government set a uniform maximum age through legislation.

Personally, I told the committee, and I still think so now, that I felt federal legislation cannot provide for a variable age limit for young offenders. We must have a uniform maximum age and it must be laid down in the legislation. I feel that the principle of uniformity should meet with the approval of the Senate. There were also comments by the provinces regarding federal encroachment on provincial jurisdiction in the administration of justice. I raised this matter myself before the committee in the presence of the Solicitor General, who, through the deputy minister and Judge Archambeault, sent me two Supreme Court rulings on federal jurisdiction as it applies

to the young offenders legislation. When one reads these rulings, it seems the courts decided, in no uncertain terms, that the federal government, as far as the application of this legislation was concerned, did not encroach on provincial jurisdiction as it concerned the administration of justice. These objections were raised by the provinces with respect to custodial dispositions and also to the destruction of files and fingerprints. Certain provinces, and rightly so, claimed that these various parts and clauses of the bill came under the prerogative of administration of justice.

In any event, I feel that for some provinces, the matter has yet to be resolved. There is still a feeling, based on certain provisions of this legislation that the federal government is encroaching on provincial jurisdiction.

I think the main objection has been, and it is not a matter of philosophy but of administrative policy, that because of the age difference, the bill will cause the provinces to incur additional costs. Some provinces claim that setting the maximum age at 18 will put an additional financial burden on the provinces, which will be faced with considerable expenditures to meet the objectives of this legislation. I would refer the Senate here to a statement by Minister Sterling, Secretary for Justice of the Province of Ontario, who told us about his basic objections, namely, that the provinces would be faced with additional expenditures as a result of the passage of this bill.

I think we should take note of Ontario's comments that these additional amounts will rise from a present \$60 million to \$80 million, to meet the requirements of this legislation, including the construction of new buildings and provision for new facilities for young persons, especially for those who are committed to custody by the court. We have the impression that there has been a lack of consultation between the federal and the provincial governments regarding these additional costs. The Ontario Secretary for Justice said the following, in this respect: "The Solicitor General of Canada has indicated that the level of assistance granted the provinces would not be reduced from the present level, in terms of absolute numbers". I do not think that is very reassuring. He went on to say, "In our opinion, our federal partners are acting irresponsibly in passing legislation involving serious financial consequences, without any, or hardly any consideration for making the appropriate financial arrangements".

The same objections voiced by the Province of Ontario were also raised by the Province of British Columbia. At the request of committee members, the Solicitor General appeared again before the Senate committee to provide some clarification regarding the objections presented by the provinces.

I myself asked the minister about this objection relating to financial costs. The minister told us that he had asked the provinces for figures and wanted to see these first before arranging for a meeting between the provinces and the federal government to discuss the additional costs that would be incurred by the provinces as a result of the new legislation.

This statement did not seem to be very reassuring for the provinces. I feel this is just another example of the many cases

in which the federal government passes legislation and subsequently decides how it is to be implemented. In the present case, we have solid evidence that the provinces will be incurring substantial additional costs.

In committee, I mentioned the fact that these financial objections were not vital to the philosophy of the bill in question, but the fact remains that in the circumstances, the provinces have a right to be told beforehand by the federal government what kind of financial adjustment the government will provide to the provinces to help them implement this new legislation which we may be about to adopt.

There has been a lack of consultation between the federal government and the provinces. Before this bill is passed, the minister should first tell the provinces, and especially Ontario, Quebec and British Columbia, what amounts they can expect to receive to finance the planning and construction of facilities required as a result of the new legislation.

MOTION IN AMENDMENT NEGATIVED

Senator Asselin: Therefore, honourable senators, with a view to meeting the demands of the provinces concerning the additional costs they will have to incur, I intend to present, on third reading—I refer you to clause 81 of the bill which says that this Act shall come into force on a date to be fixed by proclamation—the following amendment: I move, seconded by Senator Donahoe:

That this bill be not now read a third time but that it be amended by adding in the second line of Clause 81, after the word "proclamation" the words:

but not before an agreement is reached between the Federal Government and the governments of the provinces with respect to the sharing of the additional costs that will be incurred by the provinces as a result of the implementation of this bill.

I feel that if the Senate were to adopt this amendment on third reading, it would be a way of dealing with the main objection raised by the provinces and the Solicitor General could meet the provinces to discuss this point before the legislation becomes effective. I realize that, as promised by the Solicitor General, the legislation will not become effective before 1985, and there is still plenty of time to consider these matters. However, if the amendment I have just proposed is incorporated in the bill, the provinces will at least have the assurance that before the legislation becomes effective, they will have been advised how much the federal government is going to allocate to the provinces to compensate for the additional costs incurred as a result of the new legislation.

The Hon. the Speaker: It is moved by Senator Asselin, seconded by Senator Donahoe:

That this bill be not now read a third time but that it be amended by adding in the second line of Clause 81, after the word "proclamation" the words:

but not before an agreement is reached between the Federal Government and the governments of the provinces with respect to the sharing of the additional costs

that will be incurred by the provinces as a result of the implementation of this bill.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

● (1540)

[English]

Hon. Richard A. Donahoe: Honourable senators, I do not propose to impose a long speech upon you; I merely want to make a few observations with respect to the bill before us.

First of all, let me say that I think we have had a fair and detailed exposition of what took place at the committee stage from Senator Asselin. He has quoted from the speeches some of those who appeared before the committee gave, and has not attempted to paint the lily in any way. He has merely indicated that the bill is a difficult bill on which to speak. It is a difficult bill because I do not think that any member of this chamber would not approve of its aims and objects. We are all anxious to see that there be the best and most effective enforcement of the law among the youth of our country, and that that should be done in such a way that they can be rehabilitated and made into useful citizens. I think that those who designed the bill had those motives in mind. Certainly those are the motives that I believe inspired them, and those are the motives which impress me as being motives worthy of approval.

However, it must have been clear from what Senator Asselin had to say that all of the provinces we heard from are concerned with this bill. We heard from several of the larger provinces, and one or two of the smaller ones. In every case, each province was concerned because, in order to obtain what seems to be perfection in federal bureaucratic eyes, they are in a situation in which they are required to make extreme expenditures, expenditures which, at this time in the economy, at this time in the fate of our country, at this time in the affairs of our country, will make it virtually impossible for those claims to be met, as well as meeting all of the other on-going expenses of government, which are of constant trial and concern to those charged with carrying on the governments of the provinces.

I have just two things I wish to say on this bill. The first is that I do not altogether agree with Senator Asselin when he said that there had to be a federal age limit. I am inclined to agree that a federal government, dealing with all the provinces, must have uniformity, and must deal equally with all provinces. There must be an age limit, but I do not agree that the age limit must be that selected by the federal bureaucrats who have prepared this bill.

Ministers of the Government of Nova Scotia corresponded with me and told me that they found that the costs imposed on them as a result of this bill will be excessive. They told me that they would have great difficulty, and that the age limit chosen by the federal government is one which will have the effect of mingling extreme youth with—I was going to say advanced age; it is not advanced age, but the advanced age of youth. They said that they would have mature individuals mingling

with fledglings. Perhaps I make my point clearer by using those words. They said that would happen because the age limit chosen by the federal government is the age of 18.

That sounds like a simple acceptable age. However, today we find that maturity is obtained at earlier and earlier ages. I was a member of a government that reduced the voting age. We failed to get credit for that because we did not, in turn, reduce the drinking age, but the succeeding government, headed by a man who is one of the ministers of the Crown in Ottawa, reduced the drinking age and made it possible for the youth of the province to go into taverns and take a drink.

My recollection is that that government lowered the drinking age to 18, and here we are going upward as far as my province is concerned with respect to juveniles. We are going from the age of 16, where we were, to the age of 18, where we never were, and in the field of maturity, responsibility for drinking and voting, we are moving down until the two come together.

I am tempted to tell a story I once heard from an old lawyer who had spent 50 years before the bar. When he was fading, he said that he had observed many things. He said that he had lived to see the top part of a dress go downward and the lower part of a dress go upward. He was speaking of the mini-skirt generation. He said, "Perhaps that's not a bad thing. Perhaps I will live long enough now to see the twain meet."

So, that is what we may do with the age of youth. We may have people who are qualified to drink, to vote, but, for the purpose of—

Hon. Royce Frith (Deputy Leader of the Government): The interesting question is what he would have done about it had he lived!

Senator Donahoe: —for the purpose of being punished, for disturbing the community, they may find they are treated as so-called juveniles.

I have one thing to say with respect to the appearance of the minister. The minister appeared before the committee on a couple of occasions, and I was present for a considerable time during one of his appearances. I heard the minister say that he was not a bit impressed by social arguments put forth by the provinces because, in his view, he thought they were far more concerned with the financial arguments. He said that he was not prepared to give much credence to their social arguments because he thought fundamentally they were arguing financially. I took exception to that statement at the committee meeting, and I intend to make public my exception to it now.

I would be the last to deny that there are tremendous important financial obligations imposed upon the provinces as a result of this bill. The senator who moved this bill and the senator who proposed the amendment made that abundantly clear.

All I can say is that we have heard a great deal of talk in this chamber about Conservative provincial governments, and no talk about Liberal provincial governments, because there are none.

Hon. Jack Marshall: And there never will be.

[Senator Donahoe.]

Senator Donahoe: There was some talk about wasting our time listing the provinces that have Conservative governments. If one really wanted to save time, one should have gone through the list of provinces that have Liberal governments. If we were to list those, no time would have been wasted.

In any event, those provinces are there, and the governments of those provinces have a philosophy and a way of looking at public moneys. Those provinces have a feeling of what those entrusted with power must do with respect to the money of those who entrust it to them.

I regret to say that, while there have been increases in recent years in the deficits of the provinces—and we have heard a great deal of talk about that—they have been caused, in my view, by what the federal government has done. If anybody wants to know how to do it, if anybody wants to know the levels to which we can go, if anybody wants to know the programs we can have regardless of their cost, if anybody wants to know how we can run deficits up until they rise in a brief time by billions of dollars, then all he has to do is look to the federal government. When we consider the deficit of this country, which has increased in a few short years of Liberal administration to where it more than equals the sum of all the deficits since 1867, then we know a little bit about deficits and the past masters of them.

● (1550)

I mention that subject for the simple purpose of saying that it is an easy thing for somebody in Ottawa to sit and say that we should amend the juvenile law and that we should have a young offenders law. The fact is that by so doing they are imposing an intolerable burden upon the shoulders of the provinces and are asking them to find millions of dollars, which the provinces do not know how to raise. Those are very good reasons why the results of the bill should be contemplated, understood and agreed upon before it becomes law. For that reason, I second the amendment moved by Senator Asselin for the reasons that I have given. Regardless of who is responsible for the deficits, regardless of whether they are Conservative deficits or Liberal deficits, God knows we have them and God knows they are there.

I agree with the statement made by the Ontario minister who said it is irresponsible for any jurisdiction to impose upon another the obligation of raising vast sums of money without indicating how it can be done or how the burden can be borne. The federal government should tell the provinces what has to be done to make it possible for them to carry the financial burdens they will have to carry if this bill is passed. That should be agreed to and understood before the decision is made that the burden should be imposed. Therefore, I urge all honourable senators to give thought to these arguments. I ask you to forget my partisanship. I am accused of being a partisan.

Senator Asselin: No way!

Some Hon. Senators: Oh, no.

Senator Donahoe: Every time I rise to speak, some honourable senator from the opposite side accuses me of being a partisan.

Some Hon. Senators: No, no.

Senator Frith: We would never make such a low, unjust charge.

Senator Donahoe: I will close my remarks by saying that when I was appointed to the Senate I was told by some honourable senators on the other side that in this chamber we are not like the honourable members of the House of Commons. We are not partisan. We have a good fellowship. We discuss things, but we do not discuss them in a partisan way. I made a pledge at that time, which I do not feel that I have ever departed from, that when I participated in debate in this chamber I would be as partisan as those who preceded me. I can say in all honesty that I have done that. I urge you on this occasion to think of the burdens that you will be imposing on the provinces if you insist that this bill—which is good in itself, although it is not without its defects—be imposed upon the provinces without their being given an opportunity to make arrangements to bear the expenses it creates. It is an irresponsible measure, and we in the Senate will be irresponsible if we share in its enactment.

Hon. Joan Neiman: Honourable senators, after that eloquent plea from Senator Donahoe, I will do my best not to be partisan as I reply to the comments that have been made this afternoon.

I thank Senator Asselin for his courtesy in advising me last evening that he intended to propose an amendment to this bill and also for giving me a copy of the amendment before the sitting commenced this afternoon. I thank him also for giving us a very careful review of what happened in committee. As he mentioned, we had, I believe, a total of six meetings. Shortly after the bill was referred to committee, the chairman, Senator Goldenberg sent a telex to the premier of each province asking him if he would like to appear before the committee or to submit a brief. As Senator Asselin mentioned, we received submissions from several of the provinces, although a couple arrived rather late. In fact, one submission arrived after the bill had been reported.

On the whole, briefs and submissions followed much the same format. They were concerned in some instances with the question of the maximum age. There were concerns expressed about some of the administrative procedures, one in particular being with regard to the clauses we now have giving the judges authority to make decisions as to whether juvenile offenders will be kept in open or closed custody. Many of the provinces felt that this was, in fact, taking authority away from provincial administrators who administer the present law.

The committee heard representatives of the Government of British Columbia in the persons of Mr. Bernard Robinson, Commissioner of Corrections, and the Deputy Attorney General, Mr. Richard Vogel. In addition, we heard arguments from the Honourable Norman W. Sterling, Provincial Secretary of Justice, and Mr. Robert McDonald, Deputy Minister

of Community and Social Services, representing the Government of Ontario.

We had a thorough canvassing of the concerns and reservations which all the provinces had with respect to the bill. I believe it was reiterated by all of them that they supported the concept of the bill and, as Senator Donahoe just said, we support its aims and objectives.

The reservations with respect to age again were brought up in almost every submission we read or heard. I would remind Senator Donahoe that we did hear that the provinces themselves were invited to try to reach a uniform age because they had agreed that a uniform age was most desirable. The federal government invited them to come to some agreement. As so often happens, they could not agree. The provinces seemed to fall back to the position that whatever age is now in force in the particular province was the ideal age. Therefore, it was left to the federal government, in fact, to make the final decision.

I should also like to mention that we heard other arguments with respect to some of the procedures. It was not necessarily vital to the general approval of the bill, but the concern generally did revolve around the anticipated increase in costs. I will deal with the question of costs and with Senator Asselin's amendment as I proceed, but I should like to mention that I think it is recognized that this is a momentous and different change that we are proposing in dealing with the juvenile justice system. One of the matters that seems clear, particularly in the final session we had with the Solicitor General, was that the provinces and the federal government have not heretofore had a satisfactory way of even assessing how well the present Juvenile Delinquents Act has worked or how the juvenile criminal system has worked. That is because the interpretation of criminal statistics varies widely from province to province. Therefore, we were all very pleased to hear the minister advise that a new system of reporting statistics regarding the juvenile correction system has been instituted under the aegis of Statistics Canada. It is called Juristat.

● (1600)

The Deputy Solicitor General, along with the deputy attorneys general from the provinces, will sit on these committees. They intend to rationalize a method of gathering and analyzing statistics. This will be extremely helpful to all elements of government involved in the administration of justice.

In addition, the Solicitor General advised us that he has authorized a three-year study, which is now under way, of the present juvenile justice system. This has been divided into six regions across Canada, and each region will be assessed independently.

After that study is completed, a further three-year study will be undertaken to assess the impact of the new legislation, which we hope will be implemented shortly. We will then be in a much better position to determine the flaws, as there inevitably will be, in the present legislation and correct any procedural or administrative difficulties that appear over that period.

There is no doubt that the principal problem and objection raised in each of the statements we received related to costs. I think we all recognize that this is a real difficulty. With any new program that is instituted, costs will be involved.

I remind Senator Asselin that this has not been done without consultation. As you know, we were given a very complete set of documents from the Province of British Columbia. That province has obviously been studying this proposed legislation over the last couple of years and has already submitted a detailed analysis of the proposed costs. We asked for similar documents from the Province of Ontario but, as yet, we have not received them.

The Solicitor General did tell us that he has already received preliminary reports from six or seven provinces. Unfortunately, Quebec is not one of the provinces which has submitted any reports. Personally, I feel that is very unfortunate because their age limit is the same as that in the proposed legislation, and it seems to me that that province has followed a very enlightened course of juvenile justice. I believe their testimony and input would be very helpful, and I hope they will reconsider and sit down at the table with the other ministers involved and look at the costs in an effort to determine what the equitable sharing of that burden will be.

I should perhaps mention that all of these will not be additional costs because there are some offsetting savings. For instance, in Ontario, where at the present time the 16- and 17-year-olds are handled in our adult system and undergo the same processes and procedures as other adults, with the same costs involved, transferring them over to the juvenile system will, presumably, effect significant savings. So, it is not simply an outlay of money.

In response to the specific amendment proposed by Senator Asselin, I would only remind him of what has happened in negotiations from time to time with the provinces, especially negotiations regarding money and the sharing of costs. I do not think anyone in the provincial governments or in the federal government wants this legislation to be lost. If we were to adopt the amendment proposed by Senator Asselin, we would place ourselves in the very grave danger of simply consigning this legislation to the ash can, because it is going to be extremely difficult to ensure or to guarantee in any way that all 10 provinces will sit down and agree on a formula. To try to bind the hands of the federal government and to say that it cannot implement this legislation until such an agreement is cut and dried, I think, would simply be intolerable in itself. We all believe that this legislation should be implemented.

The government has been quite flexible. Again, I would remind you that the provinces do have until April 1, 1985 to adopt those provisions regarding the maximum age. It is that particular part of the legislation that is worrying them at this point. They have that flexibility within themselves. The Solicitor General has suggested that he would like to proclaim the bill by April 1983, but when he last appeared before us he seemed most agreeable to deferring it to, at least, October 1983. He said that before any final decision is made he will be in touch with the provinces again to try to determine a date

[Senator Neiman.]

that would be feasible for the implementation of the legislation.

Again, I would remind honourable senators that that does not necessarily include the provision regarding the maximum age. I think there is a safety valve in terms of a period whereby all the provinces and the federal government can sit down and negotiate and try to come to some reasonable decisions as to the sharing of the costs.

For that reason, I simply urge you to reject the proposed amendment. I think it would be absolutely impracticable to try to implement legislation under such conditions. Furthermore, I ask your support for the bill itself. I believe it is a bill in which we all have a great deal of faith and hope for the future of our young people.

Hon. Senators: Hear, hear.

Senator Marshall: Would Senator Neiman accept a question?

Senator Neiman: Yes.

Senator Marshall: Can she reconcile for me the hypocrisy of any government in introducing bills of this kind when, on the one hand, we would appear to be trying to create a better atmosphere for our youngsters and youth, and when, on the other, we hear radio and see and hear television advertisements, which cost millions of dollars, suggesting that they would be better citizens and happier people if they drank alcoholic beverages? How can we expect to positively influence the lives of our youngsters when we allow this kind of tripe to appear on television?

Senator Neiman: I cannot agree with Senator Marshall that this amounts to hypocrisy on the part of this government or, indeed, on the part of any other government. I think Senator Marshall is trying to compare apples with oranges.

We are dealing here with federal jurisdiction and responsibilities in administering the juvenile justice system and with young people who come into conflict with the law.

Liquor laws and liquor advertisements are the responsibility of provincial governments. I might very well agree with the honourable senator, but I would point out that governments do not spend money on the advertisements. Is Senator Marshall suggesting that the federal government should simply pass a law prohibiting any advertising of alcoholic beverages? I point out to him that that is the responsibility of the provinces, and he should ask them to do so.

Senator Marshall: There is nothing we can do about it now. I cannot see why we should blame the provinces for that and absolve the federal government.

Our whole environment affects developing youth. Before we think about bills, what they cost and whose responsibility they are, we should remember that our end purpose in life should be to create a better environment for the youth of our country. We should accept our existing responsibilities before starting to create something new.

Senator Neiman: Perhaps Senator Marshall has noticed that the Department of National Health and Welfare has spon-

sored advertisements in order to counsel people, and not just young people, about the dangers of excessive alcohol consumption.

Senator Marshall: But the department responsible for physical fitness allows these advertisements to be broadcast on television.

Hon. Charles McElman: It is a provincial responsibility, and we cannot stop it.

Hon. G. I. Smith: Honourable senators, I expect to say only a few words on this matter, but I do not want to make any rash promises I cannot keep. Perhaps a prediction would be better than a promise; I do not think I will be very long.

Much of what I would have said has already been put forward very eloquently by my colleagues, Senator Asselin and Senator Donahoe. However, one or two things were mentioned by Senator Neiman that seem to me to call for some comment less generous to the bill than she made. It has been said, and I heard the minister say—although I think he did say he was sorry he had said it—words to the effect that it seemed the key concern of the provinces had to do with money. I thought Senator Neiman was coming pretty close to that assertion herself this afternoon.

I do not believe that to be correct. I believe they are just as much concerned with the social aspects of this bill, and the changes it will bring about in that regard when it becomes the law, as they are about costs—and perhaps even more so.

In any event, it is beyond doubt that the question of costs should be a concern not only of the provinces but of the federal government, the sponsors of this bill. It should be the concern of the Senate as well as the concern of the other place.

While I was not present at all the meetings of the committee to which references have been made, I was present at the meeting a few days ago when the Solicitor General made it clear that there was no serious consideration given by the federal government to the question of costs. As I followed him, the most he could say was that he had been in consultation with the provinces on the subject of costs, but no agreement had been reached. Whether that was because he was not prepared or the provinces were not prepared, I am not sure. In any event, he really did not think the costs were going to be as great as people feared. He made reference, as did Senator Neiman, to the view that if you take young people of 17 or 18 years, or whatever the age may be, who are now being dealt with in the adult offenders program, and transfer them to the program provided for in this bill, and credit the funds from the former program to meet some of the costs of the latter, you have a pretty good offset in costs and, therefore, the provinces will not meet such heavy costs and perhaps will meet only very small costs in the implementation of this program.

• (1610)

I do not really think that that is an answer at all. It seems to me perfectly fair and obvious that, if the federal government wishes to introduce a program which is going to bring substantial costs—or even *may* bring substantial costs—to the provinces and will force the provinces to accept such proposed

legislation, then the federal government has the duty to deal with the question of costs seriously, fairly and reasonably. It should feel the obligation to do so in advance of the burden being imposed on the provinces, which will be the recipients of the burden as well as of the benefits.

So far as I can see, and from what I heard in the committee and what I heard the sponsor of the bill say, there has been no really meaningful consultation by the federal government with the provinces on the subject of costs and the sharing of those costs between the two levels of government.

Regarding the question of transferring some costs incurred at present, but which will not be incurred under the new program, to offset the costs of the new program, Senator Neiman used the expression, "Presumably this will happen." I am sure she would not have used that expression, if there were any certainty in the matter at all. Of course, there is no certainty, because there has really been no effort made to find out whether this will happen, or, if so, to what degree it will happen.

Will the transfer of these older offenders to the new program require any less accommodation for those who are under the adult program? Will they be able to close prisons and correction centres because of this transfer? Will they be able to save any money on the heating and maintenance of the existing buildings because of this transfer? Nobody knows.

It looks to me as though this is just a shot in the dark, this particular assertion, which has not really been investigated at all. I am not even sure that the federal government has bothered to ascertain what the costs per person are to accommodate these older people in the present adult program, or how much it will cost per person to accommodate them in the new program.

As stated very eloquently by my colleague, Senator Donahoe, the Province of Nova Scotia has very substantial reservations, not only about costs but about a number of these things. One of them is whether the release of responsibility of all children up to and including the age of 12 will really work out to the advantage or to the disadvantage of those younger children. Will they be the subject of temptation and even pressure by those who are 13 or 14 to do the things those older children might wish done for their benefit, on the argument that if you are under 12 you do not have the responsibility and do not have to answer for your offences? The province is concerned, too, about the mingling of older young people—those in the 17- and 18-year-old class, or whatever the years may be when the legislation is finally applied—with youngsters of 12, 13 and 14. What kind of effect will there be upon those of such very tender years?

Very often, as anyone knows who goes into the courts, many of our offenders who find themselves in those courts today are people of 17 and 18 years of age. They often have a different outlook upon life and a different sense of responsibility for obeying the law than we would like to inculcate in those who are 12, 13, 14 and 15 years of age. Will the mingling of these older people with those of more tender years have a good or a

bad social effect upon those younger people as individuals and upon society as a whole?

Who canvassed these questions? I did not hear any answers—any satisfactory answers, at any rate, or any answers giving any indication that a really thorough consideration had been given to that particular problem.

Senator Neiman, as I understood her, said that her appreciation of the attitude of the government all through this matter was that it was one of flexibility. I am sorry to have to disagree with her on such an important point. It seemed to me that the only thing the government was perhaps flexible about was the date of the proclamation or something connected with the date on which the bill would become effective. They were certainly not flexible about money; they were not flexible about the age limits; they were not flexible about the other social arguments raised by the provinces. And neither was the committee flexible, so far as that goes, because the committee, after hearing those arguments, decided by majority to report the bill without amendment. They did that, in my humble opinion, without proper consideration of the question of the social effect, of the question of costs, of the question of the date of the coming into force of the bill, and without proper consideration of any of these matters. While I actually have the greatest respect for my colleagues on the committee and for the chairman, I do not feel bound to accept their views on any subject, any more than they feel bound to accept mine; but I did not see any evidence of any flexibility on the part of the minister when he appeared before the committee on the day I heard him. I have not noticed any flexibility of the government, I say, towards giving proper attention to any of the representations made by the provinces which came before the committee. In particular, I did not see any evidence of serious and meaningful consultation between the Government of Canada and the provinces on any of these questions, nor on the question of costs either.

Hon. George J. McIlraith: I wonder if the honourable senator would permit a question.

Senator Smith: Certainly.

Senator McIlraith: I happened to be very much interested in the predecessor of this bill some years ago. It was not proceeded with.

I understood the honourable senator to say a few moments ago that there was no flexibility on the part of the government in dealing with this bill. I had understood that hundreds or, at least, a very large number of amendments were made in the committee.

Senator Smith: In the other house.

Senator McIlraith: Yes, in the other house. That being so, I am asking him, does he still stand on his argument that there was no flexibility in considering the matter? I should have thought that accepting so many amendments would be an indication of a fairly flexible attitude.

● (1620)

Senator Smith: I suppose I could reasonably say to the honourable gentleman that I would not have made the allega-

[Senator Smith.]

tion about flexibility unless I had thought I was being correct. So I have to answer him to the effect that I do not regard the question he has raised as one that is at all contrary to the argument I am making about flexibility and consultation with the provinces. That is what I was talking about. If I did not make that clear, I thank the honourable gentleman for his question, because I want to make it clear. What I am talking about is flexibility vis-à-vis the provinces, and that is the only kind of problem I have mentioned, or intended to mention, anyway.

It does not take much to make me lose my train of thought, and the honourable senator, with his questions, has just achieved that. However, perhaps I can get back to it again.

I think I was saying that whatever one may think of the merits of the exact wording of the amendment, it intends to accomplish a very commendable and very necessary purpose if the proper relations between the federal and provincial governments are to be maintained. Therefore, whatever imperfections there may be in the amendment, and I do not perceive those mentioned by Senator Neiman, on behalf of my own province and the other provinces, and on my own behalf, I feel that the amendment should be supported, and consequently I ask honourable senators to do so.

Senator Frith: Honourable senators, just before the motion is put—

Hon. Jacques Flynn (Leader of the Opposition): How do you know?

Senator Smith: You don't mean "just before", you mean "before".

Senator Frith: "Before". I appreciate that. I said "just before" because I did not want to interrupt senators who may want to speak to the substance of this bill, using the amendment as a reason for doing so.

Honourable senators, there is a serious doubt in my mind as to whether the amendment is in order, for the reason that the amendment proposes:

That this Bill be not now read a third time but that it be amended by adding in the second line of Clause 81, after the word "proclamation" the words:

but not before an agreement is reached between the federal government and the governments of the provinces with respect to the sharing—

I think, honourable senators, that the correctness or procedural acceptability of this amendment is in serious doubt because it does not have an ascertained time when the bill is to come into effect.

I refer honourable senators and His Honour the Speaker to two authorities for that proposition. The first is a recent book, copies of which many of us have received, *The Composition of Legislation*, First Edition, by Elmer A. Driedger, at one time Deputy Minister of Justice, and also a lecturer on the subject of parliamentary procedure and legislation. He says, at page 134, in chapter XV, on the subject of the operation of statutes, that:

A statute may be expressed to come into force on a future date . . .

An Act may also be expressed to come into force on the happening of a named event, usually a proclamation issued under the Great Seal. The event should be one that is readily ascertainable from official and accessible records. If an Act is expressed to come into force, for example, on a day that an agreement is entered into between two persons, others would not be able to ascertain—except with difficulty—the date on which the statute came into operation.

The other authority I refer to, honourable senators, is a ruling by the Speaker in the other place, given on December 19, 1978, and found in *Commons Debates* at page 2269. The subject, I believe, was a piece of unemployment insurance legislation. I will not read the whole ruling. The words I wish to quote are as follows:

The difficulty is even greater. As I said yesterday, even if that could be agreed upon—

That is another question, of an agreement. In the case referred to here the condition which he describes as incapable of agreement was a given moment at which all members of the house and all of the people in the country could be certain of the act coming into force. In that case it was the period of 12 months after the national unemployment rate had been at 4 per cent or less.

The time at which that 12 months begins or ends is not fixed and is not described exactly. Therefore, on two counts, the moment cannot be fixed exactly. I have already said I do not want to deprive the honourable member of an imaginative approach to the coming into force of any statute but whatever formula or approach is used, it must lead to a fixed time which is understood by all. On those two counts, therefore, I say the motion fails to do that and so on procedural grounds, I have to set it aside.

Senator Flynn: I do not know if Senator Frith insists on his point of order, but I think that when we say that the bill will come into force by proclamation, we do not know when the government will proclaim it, and it seems to me that this argument is not very strong in itself. But if Senator Frith insists, and should the Chair rule that he is right, I will move another amendment, which will mention five years, unless there has been an agreement previously.

Senator Frith: Honourable senators, it is not really a question of insisting or not insisting; it is a procedural point that I raise for the attention of the Senate. I did not raise it until everybody had had an opportunity to speak, but whether or not that is relevant, there is the point, and the amendment is either in order or it is not.

Senator Flynn: I think you should have done this before.

Senator Smith: On the point of order, honourable senators, I should like to make just one or two observations.

With reference to the work by Mr. Driedger, he is a gentleman for whom I have a great deal of respect, and I

would be reluctant to dissent from what I perceive as being any statement of his. I can quite readily accept his statement that an agreement between individuals is not something the date of which can readily be known by the public as a whole. I still feel that the argument of the deputy leader is beside the point, because we are not talking about an agreement between individuals; we are talking about an agreement between governments. We are not talking either about a fixed time which would be determined by that agreement, but about a fixed time which will be determined by the proclamation which follows it. It seems to me that there can be no argument at all, with all respect to the deputy leader, that people will not know what the fixed time is, because it is going to be contained in and proclaimed by the proclamation. It seems to me, with respect, therefore, that that argument is not relevant.

Again, with reference to the ruling of the Speaker, I do not proclaim my high regard for that ruling as I did for Mr. Driedger; but even if I did have a high regard for it, I would have to make the same argument. This relates to a fixed time understood by all, and again I say that what we are talking about is a proclamation, which brings the act into effect. The proclamation will fix the date and the time and will be understood by all, the same as any other proclamation is. So with respect to the deputy leader, I submit, Mr. Speaker, that the amendment is perfectly in order, and ought to be so declared.

The Hon. the Speaker: Honourable senators, if the Honourable Senator Frith wants me to make a ruling on this, I would like to have some time to look into the problem and give a decision later on. But if you are ready to agree that a vote on the amendment does not mean I consider it is according to the rules, and does not create a precedent, I am ready to accept it on those conditions. Is it agreed?

Hon. Senators: Agreed.

The Hon. the Speaker: So it is clear that I do not accept as a precedent the fact that this amendment is accepted at this time, but I do not make any judgment on the point of order raised by the deputy leader.

Senator Flynn: I may offer the deputy leader a suggestion. If the amendment carries, we will authorize him to raise the point of order afterwards.

The Hon. the Speaker: It is moved by the Honourable Senator Asselin, P.C., seconded by the Honourable Senator Donahoe,

That this Bill be not now read a third time but that it be amended by adding in the second line of Clause 81, after the word "proclamation" the words:

but not before an agreement is reached between the Federal Government and the governments of the provinces with respect to the sharing of the additional costs that will be incurred by the provinces as a result of the implementation of this Bill.

All those in favour of the motion in amendment will please say yea.

Hon. Senators: Yea.

The Hon. the Speaker: All those opposed to the motion in amendment will please say nay.

Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the nays have it.

Senator Flynn: On division.

Motion in amendment negatived, on division.

● (1630)

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the main motion?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ACCESS TO INFORMATION BILL PRIVACY BILL

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-43, to enact the Access to Information Act and the Privacy Act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other acts in consequence thereof.

Motion agreed to and bill read third time and passed.

ENERGY MONITORING BILL

THIRD READING

Hon. Peter Bosa moved the third reading of Bill C-106, respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Jacques Flynn (Leader of the Opposition): On division.

Motion agreed to and bill read third time and passed, on division.

[Translation]

MOTOR VEHICLE FUEL CONSUMPTION STANDARDS BILL

THIRD READING

Hon. Maurice Riel moved the third reading of Bill C-107, respecting motor vehicle fuel consumption standards.

Motion agreed to and bill read third time and passed, on division.

[English]

PETROLEUM ADMINISTRATION ACT

BILL TO AMEND—THIRD READING

Hon. George J. McIlraith moved the third reading of Bill C-103, to amend the Petroleum Administration Act and to enact provisions related thereto.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Jacques Flynn (Leader of the Opposition): On division.

Motion agreed to and bill read third time and passed, on division.

INDIAN-INUIT WEEK BILL

SECOND READING—DEBATE ADJOURNED

Hon. Guy Williams moved the second reading of Bill S-28, establishing Indian-Inuit Week and Inuit-Indian Day.

He said: Honourable senators, Bill S-28 is not new, particularly in this year of our Constitution newly brought over to Canada. There are senators in this chamber who in 1966 took a principal part in the debate on the subject of celebrating an Indian Day. At that time the Honourable Robert Muir introduced a private members' bill in the other place. Another principal participant at that time was the Honourable Stanley Haidasz. Both are here with us today, and I am sure, in my heart, that they will again participate fully.

As history now tells us, at that time, Mr. Frank Howard, an honourable member in the other place, referred to me as being responsible for the instigation of this bill in 1965-67, which was talked off the floor. The point in question at that time was that a day be set aside for Indian people in Canada to celebrate.

Today I have something different to say, and it is in line with the patriation of the Constitution. This includes the Inuit. As honourable senators know, Senator Adams and I belong to the first group of citizens who were here before the arrival of the forebears of honourable senators in this chamber.

The Prime Minister has said on more than one occasion that every Canadian shall be equal. Equality may have a different meaning for the Indian people, whether they be treaty or non-treaty Indians or Métis or non-status.

Bill S-28 is entirely different from Bill C-78 of 1965-67. At that time it was sought to have only one day to be celebrated by Indians. Many changes have taken place since then. The Indian people have advanced, moving slowly and participating in the Canadian mosaic and society. They have participated in actions of loyalty when this great country was in trouble, such as fighting in the wars. May I at this time pay tribute to the Indian veterans who paid the supreme sacrifice during the wars? They fought and died for their country.

● (1640)

The Indian and Inuit people are making progress, in their own slow way, in adjusting to a society that is entirely different from theirs, just as my colleague and I know that our societies are different from each other's. We native people of Canada have suffered like other native people on different continents. For instance, when settlers first moved into Brazil there were 3 million Indians in that part of South America. Because of disease and other causes there are barely 200,000 Indians left today. From 3 million to 200,000 is quite a drop.

We as Canadians have also suffered from disease and other causes. Yet, we have survived and we are participating in the society in more ways than one.

As in any other democratic country, there are people among us who disagree with their society, though inwardly they are proud to be Canadians and to participate in the Canadian way of life. This has been proved time and time again by the sacrifices made by the Indian people who joined the armed forces during the two world wars. But I need not go into that. I think the history is well known and well accepted. I will say, though, that many of the Indian people who fought for their land and their country were not taken prisoner but were killed because the enemy was unable to decipher their language in the Signal Corps. Such is the nature of war.

Bill S-28 will enhance the unity of the Indian and Inuit peoples of Canada. I am trying to avoid mentioning the Inuit people, because my colleague, Senator Adams, will have the privilege of speaking on their behalf.

I would like to refer to a lament made by a famous Canadian, the late Dan George. He gave the lament at a celebration in honour of the one hundredth birthday of Canada. I think it states the inner turmoil experienced by the Indian as he tries to adjust to a different society. Prior to this debate, this chamber was debating the Young Offenders Bill. In my time here I have had the pleasure of serving on the Subcommittee on Parole in Canada, and I know a little bit about the problems of Indian inmates. In any event, I shall only read part of the lament by Dan George. Some of you may be familiar with it. It reads in part:

My nation was ignored in your history textbooks—they were little more important in the history of Canada than the buffalo that ranged the plains. I was ridiculed in your plays and motion pictures, and when I drank your fire-water, I got drunk—very, very drunk. And I forgot.

Oh Canada, how can I celebrate with you this Centenary, this hundred years? Shall I thank you for the reserves that are left me of my beautiful forests? For the canned fish of my rivers? For the loss of my pride and authority, even among my own people? For the lack of my will to fight back? No! I must not forget what's past and gone.

Oh, God in Heaven! Give me back the courage of the olden Chiefs. Let me wrestle with my surroundings. Let me again, as in the days of old, dominate my environment. Let me humbly accept this new culture and through it rise up and go on.

Oh God! Like the Thunderbird of old I shall rise again out of the sea; I shall grab the instruments of the white man's success—his education, his skills, and with these new tools I shall build my race into the proudest segment of your society. Before I follow the great Chiefs who have gone before us, Oh Canada, I shall see these things come to pass.

I shall see our young braves and our chiefs sitting in the houses of law and government, ruling and being ruled by

the knowledge and freedoms of our great land. So shall we shatter the barriers of our isolation. So shall the next hundred years be the greatest in the proud history of our tribes and nations.

The late Dan George did not realize his dream, and I do not think I shall either because we need more time, though we are steadily making progress.

As many of you know, I believe that when this house adjourns for the summer I shall be leaving you. I do not think the house will sit before my birthday, though if it does I shall be thankful. So this is part of my farewell. I do not believe that for my part I could do anything greater than try to make Bill S-28 a reality for my people and my colleague's people. I hope it will go down in history as part of what we all dreamed when the struggle was on to bring the Constitution to Canada.

We have learned well. Many of our people disagreed with the bringing of the Constitution to Canada and wanted to it to stay in England. It was a hopeless situation and, personally, I think it was a waste of time.

● (1650)

The place to get things done by the federal government is in Ottawa.

I plead and ask each and every one of you on both sides of the chamber to vote in favour of this bill.

Hon. Willie Adams: Honourable senators, I do not have a prepared text to read from, so I shall not keep you too long.

Bill S-28 is to establish Indian-Inuit Week, and Inuit-Indian Day in Canada. My colleague, the Honourable Senator Williams, has attempted to have such a day recognized in Canada on two previous occasions. If my memory serves me correctly, when I was growing up in the North, the only holiday we had during the year was Christmas Day.

There is a strong bond between the Inuit and Indians of this country, as well as between those living in Alaska and Greenland, and I am pleased to see that if this bill is passed we will have our own day on which to celebrate. Canada celebrates its birthday on July 1. The Indians and Inuit of Canada celebrate on that day, but I am sure they would be pleased to have their own day on which to celebrate. They already have Hamlet Days in the communities across the North, but this will give us another reason to celebrate.

I never thought I would live to see the day when a bill such as this would be introduced in the Senate. As I have said, I am more than pleased to support this bill.

My colleague, Senator Williams, mentioned that there were three million Indians in Brazil who suffered from disease and other ailments, and, because of that, there are now only 200,000 Indians.

There are 24,000 Inuits scattered across Canada, without counting our friends in Alaska and Greenland. Though some of us live in Greenland and Alaska, we think of ourselves as being one people.

As I said at the outset, I am pleased to see such a bill being introduced in the Senate, and I hope that it will receive your approval.

On motion of Senator Muir, debate adjourned.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND (NO. 3)—SECOND READING

The Senate resumed from Tuesday, June 22, 1982 the debate on the motion of Senator Stollery for second reading of Bill C-108, to amend the National Energy Board Act (No. 3).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I really hesitate to proceed now, but I have said on at least three different occasions that I intend to speak on this bill, so I do not think I should adjourn the debate now.

This bill, which is an extraction from the famous omnibus energy bill, is probably one of the most delicate pieces of legislation taken from that omnibus bill. It may not be as important as the other bills which arose as a result of the omnibus bill, but it deals with a delicate matter.

There are two aspects to this particular bill, one dealing with the so-called corridor through Quebec for electrical power from Newfoundland, and the other dealing with the powers of the National Energy Board being extended to include matters not only relating to electrical power transmission lines but also to oil and gas transmission systems.

Speaking on the aspect of the bill dealing with the so-called corridor, the minister appeared before the committee this morning when we were considering the bill. He explained the situation regarding the corridor through Quebec, a situation which is well known because of the famous dispute going on between Quebec and Newfoundland over a contract entered into some years ago with regard to Churchill Falls electric power which, with the passage of time, has become rather inequitable for Newfoundland. There is no doubt that Quebec has derived excess profits from that, if one wants to describe the exact situation. The Province of Newfoundland has no direct way of changing the contract. It cannot go before the courts unless it asserts that it was signed and executed in error, which is not the case. But, because of a lack of foresight, this has resulted in an inequitable situation for Newfoundland.

The negotiations between the two provinces have not been too fruitful, so finally Newfoundland asked the federal government to amend the National Energy Board Act to give it the authority to deal with a power transmission line in the same way as a pipeline. Thus, Newfoundland could expropriate a corridor through Quebec to ship its power from Churchill Falls to the United States, Ontario or other provinces.

● (1700)

It is on the basis of this principle that the government has inserted in this bill this authority for the National Energy Board. It has to be remembered that a favourable recommendation by the National Energy Board on this issue would require the consent of the Governor in Council, in addition.

[Senator Adams.]

Newfoundland appears to be satisfied with this provision, but Quebec is very unhappy about it. In other words, the federal government is saying that it has to intervene and perhaps act as an arbitrator between the two levels of government. We have to remember that, in fact, this solution of a corridor would be a very difficult one. The minister said, and I think everybody agrees with him, that it is a solution of despair. It would create so much dispute between the two provinces that I doubt that in the end it would prove to be the solution.

It is on that basis that I am very sympathetic to the viewpoint of Newfoundland. I think that some concession should be made by Quebec, but I am not too familiar with the details of the negotiation and I am not here to give advice to one government or the other. I think that the federal government, by intervening in this way at this time, is perhaps not taking the proper course of action, and, from a diplomatic viewpoint, it is in error. It might be a right decision, in principle, to say that a transmission line should be in exactly the same position as a pipeline. That is well and good, but here it is done in a very specific case. It is done in favour of Newfoundland against Quebec, and it is not as though it is establishing legislation in principle for all situations that could compare with this one. For that reason, I believe it is very doubtful that this would really bring about a solution.

Of course, that is not the only remedy that could be looked at by the Province of Newfoundland. I believe it has been proven before the committee of the other place that if they could carry the power from Churchill Falls through the Strait of Belle Isle, through the Province of Newfoundland and through the Cabot Strait, they could possibly reach Nova Scotia and then go to the United States. Apparently, it is now technically feasible to do that, but perhaps it would be much more costly than the other way, the so-called Quebec corridor.

Another point of dispute between the two provinces is the fact that Newfoundland has asked the Court of Appeal of Newfoundland to rule on the legality of provincial legislation which would, in fact, authorize the province to cut off power to Quebec; in another way to nullify in practice the contract between the two provinces. I do not think that this would be done by Newfoundland without having foreseen all the practical consequences of such a move. I suggest it would be equivalent to a declaration of war between the two provinces.

That is the state of things that worries me very much, and that is why I look upon this bill with very little favour. On the one hand, the federal government, through this legislation, is giving something to Newfoundland, but, on the other hand, it really takes away, or suggests that it may take away, from Newfoundland something with regard to oil and gas. I questioned the minister about that this morning.

I refer you to Part VI.1 of the bill, under the heading "Interprovincial Oil and Gas Trade." In this Part "offshore area" is described as:

—Sable Island or any area of land not within a province that belongs to Her Majesty in right of Canada or in

respect of which Her Majesty in right of Canada has the right to dispose of or exploit the natural resources and that is situated in those submarine areas adjacent to the coast of Canada and extending throughout the natural prolongation of the land territory of Canada to the outer edge of the continental margin or to a distance of two hundred nautical miles from the baselines from which the breadth of the territorial sea of Canada is measured, whichever is greater.

Section 87.1(1) reads as follows:

The Governor in Council may by order direct that the Board assume supervision and control of the movement of oil or gas, or both, or any quality or kind thereof (hereinafter in this Part called "designated oil or gas") out of a province or the offshore area or both (hereinafter in this Part called the "designated province or area").

In other words, the act would give authority to the Governor in Council to control the movement of oil and gas which could be discovered on the coast of Newfoundland. The minister said that if the Supreme Court would rule against the viewpoint of the federal government in the Hibernia case, it would not apply. I am not too sure about that. In the reference by the government to the Supreme Court of Canada, Hibernia is defined as an "offshore area." That was made quite clear this morning in committee. It is obvious that this provision would worry the Province of Newfoundland and all those from that province who view the Hibernia field as very promising for the welfare and wealth of that province.

Hon. Royce Frith (Deputy Leader of the Government): If the decision of the Supreme Court is not in favour of the federal government, I think this section would not be included because the federal government would not have the necessary legislative authority.

Senator Flynn: Maybe, but it may not be the last word on the question, this reference by the federal government to the Supreme Court of Canada, because you have the reference by the Province of Newfoundland to its own Court of Appeal, which covers the whole offshore area of Newfoundland, including the bays, the three-mile limit, the 12-mile limit and so on. Even if the Supreme Court were to rule that the Hibernia fields are the property of the federal government, it would not necessarily mean that the rest of the immediate coast would not be part of it.

Senator Frith: I was thinking of the reverse.

● (1710)

Senator Flynn: We have already discussed the possibility of confusion between the decision of the Supreme Court of Canada and the decision of the Court of Appeal of Newfoundland. I will go into that no further because it may be *sub judice*. In any event, it is up to the courts to decide, and whatever I say about it would certainly not affect or change the decision.

I point out that this legislation, on the one hand, gives a carrot to the Province of Newfoundland, and, on the other

hand, takes away, as much as a bill can, the claims of Newfoundland to the oil and gas resources off its shores.

I read from the *Minutes of Proceedings and Evidence of the Standing Committee on Energy Legislation* of the House of Commons, before which the Honourable William W. Marshall, the Minister responsible for Energy, Government of Newfoundland, appeared and was asked by Mr. McGrath the following question, which appears at page 26:24:

—if I as a parliamentarian were to ask you as a distinguished lawyer for some legal advice about a dilemma I have, for example, would I be foreclosing any options I may have, or any arguments I may have, on the offshore jurisdictional question if I were to vote for Bill C-108, and I refer specifically to Clause 87?

I think that is now clause 87(1). Mr. Marshall gave the following reply:

The way the bill is put together, in my opinion, it has a lot of aspects to it, as we all know, so you are damned if you do and you are devilled if you do not. You see one thing in it you want, and you vote for it, but you will also vote for the other. Let me put it to you this way: I cannot conceive in isolation anyone voting for that particular section and still be—I must watch my words here very carefully—an inhabitant of good standing in the good province of Newfoundland, I mean, that is a legislative assumption of jurisdiction over the offshore, and it is the type of thing which in my view leads to the irritants that build up between provinces and the federal government.

In questioning Mr. Marshall later on, at page 26:25, Mr. McGrath asked:

In any event, I do not want to dwell on it, but I am merely trying to point out to you the dilemma that this bill poses to someone who has fought long and hard for the Quebec-corridor concept. I find it grossly unfair. I would go further. I find it grossly unjust that I would be put in a position where I would have to foreclose some of my arguments on the off-shore question; where I would be voting in favour of emasculating the authority of the NEB; giving the Government of Canada the sole right with regard to the pricing of natural gas and oil.

● (1720)

This is another aspect of the question.

Finally, the last excerpt I want to quote, to show the dilemma of the Province of Newfoundland and the good people of that province, is to be found at page 26:26, where Mr. McGrath says:

This bill is almost machiavellian because the government knows how desperately we need the power corridor, yet the price we are being asked to pay may be just too high.

Of course, when Mr. McGrath refers to Machiavelli, that, as it always does, makes me think of Mr. Trudeau, although in this particular case I suppose the "Machiavelli" is Mr. Lalonde, a very good disciple of the Prime Minister.

In any event, to my way of thinking, this bill will create confrontation. Mr. Trudeau is always happy with confrontation, of course, and especially if he can provoke confrontation between the two provinces with which he happens to disagree at the present time, Newfoundland and Quebec—and Quebec more than any other province at any time. He knows that, if he can get them fighting each other it will take some of the pressure off him. There is no doubt that he enjoys confrontation between the federal government and the provinces, but he is especially happy if he can get the provinces fighting among themselves because he has always been a fervent observer of the motto “Divide and conquer!”

Honourable senators, even if this bill in some respects does include good principles, in practice, under the circumstances—those special circumstances with which it tries to deal—it is an extremely dangerous piece of legislation and should be resisted. To my way of thinking, if we refused to adopt this bill, we would be rendering a great service to the litigants, the two provinces in question, and to the federal government as well.

Having said that, honourable senators, so far as I am concerned—and I don't know what others on this side will do—I shall vote against the bill.

Senator Frith: Honourable senators, if I may add one word to the debate on second reading, on the question of the dilemma, while I understand the position taken by Mr. McGrath, as quoted by Senator Flynn, it seems to me that another dimension of the supposed dilemma is that in the event that the Supreme Court of Canada comes to the conclusion that the federal government does not have legislative jurisdiction over the offshore area, as defined in section 87, as a result of the decision on the question referred to it, section 87 would lose its legislative and constitutional authority, because the court would be deciding that, in fact, the federal government did not have jurisdiction over that area. If, on the other hand, the court makes a decision in favour of the federal government, the government could then, in due course, pass legislation similar to section 87.

So, while the dilemma, as described, certainly appears at first blush to exist, it seems to me that, if one were so persuaded, one could vote for this bill as a Newfoundlander knowing that, in effect, one was voting for that part referred to in section 87 in the context of the eventual legislative authority as determined by the Supreme Court.

Hon. C. William Doody: Honourable senators, I would like to say a few words on the bill as an interested Newfoundlander. I don't know if you would like me to do that now or if you would prefer me to adjourn the debate and speak on the matter tomorrow.

The Hon. the Speaker: Is the honourable Senator Doody moving the adjournment of the debate?

Senator Frith: Before the debate is adjourned, may I add a word? I realize I am not entitled to another intervention in the debate, but in terms of making our plans I would like to know what the position is. At the moment we are studying the principle of the bill on second reading. I listened carefully and

respectfully to the intervention made by Senator Flynn. Will it be the position of the opposition that we ought to refer this bill to the Standing Senate Committee on Banking, Trade and Commerce after second reading, bearing in mind the fact that that committee has now had the subject matter before it for pre-study for some time? I ask that only in terms of planning for committee meetings.

Senator Flynn: The plan, as discussed with the acting chairman of the committee, was that if the bill were given second reading today it would be referred to the committee, and it was arranged that the committee would meet tomorrow morning to deal with it. The committee would not call upon the minister again, because, of course, it has already considered the subject matter of the bill, but it might deal with the bill, if not clause by clause, at least sufficiently to suggest amendments to certain of the clauses in the bill. Of course, the normal procedure would be to refer the bill to committee anyway.

Senator Frith: I agree.

Senator Flynn: I was not aware that Senator Doody wanted to adjourn the debate, but if that is the case, we could consider the bill in committee on Thursday morning.

Senator Doody: Perhaps I could help, honourable senators. What I have to say would only last five or six minutes, if honourable senators are willing to tolerate that at this time of the day.

Hon. G. I. Smith: Honourable senators, before Senator Doody speaks, may I ask the deputy leader or the sponsor a question, because, depending on how that question is answered, I may ask senators to permit me to speak as well?

Does either the sponsor or the deputy leader know whether or not the Province of Nova Scotia has given its consent to this bill? You will see that in clause 87 the definition of “offshore area” means Sable Island, among other things. That, of course, would be a vital matter to Nova Scotia. If the agreement of Nova Scotia to this bill has not been obtained, then I should feel it necessary to put forward, as best I can, some of the reasons why the bill should not pass.

Senator Frith: I do not know what took place in the committee, honourable senators. Perhaps the sponsor or the acting chairman can help us in that respect. I assumed when I read that clause, and I noticed it when Senator Flynn referred to it, that the clause referred to Sable Island only in the context of a section of the British North America Act. I forget the section now.

That is all I can say about that matter. Perhaps someone else can enlighten us on that. But it does seem to me only to be talking about it in the light of that section of the British North America Act which deals with the resources of Sable Island.

Hon. George J. McIlraith: Honourable senators, if I may just answer Senator Smith's question, I do not recall a question being asked in committee as to whether or not Nova Scotia had agreed, but there was certainly no indication anywhere that they had taken any objection in any way.

Certainly, none came to the committee, and there was no indication that any objection had been raised elsewhere or that that question had been discussed.

I draw Senator Smith's attention to the fact that "'offshore area' means Sable Island . . ." In the bill it reads:

"'offshore area' means Sable Island or any area of land not within a province that belongs to Her Majesty in right of Canada or in respect of which Her Majesty in right of Canada has the right to dispose of or exploit the natural resources—

I draw that limitation to Senator Smith's attention. It may have a bearing on his question.

Senator Frith: It is not Sable Island's offshore, but Sable Island itself. I think you are right, Senator McIlraith.

● (1730)

Senator McIlraith: I draw his attention to those limiting words.

Senator Smith: Would the honourable senator be good enough to say that again? I did not quite catch what he said.

Senator McIlraith: It is on page 16 of the bill:

"'offshore area' means Sable Island or any area of land not within a province—

What is the concern? Is it that Sable Island is within the area of Nova Scotia?

Senator Smith: Well, not exclusively, though partly, I suppose, because it obviously tends to deal with Sable Island, whether it is within Nova Scotia or whether it is not.

Senator McIlraith: Yes, but there is an agreement with Nova Scotia.

Senator Smith: I know very well that there is, and I am not sure that this provision is in accordance with that agreement, which is what leads me to ask the question.

Senator McIlraith: I cannot give a definitive answer, but I understand that the question of the definition, insofar as it pertains to Nova Scotia, does not arise, by virtue of the agreement.

I will have to leave the matter there. I am sorry not to be able to be more directly helpful.

Senator Smith: I do not think the honourable gentleman should feel any regret about not being able to answer. I should be in a position where I should not have to ask the question. I therefore do not blame him at all.

Senator Doody: I apologize for rising at this late hour, but I really feel that I should say just one or two words about this particular bill. It is a matter that is of grave concern to the Province of Newfoundland, and, indeed, to the Province of Quebec.

The object of the Newfoundland representations for equal status under the law in terms of the transportation of energy is really consistent with the status of all other provinces in terms of the transmission of oil and gas across provincial boundaries. That, really, has been the nub of the matter for some time. It

has been an on-going source of irritation in the provinces, certainly for the past 10 years, and probably longer.

This problem has recently been brought to a head, according to the minister this morning, by an application by the Alberta Power Corporation to deal with an interprovincial or international power transmission line, and the minister says that it really was not put in place to facilitate the requests of the Province of Newfoundland, although there are certainly those of us who might feel that that is not quite accurate, at least in the heart of the matter.

It would indeed be delightful to imagine the two provinces sitting down together, resolving the difficulty and putting a common front forward on the transmission of electrical energy from the waters in Labrador, through the province of Quebec, and into a national grid. Some of us in eastern Canada have had the dream for a long time of harnessing the electrical potential in the province of Quebec and the Labrador section of the province of Newfoundland, of shipping that power west, the surplus south, and building up a security of energy supply in the eastern part of Canada that would have nothing at all to do with the oil and gas situation. It would indeed be a matter of great benefit to the people of eastern Canada if the dependency on oil and gas were removed completely in terms of electrical needs. That has not been the case. That desire has been frustrated by a series of disagreements between the two provinces for quite a long while. I was a party to some of the discussions over the years, and, indeed, my friend and colleague Senator Tremblay was a party to some of those same discussions along the way. It is a great deal more complex—these things usually are—than would appear on the surface.

It would be simple indeed to say that the Government of Quebec should have persuaded Quebec Hydro a long while ago to reopen the Churchill Falls power contract, that it was inequitable for Newfoundland, that it was not a reasonable agreement; but the simple truth of the matter is that it is an agreement, and it is a legal agreement. I have no praise for the people on the Newfoundland side who signed the agreement. At the time it could be said that it looked like a good deal for Newfoundland. Newfoundland was desperately in need—indeed, when has it not been desperately in need?—of some sources of employment or revenue. The terms of the contract were reasonable at that time. Probably the single most objectionable part of that power contract was that it was a 65-year contract with no re-opener, and how anybody could possibly contemplate the ability to look 65 years into the future in terms of anything boggles the mind. That, however, was the agreement that the Government of Newfoundland, or its representatives, signed at that time. There is one small re-opener in it, which is kind of ironic. After 40 years the price drops from 2.5 mills to a lower price, which really is a tribute to the people who negotiated the contract!

The bonds at that time were guaranteed by Quebec Hydro. The sale was made through Quebec Hydro to Quebec Hydro, and generally speaking the bond indenture was written in such a way that if a default in supply of power were to occur for some reason there would be a resultant default in the bond

issue, and the customer, Quebec Hydro, would have the authority and power to take over the operation, and so on.

So, by and large, it is a rather rigid document, well written from the Quebec Hydro side, and not quite as well done from the side of the Province of Newfoundland. It would be nice to have that agreement re-opened, and to have a more reasonable price paid for the power to the province of Newfoundland; but the people in the province of Quebec say that that would not be reasonable or sensible from their point of view. They have a contract, valid and reasonable, and they have every intention of seeing that their people get the benefit of it.

That is not the whole problem, however. There are other side issues involved. There is the development of the other water power in that whole vast area that has been held up as a result of this dispute, and that, to me, is the tragedy of the whole situation. Although the Churchill Falls agreement takes the headlines, the five rivers which originate in the province of Quebec and run south to the north shore and into the St. Lawrence River are important. They have been flowing since time immemorial and will continue to flow, because no one can harness them. The headwaters are in Labrador and the rivers run through the province of Quebec into the St. Lawrence. There are thousands of megawatts of electricity just running away day after day, month after month, because there is no resolution of the conflict. As Senator Flynn points out, perhaps the forcing of a power corridor just might prolong that sort of agony a great deal longer. There are rivers in Labrador that run into the Labrador Sea, such as the Eagle and the Lower Churchill, with a power potential equal to that of the Upper Churchill. That is another 5,000 megawatts of power that are running up there unharnessed, and have been from time immemorial also, and will continue to run. There is a tremendous equivalent in terms of barrels of oil—I do not have the figures with me—just running into the ocean because of this sort of squabbling.

To have this sort of matter resolved would certainly be in the best interests of Canada as a whole, and of the people of Newfoundland especially. Whether or not this power corridor will resolve the difficulties remains to be seen. I have some reservations. If the Government of Quebec does not accept it in good faith, then obviously the problem will remain. I find it very difficult to imagine a power corridor going through any province that is not favourably thought of or received by the government of the province through which it is going. I hope that reason will prevail as the situation resolves itself down the way.

The other point on the power corridor that I find fascinating and intriguing—and I still have not received an answer on this, although I asked the minister this morning—is the six months' hoist. The power corridor section of this document does not come into effect until six months after the rest of the bill. The object of that delay has been, I am told, to encourage the two sides to sit down and discuss their differences further, and, hopefully within six months, come to a resolution of the things that have separated them for the past 10 or 15 years. What sort of incentive is in this document to get the Government of

Newfoundland to sit down, when they know that in six months' time it is going to be put into effect anyway, to make concessions during the six-month waiting period that they have not found it possible, in all conscience, to make over the past 10 years, escapes me. Perhaps somebody can explain that to me as the debate goes on.

In terms of the old joke, from Newfoundland's point of view that is the good news. But, as Senator Flynn pointed out, from Newfoundland's point of view there is a bad news side to it too. Senator Frith seems to suggest that it may be a cosmetic problem, and that the problem of the offshore jurisdiction is going to be resolved in the courts anyway. Nevertheless, I find it repugnant, after my years of experience and dedication to trying to get some sort of resolution to that offshore problem, to vote for the clauses in this bill which extend to the Governor in Council and the federal government the jurisdiction over, and the right to dispose of and exploit, all the natural resources situated in the submarine areas off the coast of Newfoundland.

• (1740)

I asked the minister in committee today how he could explain the discrepancy in this document and in the national energy bill and the petroleum authorization bill. The same wording is there. They lay claim to all of the adjacent submarine acreage, the continental shelf and the 200-mile nautical limit or the 200-mile economic zone, whichever is the greater.

Nevertheless, in the reference to the Supreme Court they have confined themselves to what they rather unfortunately, unrealistically and untruthfully refer to as "the Hibernia area," which is really an area of 820 square miles, which is far in excess of the Hibernia area. It is the entire potentially productive geological structure off the east coast of Newfoundland that has been laid claim to in the court reference; it is not just Hibernia. I asked the minister today if it was the intention of the Canadian government, as time goes on, if other potentially productive areas are discovered in the offshore, also to lay specific claim to those areas. Is the interest only in the mineral-bearing areas or does the government, somewhere along the line, intend also to take over the whale pasture? The witnesses were somewhat vague on that.

The discussion seemed to centre around the fact that the jurisdiction is more important where the activity is, and "activity" can be loosely translated into potentially commercially profitable areas for the government which has jurisdiction, which, in my estimation, is not really the way that a confederacy should work.

This morning we heard the minister describe the possibility of exerting jurisdiction within the bays of Newfoundland. I find that mind boggling—all the various bays and inlets from headland to headland where for hundreds of years commercial fishing activities have been going on and is now becoming of great commercial importance to the Government of Canada. If there is some commercial activity under the ocean bed, then that is unfortunate. Within the next year or so things might change on the federal scene and it is to be hoped that the thinking might change with it.

I do not propose to delay honourable senators for long. I should like to speak for a few moments on the cable crossing the Straits of what used to be so offensively referred to as the Anglo-Saxon route across the Straits of Labrador to the Island. I find the term "Anglo-Saxon route" somewhat offensive because almost 50 per cent of the population of Newfoundland is Irish. Do not misunderstand me. My colleagues from Quebec will think that I am being sympathetic about them, whereas I am being sympathetic about my own Celtic background. The term "Anglo-Saxon route" has always disturbed me; but what is even more disturbing is the cost and the technical problems associated with this. It does not make sense for a Canadian province to be shipping power down to the United States through that long, laborious, technically difficult, ice-ridden area, at a mill rate that is perhaps two or three times as high as it would be shipping it across our own country.

I could ramble on about the various power options and energy problems on the east coast of Canada. I am one of those who will now be damned if he does and damned if he doesn't; if I am going to endorse Canada's claim to the offshore or bless them for giving us a power corridor perhaps six months from now, if all goes well. We will see what happens. I may become schizoid after tonight.

Senator Smith: Honourable senators, I do not intend to prolong the debate. It has been suggested, and I believe quite reasonably, that perhaps my question—which obviously cannot be answered here—can be answered in committee tomorrow morning. Therefore, I am prepared to wait until that opportunity occurs before saying anything further.

Senator Frith: Honourable senators, just for the record, the section of the British North America Act to which I was referring is section 91, subsection 9.

Senator Flynn: But that does not change the wording of the bill.

Senator Frith: No.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Senator Flynn: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

Hon. Peter A. Stollery moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

FOREIGN AFFAIRS

FALKLAND ISLANDS—OCCUPATION BY ARGENTINA—MOTION EXPRESSING PLEASURE ON RESOLUTION OF CONFLICT AGREED TO

The Senate resumed from yesterday the debate on the motion of the Honourable Senator Croll, seconded by the Honourable Senator McIlraith, P.C.:

That this House congratulate Prime Minister Thatcher, the Government and the people of the United Kingdom on their resolution of the conflict in the Falkland Islands that maintains the principle that armed aggression must be resisted, that respect for the United Nations Charter and the rule of law in international affairs be observed and force not used to settle territorial disputes between states, regrets the loss of life and injuries on both sides and urges a peaceful settlement of all outstanding issues between the U.K. and Argentina.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I adjourned the debate yesterday. Senator Croll and I have discussed the matter and I believe the honourable senator may have a solution.

Hon. David A. Croll: Honourable senators, with leave of the Senate and pursuant to rule 23, I move, seconded by the Honourable Senator McIlraith, P.C., that the motion be modified to read as follows:—

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Croll: Honourable senators, I therefore move:

That this House expresses its pleasure on the happy resolution of the conflict in the Falkland Islands and hopes that the respect for the United Nations Charter and the rule of law in international affairs will be observed in the future and force not used to settle territorial disputes between states; regrets the loss of life and injuries on both sides and urges a peaceful settlement of all outstanding issues between the U.K. and Argentina.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(See p. 4535)

TRANSPORT AND COMMUNICATIONS

INTERIM REPORT OF STANDING SENATE COMMITTEE ON PASSENGER
RAIL SERVICE PROVIDED BY VIA RAIL CANADA INC.

Membership of the Committee

The Honourable George I. Smith, *Chairman*The Honourable Léopold Langlois, *Deputy Chairman*
and

The Honourable Senators:

| | |
|---------------------|-----------------------|
| Adams, Willie | Macdonald, John M. |
| Bell, Ann Elizabeth | Marshall, Jack |
| Bonnell, M. Lorne | McElman, Charles |
| Charbonneau, Guy | Muir, Robert |
| Cottreau, Ernest G. | *Perrault, Raymond J. |
| Doody, C. William | Petten, William J. |
| *Flynn, Jacques | Riley, Daniel |
| Graham, Alasdair | Rowe, Frederick W. |
| Leblanc, Fernand | Stollery, Peter |
| Lucier, Paul | Wood, Dalia |

*Ex Officio Members

Note: The Honourable Senators Anderson, Davey, Denis, Sherwood, Lewis and Molgat also served on the Committee at various stages.

ORDER OF REFERENCE

Extract from the *Minutes of the Proceedings of the Senate*, Wednesday, October 28, 1981:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Riley, seconded by the Honourable Senator Bielish:

That the Standing Senate Committee on Transport and Communications be instructed to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc, and, in particular, to examine

(a) the Federal Government's plans for reorganizing Canada's passenger train services announced by Transport Minister Jean-Luc Pepin on July 27, 1981;

(b) the changes in passenger train services effected by Order in Council P.C. 1981-2171, dated August 6, 1981, made pursuant to subsection 64(1) of the *National Transportation Act*; and

(c) the procedure followed by way of Order in Council P.C. 1981-2171 in varying the Canadian Transport Commission's Orders and Decisions respecting Canada's passenger train services.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

ROBERT FORTIER
Clerk of the Senate

ACKNOWLEDGEMENTS

During the last 8 months this Committee has held 14 public hearings and numerous *in camera* meetings.

The Committee has received the cooperation from the Minister of Transport, the Hon. Jean-Luc Pepin, the former Minister the Hon. Don Mazankowski, Les Benjamin, M.P., and Tom Siddon, M.P.; officials from Transport Canada and the Canadian Transport Commission, Mr. Frank Roberts, Chairman, officials from VIA Rail Canada Inc.; officials from C.N.; officials from C.P.; officials from Transport 2000; Mr. John DeLora, Director, Michigan Passenger Foundation and Mr. G. C. Eglington, Counsel, Joint Committee on Regulations and other Statutory Instruments. Many of these witnesses, a list of which is appended to this Interim Report, testified on numerous occasions. This type of study would have been impossible without their testimony and the Committee is very grateful for their assistance.

Particular mention must be made of the assistance provided by Committee personnel namely Mrs. Aline Pritchard and Messrs. Eric W. Innes and André Reny for their help and Mr. Jack Silverstone, Research Officer, Law and Government Division, Library of Parliament all of whom worked diligently and with dedication to carry out the necessary research, to prepare the basis and recommendations of this *Interim Report* on VIA Rail Passenger Services.

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RECOMMENDATIONS

1. The Committee recommends that a special joint committee of both Houses of Parliament be created for the purpose of analyzing the contemporary and future options for passenger transportation services in Canada for the current and following decade. This study should be comprehensive and include an examination of all modes of passenger transportation. This special joint committee should have as its primary objective the presentation of recommendations that will ensure viable, economical, efficient and convenient passenger services for Canadians in all regions of the country.

2. The Committee recommends that any future decisions on passenger rail service reorganization or rationalization that involve route or service cancellations, abandonments or reductions be preceded by open and representative public hearings so that all parties concerned will have an opportunity to state their views. Furthermore, such hearings should not come to be regarded as mere formalities, but rather should be seen as an integral and indispensable part of the decision-making process. Consequently, the Committee also recommends that s. 64(1) of the *National Transportation Act* be amended, or its application be restricted by amendments to other sections of the Act to ensure it will not be used to make major reductions in passenger service without proper recourse to the Canadian Transport Commission or to Parliament.

3. The Committee recommends that an enactment providing a clear and all-encompassing legislative framework for VIA Rail Canada Inc., and in consequence for passenger rail service in this country, is an essential requirement. A good deal of delay has already taken place since the initial incorporation of the company. Time now should be regarded as of the essence and the Committee earnestly recommends the introduction of such legislation at the earliest possible date. The Committee recommends that such legislation specify the right of VIA Rail to relevant costing data, and should specify the methods to be employed in order to obtain the necessary information either from the railways directly or through the Canadian Transport Commission. The Committee also recommends that the appropriate officials of VIA Rail be fully consulted in the course of drafting the legislation.

4. The Committee recommends that future contractual agreements between VIA Rail and CP Rail and CN Rail incorporate a fixed charge for each service provided and eliminate post year-end billing except for cases of demonstrable errors or oversights as found and authorized by a CTC audit.

5. The Committee recommends that the CTC audit of charges to VIA Rail be conducted more expeditiously. If necessary in order to shorten the current unacceptably long delays in the CTC's auditing procedure, additional qualified staff should be engaged.

6. The Committee recommends that the Canadian Transport Commission commence forthwith a detailed review of

Costing Order R-6313 to determine its suitability given the major charges in passenger rail service in this country since the creation of VIA Rail Canada Inc. The Committee feels that the Order may have to be substantially amended to reflect current conditions. The Committee recommends that avoidable cost structure for the Canadian rail passenger system be adopted through amendment to the existing order or through the issuance of new railway costing order.

7. The Committee recommends that the two major railroad companies, CP Rail and CN Rail, be responsible for an initial contribution figure of two-thirds of the value of free and reduced fare employee travel passes provided by VIA Rail Canada, with the opportunity to reduce this contribution level down to a minimum of one-third of the value on the basis of an on-time passenger train performance incentive arrangement.

8. The Committee therefore recommends that VIA Rail Canada Inc. present a plan for the acquisition of selected passenger railway stations in Canada to the CTC and the Department of Transport. This plan should include VIA's long range goals regarding these facilities including a detailed discussion of the possibility of converting them into integrated transportation centres.

9. The Committee further recommends that prior to the acquisition of any railway stations and associated facilities, or prior to the signing of any firm contractual commitment to purchase such properties by VIA Rail, the terms and conditions of the acquisition, including the purchase price, be examined by independent auditors and evaluators in accordance with current accounting principles, and that their findings be presented for parliamentary scrutiny and discussion.

10. The Committee recommends that the date used as a partial basis for the decision taken in last autumn's route abandonments should be re-examined in great detail in order to determine if all the facts were available and properly interpreted. This examination should be undertaken by the Railway Transport Committee of the CTC and the results of the investigation should be made public at the earliest opportunity. Furthermore, the Committee recommends that, in future, relevant information concerning particular routes that might become the subject of possible abandonment or service reductions be the object of informed public discussion prior to a decision being taken.

11. The Committee recommends that the concerned parties, namely the railways providing the service, the municipalities served, the CTC, the provincial governments and Transport Canada undertake consultations and negotiations prior to any route cancellations to ensure that commuter services will be maintained where necessary, either by VIA Rail, or one of the other operating railways, or another entity should that be deemed desirable. The Committee emphasizes that this should be done prior to the elimination of such routes so as to avoid wholesale inconvenience and economic dislocation as a result of relatively sudden changes in long standing commuter services.

The Committee further recommends that a firm technical definition of commuter services be put forward by Transport Canada without delay. This will aid in ensuring that only routes that are truly commuter services will be transferred to provincial jurisdiction.

12. The Committee recommends that LRC train equipment be introduced in regular service on routes in the Atlantic provinces and in Western Canada as soon as is practicable. This should take place no later than 1984, barring unforeseen technological impediments.

INTERIM REPORT ON PASSENGER RAIL SERVICE PROVIDED TO CANADIANS BY VIA RAIL CANADA INC.

FOREWORD

This interim report is broken down into three major areas which reflect some of the major legislative, economic, and operational factors that were revealed to the Standing Senate Committee on Transport and Communications in the course of its proceedings. As in almost all instances where many issues are presented, a report must make an effort at categorizing these elements. Likewise, in almost all instances, a certain degree of arbitrariness is present in such an attempt at categorization. Most of the major areas of discussion in this interim report are inextricably intertwined. The presentation and breakdown according to headings and subheadings reflects the Committee's judgment as to a logical, and coherent presentation of these various issues. The interim report is intended to be an integral and unified document, and the Committee earnestly hopes that no one part of the Report will be employed out of context for the purpose of justifying any one point of view.

As a result of its findings thus far, it has become clear to the Committee that the issue of Canadian rail passenger services is a complex one with profound consequences. It is for this reason that the Committee is presenting, at this time, an interim report only. The Committee believes that further study is necessary, and it will continue its investigation if the current parliamentary session is not prorogued. If the current session is prorogued this summer or autumn, the Committee will ask that it be empowered to continue its study.

A. INTRODUCTION

On November 5, 1981, the Standing Senate Committee on Transport and Communications commenced its hearings on the national rail passenger service provided to Canadian by VIA Rail Canada Inc. This series of hearings was instituted pursuant to the order of reference from the Senate of Canada of October 28, 1981 which reads as follows:

That the Standing Senate Committee on Transport and Communications be instructed to inquire into and report upon the national rail passenger service provided to Canadians by VIA Rail Canada Inc. and, in particular, to examine

(a) the Federal Government's plans for reorganizing Canada's passenger train services announced by Transport Minister Jean-Luc Pepin on July 27, 1981;

(b) the changes in passenger train services effected by Order in Council P.C. 1981-2171, dated August 6, 1981, made pursuant to subsection 64(1) of the *National Transportation Act*; and

(c) the procedure followed by way of Order in Council P.C. 1981-2171 in varying the Canadian Transport Commission's Orders and Decisions respecting Canada's passenger train services.

While the condition of passenger rail services in this country is of ongoing concern to all Canadian parliamentarians, the action of the Governor in Council in reducing, pursuant to Order in Council P.C. 1981-2171 which took effect on 15 November 1981,⁽¹⁾ the passenger rail routes and services provided by VIA Rail Canada by some 20%, provided the initial focus for the Committee's activities. That date came and went, and the reductions in service were implemented, but many underlying issues surrounding the decision, and indeed the whole issue of the provision of railway service to the travelling public in Canada remain outstanding. This Committee heard extensive testimony and received briefs on a wide range of issues related to the topic of passenger rail services. Many of these submissions commented on the above-mentioned decision by the Governor in Council. Various other significant issues also came to light in the course of these hearings that are, in the Committee's view, highly relevant in terms of the immediate and long-range viability, and indeed survivability, of passenger rail service in Canada.

The Report of the Committee will attempt to reflect many of these concerns and will indicate both in the substantive text and in the recommendations, constructive and practical suggestions to ensure that rail passenger services will continue to play an indispensable role in Canadian transportation.

The Committee is of the view that a modern and attractive railway passenger system can and should continue to play an important part in Canada's transportation future. A comfortable railway passenger system which is well utilized by the travelling public can provide an energy-efficient and cost-efficient method of inter-city travel. In the Committee's opinion, passenger rail service is an economical and prudent investment when compared to the very high cost of subsidies needed to underwrite the construction and maintenance of facilities for air and road transportation. Furthermore, the provision of a railway alternative can serve an important function in alleviating congestion on Canada's highways and in its airports, particularly during peak travel periods. The Committee also feels that the Canadian travelling public should be provided with a convenient choice of modes of travel.

This Committee believes that Canadian passenger rail service is undergoing a fundamental change. This process is generally gradual and does not normally cause much public or parliamentary outcry at least until a gap in the evolutionary movement needs filling. This is what occurred after July 27, 1981, when it was announced that \$100 million was needed to finance new equipment acquisitions, and that this money was to be found through eliminating about one-fifth of rail passenger services in Canada. This provoked a vigorous public protest.

The Committee regards this type of drastic service cut as an unfortunate ad hoc response that has detrimental long-term ramifications for the passenger rail system in Canada. The Committee believes that this sort of very important decision should not be made as a reflex reaction to a combination of circumstances that are foreseeable and should properly be the subject of well-reasoned, long-term planning.

For all these reasons, the Committee is of the view that a comprehensive study of Canadian passenger transportation services should be undertaken with a view to producing a model for the delivery of such services until the end of this century. The Committee believes that rail passenger service should not be examined in isolation. Therefore, the Committee concludes that a study of the future of passenger transportation in Canada should include an examination of all modes of passenger carriage and their inter-relationships. Indeed, the economics of freight transport also has profound effects upon passenger services, and the study which the Committee believes necessary should be comprehensive in its scope so as to include consideration of all elements that affect passenger carriage, including the freight component. The Committee feels that this type of study is essential and should be undertaken without delay.

The topic of passenger transportation is of concern to all Canadians. The Committee feels that Canadians from all parts of the country should be able to present their views to a body investigating this important field. The Committee is of the opinion that a special joint committee of both Houses of Parliament would be the most appropriate vehicle for carrying out this comprehensive analysis of passenger transportation in Canada. This type of study is essential and should be undertaken without delay.

1. The Committee recommends that a special joint committee of both Houses of Parliament be created for the purpose of analyzing the contemporary and future options for passenger transportation services in Canada for the current and following decade. This study should be comprehensive and include an examination of all modes of passenger transportation. This special joint committee should have as its primary objective the presentation of recommendations that will ensure viable, economical, efficient and convenient passenger services for Canadians in all regions of the country.

⁽¹⁾ The text of the Order in Council and Route Schedules is reproduced in Appendix I to this report.

B. LEGISLATIVE, LEGAL AND REGULATORY MATTERS

(i) Use of Section 64 (1) *National Transportation Act*

By the implementation of Order in Council P.C. 1981-2171 dated 6 August 1981, effectively one-fifth of the passenger routes served by VIA Rail Canada Inc. were eliminated.⁽¹⁾ These route reductions and abandonments, which were referred to by the Minister as a "rationalization" of passenger rail services, involve the elimination of some heavily travelled and very significant train services. The Minister of Transport, in testimony before this Committee spoke of the reasons for these reductions:

If services were maintained at the present levels, \$446 million would be required for operations in 1983-84, leaving only \$90 million for capital developments. If things continue as they are now, knowing we are limited in the amount of money we can spend, we will find that we will not be able to assign the money to equipment.

The cuts will reduce operating deficits to \$355 million by 1983-84, which will leave \$182 million for capital. In other words, you are doubling the capital budget of VIA and, by so doing, allowing it to acquire proper equipment.⁽²⁾

This decision by the Governor in Council to effect substantial reductions in the service offered by the national rail passenger carrier was taken without public hearings or inquiry, and was not examined or adjudicated upon by the Canadian Transport Commission's (CTC) Railway Transport Committee (RTC). Had the Railway Transport Committee been seized of the matter, they would have been under the legal obligation to assess the route reductions in accordance with section 260, and particularly subsection (6) of that section, of the *Railway Act*.⁽³⁾ This section sets out a number of criteria which the CTC's Railway Transport Committee is obliged to consider when evaluating a request for a route discontinuance.

In assessing an application for discontinuance, section 260 of the Act specifies that the CTC shall consider, in addition to the issue of whether or not the particular route in question remains economically viable, all matters that, in its opinion, are relevant to the "public interest". This includes, *inter alia*, the existence of alternative transportation services, the probable effect on other passenger train services, and the probable future passenger transportation needs of the area affected by the proposed route cancellation. Thus, it is clear that in such instances the Railway Transport Committee is not, in its examination of an application for a route discontinuance, confined to examining economic criteria alone. In fact, it is incumbent upon the CTC to examine factors relating to the public interest generally. In addition, the Commission can

receive representations and hold public hearings on the matter. Public notice of hearings and decisions must be given.

The Governor in Council through Order in Council P.C. 1981-2171, effectively bypassed the CTC, and as a result, there was no opportunity for the public to present briefs and testimony prior to the effective implementation of the route cancellations. One can only speculate as to what degree the Governor in Council considered the factors that are set out in section 260 of the *Railway Act*, or if they were considered at all. Undoubtedly, the Governor in Council takes the position, as explained by the Minister of Transport, that the decision to effect the route reductions in order to free funds for equipment is indeed a measure that it is within the public interest to ensure the long term viability of VIA Rail.

The legal basis upon which the Minister rested his decision is to be found in section 64(1) of the *National Transportation Act*.⁽⁴⁾ That provision provides for the Governor in Council to vary, at any time, in his discretion and even of his own motion, any order or decision of the CTC. This use of section 64(1) of the *National Transportation Act* was the subject of litigation in the Federal Court of Canada, Trial Division in three instances arising out of these route cancellations. In these cases, the Federal Court held that the Governor in Council was acting within his proper jurisdiction in the use of section 64. The Committee recognizes that appeals in these judgments have been filed and that the matter remains *sub judice* and consequently refrains from expressing a definitive opinion.

Order in Council P.C. 1981-2171 is actually titled "Order Varying Canadian Transport Commission Orders and Decisions". The Order varied a number of CTC decisions bearing dates from 1976 to early 1981 wherein the RTC had detailed the provision and frequency of passenger train service on various routes. P.C. 1981-2171 substituted the decision of the Governor in Council to eliminate or drastically reduce these specified services.

However, the Committee received testimony to the effect that while the Governor in Council may indeed vary an order of his own motion, he cannot act in such a way as to implement a decision or order which is beyond the scope and power of the CTC itself. The Committee is also of the opinion that Order in Council P.C. 1981-2171 violated the rules of natural justice.⁽⁵⁾

In a similar vein this Committee (i.e. the Senate Committee on Transport and Communications) also feels it relevant to be mindful in its report of the fact that the initial order effecting the route cancellations was strongly attacked as being in contravention of the provisions of the *Statutory Instruments Act*. One of the grounds for this objection was that Order in

⁽¹⁾ The list of routes affected as set out in the Schedules to the Order is reproduced in Appendix I.

⁽²⁾ Senate of Canada, *Proceedings of the Standing Senate Committee on Transport and Communications*, November 10, 1982, 16:7

⁽³⁾ S. 260(6) is reproduced in Appendix II.

⁽⁴⁾ S. 64(1) is reproduced in Appendix III.

⁽⁵⁾ Paragraphs 1 and 2 of the Ninth Report of the Standing Joint Committee on Regulations and other Statutory Instruments, dated 12 November 1981, which set out additional legal objections to Order in Council P.C. 1981-2171, are reproduced in Appendix IV.

Council P.C. 1981-2171 which was made on August 6, 1981 was not transmitted for registration to the Clerk of the Privy Council within seven days as is required in the *Statutory Instruments Act*. Whether the Governor in Council agreed with the assessment that Order P.C. 1981-2171 was a regulation requiring registration is not certain. However, the order was ultimately registered prior to its implementation and came to be known as SOR/81-892. This registration took place on 3 November 1981, nearly three months after the Order was first made.

While this may appear to be no more than an adjustment of legal formality, the Committee is of the view that when there is great controversy in the public mind as well as before the courts as to the legitimacy of an action by the Governor in Council, the strictest adherence to procedural formality regarding the order in question is of considerable importance. When the Governor in Council decrees the elimination of nearly one-fifth of the entire passenger rail service in Canada without resort to the public forum, then the minute adherence to statutory provisions concerning transmittal, recording and publication of the order in question is, it seems to the Committee, to be a minimum requirement.

The stated rationale for proceeding by way of order in council pursuant to section 64(1) was that a speedy decision was necessary and that following the CTC route would involve lengthy public hearings. Furthermore, in the government's opinion, these route discontinuances were essential in order to finance additional modern equipment for VIA Rail, and there must have been a possibility that the CTC would not, in applying the criteria of the *Railway Act* as discussed above, reach the same conclusion with respect to the route cancellation. This would have put the Minister in a difficult, undesirable, and possibly legally indefensible position of having to instruct the CTC's Railway Transport Committee as to his view of the proper decision. For all of these reasons the route cancellation bypassed the normal CTC channels.

Again without expressing an opinion as to the legal propriety of the use of section 64 in the manner employed by the government, the Committee expresses its deep concern about the possibility of the creation of, in its view, an entirely undesirable precedent for possible further passenger rail cut-backs. Indeed, the Minister of Transport has on several occasions indicated that the actions of last November might not be the last of that nature should situations arise in the future which, in the view of the government, would call for similar action. The Committee is concerned that successive route reductions which bypass the CTC and do not consult the people affected by these route discontinuances could ultimately reduce the passenger rail service network in most parts of Canada to a very limited secondary role. In other words, through the use of section 64, the government could effectively eliminate passenger rail service as it is now known and seek to concentrate its railway resources in one or two geographical regions such as the often-mentioned Quebec-Windsor corridor. The Committee notes that two Canadian provinces are already

without passenger rail services: Prince Edward Island and Newfoundland.

The Committee is of the view that this is a trend which is not in the best interests of the people of Canada and that the successive use of Cabinet initiative without reference to the Canadian Transport Commission's Railway Transport Committee would effectively deprive the travelling public of a forum in which to state their side of the case for the maintenance of any particular routes, or indeed an entire network.

2. The Committee recommends that any future decisions on passenger rail service reorganization or rationalization that involve route or service cancellations, abandonments or reductions be preceded by open and representative public hearings so that all parties concerned will have an opportunity to state their views. Furthermore, such hearings should not come to be regarded as mere formalities, but rather should be seen as an integral and indispensable part of the decision-making process. Consequently, the Committee also recommends that s. 64(1) of the *National Transportation Act* be amended, or its application be restricted by amendments to other sections of the Act to ensure it will not be used to make major reductions in passenger service without proper recourse to the Canadian Transport Commission or to Parliament.

(ii) Residual Obligations of the Existing Operating Railway Companies

Railways have played a primary role in the economic, social and political development of Canada. The Committee believes that this essential role of railways continues today. In simpler times, many railway companies provided passenger services to Canadians on a commercial basis. Through the years, these small railway companies were absorbed by the two giants of the railway industry in Canada today, Canadian Pacific Limited (CP Rail) and Canadian National Railway (CN Rail). Some of these smaller railways were acquired by outright purchase by the larger companies. Still more disappeared through a process of amalgamation and very long-term leasing whereby the current operating railways took over the entire route network and equipment of the smaller companies. These old railway mergers and reorganizations were the subject of federal and provincial enabling legislation. Most of this activity is well recorded in the old statutes, the majority dating back to before the turn of the century.

In several instances, the lessee companies which often undertook leases of railway networks for periods of over 990 years entered into agreements with the smaller lessor railways to provide specified railway passenger services. The agreements were then sanctioned by a provincial or federal legislative enactment. The degree of promised service is in some of the cases very detailed. In fact, in some instances, the actual provision of a certain number of trains per day is set out in the schedule to the enabling statute. This issue was raised before the Federal Court of Canada and continues to be the object of further proceedings in that court's appeal division. Conse-

quently, in keeping with its stated policy, the Committee expresses no opinion on a matter which is now before the courts.

However, the Committee has considered with some interest the possibility of residual obligations of CP Rail or CN Rail where, in the course of taking over smaller railway companies, they have undertaken through contractual obligations to provide specific railway services over a given route. This matter was raised in one of the challenges to the government actions relating to last autumn's Order in Council which effected the approximate one-fifth reduction in VIA Rail services. The Committee recognizes that this submission was rejected in first instance in the Federal Court. However, the Committee notes with interest that the door was left open in the decision of the learned trial judge as to the possibility of pursuing actions in damages by affected parties against the operating railway companies for the withdrawal of services contrary to their validly undertaken contractual obligations.

In this context, the Committee observes that CP Rail and CN Rail were providing passenger rail services in this country long before the creation of VIA Rail Canada Inc. The Committee also notes that it has pursued this line of reasoning with representatives of one of the operating railways, namely Canadian Pacific, but did not find its responses very helpful. The Committee does find itself in agreement with the representatives of CP Rail in their estimation of the serious impact of the two operating railways re-entering the passenger rail service business. No doubt the operating railways, CP Rail and CN Rail, would resist any such notion of a return to the provision of general rail passenger services when they have found the provision of equipment and services to VIA Rail a more satisfactory enterprise.

To reiterate, the Committee is not advocating or counselling that CP Rail and CN Rail should be required to provide services which VIA Rail has discontinued on government instructions. The Committee only notes that a serious legal issue remains outstanding in this area and awaits a final decision by the courts on this matter.

(iii) Confidentiality and the Canadian Transport Commission

In its operation of passenger rail services in Canada, VIA Rail has entered into contractual arrangements with CP Rail and CN Rail for such things as the use of locomotives and power units, for the maintenance of rolling stock and other equipment, for stationary facilities such as railway stations, and for roadbed services such as switching. The amounts of money involved in these contractual arrangements are very considerable indeed and, in fact, constitute the major portion of VIA Rail's annual budget. For 1980, VIA paid approximately \$290 million to CN and \$66 million to Canadian Pacific. These charges from the operating railways to VIA Rail take the form of monthly statements, adjusted by final post year-end bills. This billing system will be discussed in more detail later in the Report.

In presenting its bills to VIA Rail, the two operating railways have in the past produced essentially undifferentiated, and unitemized statements. This means that charges are not broken down into components. Thus, VIA Rail, as CP and CN's best customer for this type of service, is in a position of having to pay these charges without knowing their constituent elements, and VIA can hardly take its business elsewhere as the roadbeds in this country are operated by the two major transcontinental rail companies.

In the voluminous contractual arrangements between CP Rail, CN Rail and VIA Rail, there are no provisions for the supply or breakdown of detailed costing data. Component charges that go into an operating railway's monthly statement to VIA cannot, on a bilateral basis, be broken down into justifiable components. In other words, if a specific amount is charged for a particular service, VIA Rail management wishes to determine what elements are being attributed to that charge. This information has been generally unavailable to the national passenger carrier. The mechanism available to VIA to obtain this data, which its senior management feels is essential in order to evaluate the service they are obtaining for the substantial amounts of money being paid, is through the Canadian Transport Commission.

The CTC can obtain such costing data. However, the CTC takes the position that based upon section 331 of the *Railway Act*,⁽¹⁾ this type of information must be treated confidentially. The CTC, in its legal opinion, cannot release this data except in the face of a formal request from VIA. Then sufficient time has to be given to the CTC to make inquiries as to the validity of VIA's need for the data. An opportunity for the operating railways, namely CN Rail and CP Rail, to make their cases as to why such information should not be made available to VIA Rail or to any other entity interested in obtaining it would also have to be provided.

It must be noted the operating railways contend that the release of such data is generally unnecessary for effective management of VIA Rail and that further, the release of this type of information could have detrimental consequences to the railways by providing competitors such as the highway carriers (i.e. buses, and trucking firms) with valuable commercial intelligence which would provide them with an unfair advantage. In the Committee's view, this argument against releasing information to VIA is exaggerated and unreasonable. The Committee doubts whether the provision of the type of data asked for by VIA could work to the detriment of CP Rail or CN Rail. However, if that is a cause of concern to the railways, surely VIA could provide an adequate undertaking to keep pertinent data confidential and for its own use alone.

There was considerable controversy in the testimony presented by senior counsel of the Railway Transport Committee of the CTC and the general counsel for VIA Rail as to the course of events surrounding VIA's initial request for this information. This Committee does not intend to adjudicate on

⁽¹⁾ S. 331 of the *Railway Act* is reproduced in Appendix IV.

this significant dispute. However, the Committee does note that this argument has benefited no one—certainly not the users of passenger rail services in this country. The Committee believes that the current system, which is largely determined by certain provisions of the Railway Act, work to prevent VIA Rail from obtaining vital costing information. VIA Rail finds itself in the undesirable position of having to embark on an adversarial course of action to obtain data which the Committee feels is needed without the long delays such a procedure entails. The Committee notes with regret that more than two years have passed since VIA Rail first put forward its request for costing data until March of this year when it reformulated its application in a manner presumably more in keeping with the legal requirements as perceived by the CTC. The results of this latest effort to obtain relevant costing information from the CTC remain to be seen.

The Committee feels that the access to this type of information, although not necessarily all the information sought by VIA Rail Canada, is essential for its administrators to assess properly what are substantially unitemized statements of account that are not subject to a management audit and that amount to the major proportion of its annual operating budget. The Committee is aware of the operating railways' reluctance to making certain elements of component costing data available, but it does not favour a general refusal to provide this type of information and hopes that in the future a more cooperative, reasonable and sensitive attitude will prevail. It notes with satisfaction that such a change in attitude has become somewhat evident in recent months, especially on the part of CN Rail.

To a certain extent, this controversy arises out of an interpretation of a section of the *Railway Act*, which is the determining statute with regard to railway operations, passenger and otherwise, in this country. In the absence of an express and comprehensive statutory basis for railway passenger services, legislative regulation will, by default, fall to an Act that does not necessarily reflect nor respond to the current state of affairs in the passenger rail area. This is especially true of the procedures open to VIA Rail to obtain necessary management information. Under the current system, an adversarial and litigious process is involved in Canada's rail passenger carrier attempts to obtain vital data. The Committee feels that the current system is therefore not adequate.

(iv) The Need for Legislation

VIA Rail Canada Inc. has had an inauspicious legislative beginning. It was incorporated pursuant to the *Canada Business Corporations Act* (S.C. 1974-75, c. 33 as amended) on 12 January 1977, and was thereafter acquired by the Canadian National Railway Company as a non-comprised subsidiary. In 1977, the entity was deemed to be a railway company pursuant to a \$1 Appropriation Act vote.⁽¹⁾ This provision allowed for VIA Rail Canada Inc. to enter into contracts with the other railway companies, subject to the approval of the Minister of Transport, in order to provide passenger rail service. The Minister of Transport was given authority to prescribe regula-

tions concerning the conclusion of contracts with VIA Rail Canada Inc. for the provision of rail passenger services so as to "improve efficiency, effectiveness and economy in rail passenger services in Canada". Then on 1 April 1978, VIA became a crown Corporation by Order in Council.⁽²⁾

The Committee notes with regret this use of an Appropriation Act vote to implement an important policy decision. The creation of a national passenger rail company should have had a proper and complete legislative basis. The Committee heard persuasive evidence as to the important positive effects a sound statutory foundation has had on the Amtrak system in the United States. It may have initially appeared that VIA Rail, being unfettered by complex and restrictive legislation, would be able to operate more freely in its formative stages. Such has not been the case. The rights and duties of the railway, in relation to the regulatory bodies with which it must contend as well as its relations with the other operating railways, and its position with respect to the Minister, are not provided for. The Committee feels that this has worked to the detriment of VIA Rail. The senior management of VIA Rail has, before this Committee, repeatedly urged the enactment of a VIA Rail Canada Act. Apparently, discussions with the Minister on this matter have taken place. However, no timetable for the introduction of such legislation has been set.

3. The Committee recommends that an enactment providing a clear and all-encompassing legislative framework for VIA Rail Canada Inc., and in consequence for passenger rail service in this country, is an essential requirement. A good deal of delay has already taken place since the initial incorporation of the company. Time now should be regarded as of the essence and the Committee earnestly recommends the introduction of such legislation at the earliest possible date. The Committee recommends that such legislation specify the right of VIA Rail to relevant costing data, and should specify the methods to be employed in order to obtain the necessary information either from the railways directly or through the Canadian Transport Commission. The Committee also recommends that the appropriate officials of VIA Rail be fully consulted in the course of drafting the legislation.

C. ISSUES RELATING TO ECONOMIC FACTORS AND FINANCIAL PROCEDURES

The Committee wishes to express its serious reservations as to the wisdom of abandoning viable, high ridership rail services in order to free funds to finance new equipment purchases. The Committee has significant doubts as to whether the amounts expected to become available as a result of the cancellations will be as high as initially anticipated when considering the overall picture. Thus, when about one-fifth of the VIA Rail passenger network is ordered abandoned as it was last November, a very substantial amount of revenue in the form of ticket sales is lost to the company. It must be kept in

⁽¹⁾ *Appropriation Act No. 1*, Vote 52nd, (S.C. 1976-77, c. 7).

⁽²⁾ P.C. 1978-954, 23 March 1978.

mind that some of the routes that were cut, especially "The Atlantic", were heavily utilized.

The rail service reductions are designed ultimately to produce a \$100 million saving but this saving will not be realized in the first budget year following the cutbacks. The words of Mr. J. F. Roberts, Chairman and President of VIA Rail Canada Inc. in his testimony before this Committee on 3 December 1981, are relevant:

I think the minister said that the changes would be worth about \$100 million, and that is quite correct. I think the estimate shows approximately \$45 million worth of savings in the first year, that is, 1982, but it escalates each succeeding year, and by 1984 it will be about \$100 million.

There are other costs involved in such an abandonment project. A considerable number of jobs were lost which forced VIA Rail employees into early retirement or into job re-allocation, all of which will cost the company a substantial amount of money estimated by VIA to be between \$2 and \$2.5 million. In addition, a fund of up to \$30 million has been set aside, to be administered by Transport Canada, for severance pay, early or accelerated retirement, retraining and relocation for railway employees affected by the passenger train cutbacks. As a further spin-off consequence, there will be, in the Committee's view, certain adverse effects on tourism and recreational travel in the absence of certain traditionally well-travelled train routes that were used for sightseeing and conveying passengers particularly during recreational seasons.

The consequences of such route abandonments will be felt more profoundly among certain groups of Canadians. Trains traditionally have been the mode of travel used for medium and long distances at relatively low cost to the travelling public. Passengers on these trains are trading time for considerable savings. This has been particularly true, and the Committee feels continues to remain true, for persons on fixed incomes such as pensioners, students, and many other groups. Furthermore, certain undoubted hardships will be placed upon other Canadians who are living in geographically disadvantaged areas of the country and who have made use of railway transport in order to provide them with a certain degree of employment mobility, recreational travel, and opportunities to maintain family contacts over long distances.

(i) The Issue of the 13th and 14th Bills

As previously mentioned, VIA Rail receives from the two operating railroads from which it leases services, monthly statements of the charges incurred for these services. The Committee notes with concern and indeed surprise, that these statements have in the past been generally unitemized. An example of a type of charge that is in issue is that of switching. CN Rail does provide a breakdown of such a charge by place and time. However, there is no component data available to VIA Rail to assist it in determining the elements that comprise the charge. Therefore, VIA cannot determine the real value of the service. VIA Rail has confirmed that this problem has

been somewhat mitigated in the most recent contract negotiations particularly with CN Rail, and that they are receiving more of the cost breakdowns. This will surely facilitate the implementation of proper management decisions given that these payments exceed more than two-thirds of VIA's entire budget.

However, the one issue that perhaps stands out more than any other in connection with financial procedures and relations between VIA Rail and the two operating railways is the issue of the 13th and 14th bills. As one would logically expect, there are twelve monthly statements presented by the railways to VIA Rail Canada Inc. for payment. However, in addition to these invoices, the contractual arrangements sanctioned by the Canadian Transport Commission provide for the presentation of a 13th bill or yearly statement of adjustment of charges to be paid by VIA Rail to the railways in addition to the expenses settled in the monthly statements. This 13th bill represents an opportunity for CP and CN to recoup any amounts they failed to bill in the monthly statements, either because of incorrect estimates or delays in computing various charges. It is conceivable that this might involve a refund to VIA but, not surprisingly, so far the adjustments have always meant additional charges.

In addition to the 13th bill presented after the fiscal year end, there is also provision for a so-called "14th bill". This invoice represents a final adjustment figure which the operating railways can charge to VIA after their charges have been examined and approved by the CTC. Thus VIA Rail Canada Inc. is in the unenviable position of being faced with unpredictable and substantial charges beyond the already huge amounts paid to the operating railways for services rendered. These additional post year-end invoices have had serious effects upon VIA's ability to plan, and indeed to show profitability, and will continue to do so if the current billing structure is retained.

While the amounts of these 13th and 14th bill charges have not so far been very large in terms of percentage points per annum, this has still amounted to very substantial sums of money. For example, in 1980, the so-called 13th bill or charge from CN was in the neighbourhood of \$11.1 million. CP Rail's charges will be approximately \$3.1 million. In addition, it came to light in the course of the Committee's hearings, apparently for the first time, that there are going to be 14th bills submitted for 1979 involving a payment of approximately \$1.2 million to CP and a little over \$2 million to CN Rail.

While these percentages are small portions of VIA Rail's total budget, it has, in the view of the senior management of VIA Rail, and in this the Committee concurs, the effect of creating serious problems for budgeting and planning for that company. No enterprise, be it private, public or quasi-public, can function effectively without being able to control costs to the extent that this is commercially feasible. The presentation of considerable charges in the millions of dollars two and three years after the fact can only have serious detrimental consequences on the company charged with paying them. The Committee feels that the system allowing for 13th and 14th

bills is not one which should be looked upon with favour for the future. The development of VIA Rail will not be enhanced by this type of arrangement.

The Committee favours the development of a contractual arrangement between VIA Rail Canada on the one hand and CP and CN Rail on the other in the form of a fixed price, or fixed cost contract. This would mean that VIA Rail Canada would be charged a specified amount for each particular service for which it had contracted. Adjustments beyond the presentation of these billings would not be permitted. This would have two positive effects in the Committee's view. Firstly, it would establish a more reasonable commercial relationship between VIA Rail and the operating railways which would in turn permit more rational and effective financial planning for the national rail passenger carrier. The absence of unanticipated cost adjustments beyond the corporation's fiscal year would greatly enhance its ability to conduct its affairs in a more orderly fashion.

Secondly, such an arrangement would provide a substantial incentive for the operating railways to keep their own costs down. As it stands now, the operating railways have little incentive to reduce costs incurred through inefficiencies or unprofitable procedures in that any losses are effectively passed on to VIA Rail which, for the most part, must make good the increased charges. After all, VIA can hardly take its business elsewhere. Under a fixed cost arrangement, if a particular service could be provided at a cost lower than that set in an operating agreement, the opportunity for increased profit would presumably provide a valuable incentive in reducing railway operating costs throughout the system without entailing higher costs to VIA Rail.

4. The Committee recommends that future contractual agreements between VIA Rail and CP Rail and CN Rail incorporate a fixed charge for each service provided and eliminate post year-end billing except for cases of demonstrable errors or oversights as found and authorized by a CTC audit.

(ii) The Canadian Transport Commission's Auditing Process and the Railway Costing System

The charges made to VIA, including the 13th and 14th bills previously discussed, are the subject of audits by the Railway Transport Committee of the Canadian Transport Commission. The Committee has, in the course of its proceedings on the topic of passenger rail service, become acutely concerned with two important problems associated with these CTC audits. The first problem is the question of delays in the conduct of these audits, and the second relates to the nature of the audit itself.

In the first case, the Committee was disappointed to discover that up until this year the CTC scrutiny of charges to VIA Rail Canada by CP Rail and CN Rail were years in arrears. The Committee was informed that the verification of 1978-79 railway charges to VIA were completed only in March 1982. The 1980 charges are scheduled for audit completion by the end of the 1982 calendar year, while the 1981 examination of

charges is to be completed by March of 1983. Thus, it is clear that VIA Rail, and for that matter the operating railways, are faced with very substantial, and in the Committee's view, detrimental delays in obtaining the results of the CTC audits. It is true that the delays are being gradually reduced year by year. Furthermore, it was pointed out to the Committee by the CTC that the current delay is substantially shorter than it was prior to the existence of the contractual arrangements with VIA for the provision of rail passenger services. The CTC has as its goal the provision of final audit results approximately 12 months after the fact by 1984.

While the Committee is pleased to see these inordinate delays being shortened, it feels nevertheless that no commercial entity providing service to the public, be it of a private or public nature, should be expected to function with auditing delays of such considerable length. Perhaps the 12-month delay is the best that can be done under the present system; but even that, in the Committee's opinion, is not satisfactory. It must be kept in mind that VIA Rail Canada Inc. is basically a captive customer of CP Rail and CN Rail with the CTC performing an essential regulatory function. Charges made to VIA Rail must be paid in an essentially non-competitive relationship. This magnifies the importance of the CTC audits.

What corporation could explain to its shareholders that audits for tens and indeed hundreds of millions of dollars of expenditures would not be available promptly? This would surely represent an untenable position for any management group. The Committee cannot but conclude that this has a serious detrimental affect upon the ability of VIA Rail's management to conduct proper financial and operational planning. Surely the cost of engaging additional qualified audit personnel to the CTC staff in order to reduce the backlog in audit results would be money well spent in order to ensure that millions of dollars in charges are promptly accounted for.

5. The Committee recommends that the CTC audit of charges to VIA Rail be conducted more expeditiously. If necessary in order to shorten the current unacceptable long delays in the CTC's auditing procedure, additional qualified staff should be engaged.

The second important factor relating to the CTC audits is the character or nature of the audit function. The audit conducted by the CTC may be described as one which is more concerned with whether or not a specific item or charge is of an authorized nature in relation to the costing regulations, rather than whether value is received for the money expended. In other words, the CTC audit consists primarily of determining if the charges made were in line with the costing regulations rather than whether or not they were justifiable given the service provided. Representatives of the CTC indicated to the Committee that there is a breakdown of charges for the various components making up the charge to VIA, but that the scrutiny was not what could be described as a management audit. Rather, it is characterized as a procedural audit.

The auditing aspect of the CTC's function can have important consequences for the cost of rail passenger services. For

example, CN Rail's 1980 13th bill was reduced by some \$2.4 million on the basis of a CTC preliminary determination that certain charges to VIA were too high with respect to general administration, communication and roadway maintenance costs. Nevertheless, the Committee wishes to draw attention to the fact that the scope of the audit performed by the CTC is too limited to provide necessary information for VIA's management purposes.

Given the lack of detailed costing data made available to VIA either from the railways themselves or through the CTC, VIA is placed in the unenviable position of having to pay substantially uninvestigated charges amounting to millions of dollars. While the Committee recognizes the value of the CTC audit in determining whether or not the charges are in line with the costing regulations, the inability of VIA to determine its "value for money" position is obvious. Again this can only have unfortunate effects upon management's ability to make proper decisions. The Committee recognizes the limitations on the CTC's capability or authority to conduct management type audits in accordance with acceptable management accounting practice. Consequently, this Committee urges the elimination of this problem by the provision of detailed costing data either directly to VIA or through the CTC by the two major railway companies. This supplying of detailed cost data has been sorely lacking in the past, and the Committee hopes that the trend toward a greater degree of provision of information that has apparently become evident over the past several months will continue and expand.

The CTC audits the charges made to VIA to ensure that they are in compliance with its "Railway Costing Regulations"⁽¹⁾ as set out in Order R-6313. This Order, first implemented in 1969, sets out the nature and categories of costs related to railway operations in Canada. Order R-6313 has been studied and revised by the CTC over the years, but the Committee feels that there is need for innovation and improvement in view of the fact that the structure of railway passenger services in this country changed dramatically when CP and CN turned over this function to the new VIA Rail Canada Inc. For this reason, the Committee urges all participants in the regulatory process to make every effort to ensure that the costing order is, from all points of view, appropriate to the new circumstances and that it is applied with an appreciation for the contemporary state of the railway passenger industry. If necessary, changes to the order should be made through a consultative process in order to ensure that VIA Rail is able to provide the services required of it in a commercially efficient fashion.

In this regard, the Committee was impressed by the costing method employed by the Amtrak system in the United States. There, the passenger rail authority (Amtrak) pays to the operating railroads, from whom it leases and purchases services, only what are known as "strictly avoidable costs". Avoidable costs, as set out in the Amtrak legislation, are

essentially those costs that the railway can establish as being incurred only because of the operation or service undertaken for Amtrak. It should be noted that the definition excludes all costs that are not incurred as a result of providing the passenger service and the onus is on the operating railway to show that it falls within these terms.

Such avoidable costs do include a variable portion of the common costs, but again they must be those expenditures which would not have been made but for the provision of the passenger rail service. The avoidable costs definitely exclude from their calculation the allocation of any common costs which do not vary as a consequence of providing the service to the passenger rail system, rent, return on investment, and any other costs which the operating railway carrier cannot establish as being necessarily and reasonably incurred as a result of furnishing services to Amtrak.

In Canada, VIA Rail does not benefit from an avoidable cost arrangement. Instead, VIA Rail is billed on "a long-run variable cost" basis which involves payments of a portion of common expenses that are not direct results of provision of services to the passenger carrier. This produces a rather dramatic difference in budget terms. The Amtrak authority expends substantially less of its overall budget on payments to the operating railways from which it obtains services. The proportional amount is less than one-third of Amtrak's budget, while VIA Rail pays out nearly two-thirds of its budget to CP and CN.

It should be noted, however, that in the United States, Amtrak itself has assumed direct responsibility for many services. This is particularly true in its operations in the densely populated northeastern section of its network. VIA Rail Canada does not discharge all of the services for which Amtrak has taken on responsibility. Presumably, were VIA to follow a similar approach, many of the dollars saved through an avoidable cost system would go to financing these services which are now provided by the other two railways in Canada.

On page 49 of a Staff Report of the Railway Transport Committee of the CTC, dated March 31, 1982, and titled "A Comparison of Amtrak and VIA Costing Approaches", the following statement appears:

To summarize this examination of the effects of using US strictly avoidable costing in place of Canadian long-run variable costs, there would appear to be an annual saving to VIA of the order of \$9.5 million under Train Operations, \$11.3 to \$20 million under Maintenance of Way, and \$8.5 million under Station Services. In total, the savings to VIA would therefore be in the broad range of \$30-\$40 million. There is one further adjustment to be made before finalizing this range. As indicated earlier, Amtrak has been paying incentives to the contracting railways at a rate somewhat higher than that paid by VIA. If VIA were to adopt a similar rate of incentive payment to that made by Amtrak, this would increase costs by some \$5 million, reducing the range of savings

⁽¹⁾ Reproduced in Appendix V.

from adopting the US costing methodology to \$25-\$35 million.

VIA Rail officials think this estimate of annual savings is conservative. They place the figure at between \$50 and \$55 million per year. Whatever the precise figure, it is clear to the Committee that there would be substantial savings for VIA Rail if a strictly avoidable costing system was implemented in Canada.

6. The Committee recommends that the Canadian Transport Commission commence forthwith a detailed review of Costing Order R-6313 to determine its suitability given the major changes in passenger rail service in this country since the creation of VIA Rail Canada Inc. The Committee feels that the Order may have to be substantially amended to reflect current conditions. The Committee recommends that avoidable cost structure for the Canadian rail passenger system be adopted through amendment to the existing order or through the issuance of new railway costing orders.

(iii) The Cost of Reduced Fare Employee Passes

The issuance of free or reduced fare travel passes by VIA Rail to the employees of CP Rail and CN Rail is a topic upon which the Committee wishes to touch briefly in this Report. It must be noted that the annual value of these passes in the year 1981 amounted to approximately \$13 million. Of that amount, VIA was responsible for some \$12 million having received approximately \$900,000 in compensation from the other railway companies. Under the VIA-CN operating agreement, CN Rail has an opportunity to earn back, as it were, some portion of its contribution to the railway pass fund based upon on-time passenger train performance standards as established by the operating agreement. The Committee certainly favours this type of incentive arrangement in the hope that it will produce the desired maximization of productivity. Nevertheless, the Committee feels that it would be desirable in the future to see both CP and CN contributing a greater proportion of the funds that are required to finance this employee pass program.

The Committee is aware of the fact that employee passes for reduced fare travel are widespread not only in the railway industry but in other modes as well, including bus and air carriers. The third parties concerned with this program, namely the labour unions representing the workers who benefit through the extension of these pass privileges, are an important factor in determining the extent to which these passes will be made available. That forms part of a collective labour agreement which is negotiated between the railway companies and their employees' representatives, and the Committee is certainly not advocating the elimination of the railway pass program. It is undoubtedly an important incentive in encouraging use of railway passenger services. However, as stated previously, the amounts involved are very substantial and it would, in the Committee's view, be totally appropriate to see CP Rail and CN Rail contributing in a more equitable fashion to this arrangement.

The fact that reduced fare travel passes are traditional in the transportation industry does not mean that they are inviolate as the costs of such a program mount. Rather than see a reduction in the extension of such passes, the Committee believes that an increased contribution by the two major railways providing services to VIA would ensure the continuation of this program without producing an undue financial burden on Canada's fledgling national railway passenger carrier.

7. The Committee recommends that the two major railroad companies, CP Rail and CN Rail, be responsible for an initial contribution figure of two-thirds of the value of free and reduced fare employee travel passes provided by VIA Rail Canada, with the opportunity to reduce this contribution level down to a minimum of one-third of the value on the basis of an on-time passenger train performance incentive arrangement.

(iv) Transfer of Additional Facilities to VIA Rail Canada

In the course of the Committee's proceedings, VIA Rail Canada Inc. expressed its desire to acquire certain other facilities associated with railway passenger services in Canada. Most specifically, the company is interested in acquiring facilities in various cities in the form of railway stations from the two major railroads. They wish in this way to cease having to pay substantial leasing charges for use of these stations. These charges, which form a global amount not broken down to show charges for individual stations, comprise part of the monthly and annual billings paid by VIA Rail Canada to CP Rail and CN Rail. VIA Rail, if it were able to acquire these stations, could more easily control costs and could itself gain revenue from leasing concessions and office space in these buildings.

In addition, VIA Rail outlined a concept which the Committee regards as most interesting: that is the development of railway stations into so-called "transportation centres" which would integrate rail service in Canada's cities with other modes of communication and transportation. The Committee believes that this type of innovative planning and use of existing facilities could constitute a major advantage in the future for railway passenger service. It is certainly an interesting idea which merits further exploration and study.

8. The Committee therefore recommends that VIA Rail Canada Inc. present a plan for the acquisition of selected passenger railway stations in Canada to the CTC and the Department of Transport. This plan should include VIA's long range goals regarding these facilities including a detailed discussion of the possibility of converting them into integrated transportation centres.

However, a *caveat* must be registered. The acquisition of these facilities from the operating railways would undoubtedly involve large capital expenditures. The Committee notes that it has become evident in the course of its proceedings that the current owners of these stations, namely CP Rail and CN Rail are not anxious to negotiate the transfer of these presumably profitable properties. Often these railway stations are situated

in prime downtown locations in Canada's major cities and the land itself can be worth a great deal.

However, the Committee hopes that the railway companies would recognize that if they are no longer in the business of providing general passenger services, they should be ready, after appropriate negotiations to determine adequate compensation, to transfer many of these facilities to the national rail passenger carrier. Such compensation should take into account any subsidies that may have been paid over the years for the support of railway stations. Clearly, railway stations are absolutely indispensable elements in providing passenger services. Logic would indicate that such facilities should be under the control of the entity charged with providing that service.

The Committee feels it relevant to draw attention to the fact that when VIA Rail was constituted, it acquired a great deal of equipment in the form of rolling stock from the two operating railroads at that time. Much of the equipment that was acquired at that time was antiquated and continues to require a considerable amount of maintenance and modernization. A great deal of it is ready to be scrapped.

The Committee recognizes that such a program will require substantial funds which may be difficult to underwrite given VIA Rail's present circumstances. While the Committee believes that modernization and innovation in railway passenger carriage is one of the keys to future success, it would not wish to see substantial funds diverted from much needed and heavily used rail passenger services.

9. The Committee further recommends that prior to the acquisition of any railway stations and associated facilities, or prior to the signing of any firm contractual commitment to purchase such properties by VIA Rail, the terms and conditions of the acquisition, including the purchase price, be examined by independent auditors and evaluators in accordance with current accounting principles, and that their findings be presented for parliamentary scrutiny and discussion.

(v) Comparative Analysis of other National Railway Systems

In the course of testimony and proceedings before this Committee, there have been numerous references, comparisons and allusions to the experience of other countries with passenger rail services. Detailed information was presented by various witnesses as to the amount of government subsidies provided to railway passenger transport in a number of European countries and especially to the Amtrak system in the United States. Considerable discussion in the course of the proceedings was centered around new technology in railway passenger trains now available in England, France and Japan.

The Canadian passenger rail system does not operate in a vacuum and taking advantage of information as to technological, organizational and financial structuring of foreign railway systems, must certainly not be overlooked. It can indeed be a profitable experience for foreign analogies to be examined in sufficient detail. On the other hand, superficial comparisons with the Canadian experience are to be avoided. In every

country, and this is certainly true in Canada, historical, sociological and geographical factors are most important. In the Canadian case, this particularly includes climatic factors. As well, government structuring and indeed political orientation will have profound effects upon the development of any particular transportation system. Therefore, while direct comparisons can be instructive, caution must be exercised in view of the differences in various national settings.

In almost every instance, these comparisons with foreign countries revealed an apparently higher incidence of government and private sector investment in railway passenger services and the implementation of costly, but effective advanced railway passenger technology. The Committee certainly feels that further study is merited, but cautions against wholesale importation of foreign experiences which may not be entirely applicable to Canada.

For this reason, the Committee refers back to its first recommendation regarding the establishment of a joint parliamentary committee which would be charged with studying, over a period of time, all aspects of passenger transportation policy in this country. Such a study would be deficient if it did not include an analysis of passenger transport systems in other countries. This should include discussions with foreign transportation administrators and technologists concerning their countries' experience with various aspects of administration and development of their passenger transportation systems.

(vi) The Issue of Comparative Subsidies to other Modes of Transportation

The issue of comparative subsidies to other forms of transportation in Canada has come up time and time again in the course of this Committee's proceedings. The arguments have ranged around whether railways are receiving a disproportionate amount of government subsidization when compared with other modes of passenger carriage. It has, on the other hand, been argued that when a true comparison is made, which takes into account all the factors associated with subsidizing a particular mode of transportation, railways are in fact relatively inexpensive when compared with the total amounts of money invested in the air and highway modes.

Particularly relevant to railways is the question of subsidies to bus lines. The conception that buses are essentially not subsidized at all by the federal or provincial governments was questioned during the course of the Committee's proceedings on the basis that buses use heavily subsidized public highways and roads in order to transport passengers. The comparative cost of building, rebuilding, conducting snow and ice removal and generally maintaining these roadways has been unfavourably compared to the cost of railway subsidies.

The roads and highways used by bus services are generally a provincial responsibility, but one must keep in mind the very considerable federal financial assistance in this field. Some examples from the recent and the present include: the "roads to resources" programs, Trans-Canada Highway subsidies, the "Urban Transportation Assistance Program" (UTAP), and

the capital assistance program for intercity bus transport in the Atlantic Provinces. These are all multi-million dollar federal aid programs.

Transportation subsidies are not inherently undesirable. They should be regarded as a form of investment in the development of the country. But like any investment, the return must be calculated and must, given all the circumstances, result in a satisfactory yield. This yield need not be calculated in dollars alone. Long-term economic advantages, and social consequences should also be carefully considered. This should be kept in mind by those who have been justifying a reduction in railway subsidies on the basis that railways produce the lowest yield for the subsidy dollar.

Furthermore, the Committee cautions against wholesale superficial comparisons between one mode of transport and the other. Clearly, this type of analysis is most relevant to any discussion on Canadian transportation policy. However, the Committee has not been convinced, one way or the other, as to the strength of the arguments surrounding the real cost of subsidies on either side. For this reason, the Committee again refers back to its first recommendation and expresses its view that this issue of comparative subsidies be included in a long-range study of the future Canadian passenger transportation services.

D. OPERATIONAL FACTORS RELATING TO ROUTE CANCELLATIONS AND TO RAILWAY PASSENGER SERVICE GENERALLY

(i) Sufficiency of Data

When the 20% reduction in passenger services was announced last autumn, the underlying rationale for this action was the need to make funds available out of VIA Rail's budget for new equipment. Undoubtedly, when selecting routes to be eliminated and services to be reduced, and when assessing the factors relevant to the decision to procure funds in this fashion, various statistical and other data was considered. In the course of its proceedings, the Committee has noted that there have been considerable disagreements as to the interpretation of the data on which decisions were presumably based.

For example, the ability of Transport Canada, the CTC, and the railways to isolate load factors and occupancy rates on particular portions of some of the abandoned routes was subject to question. Indeed, there was considerable discussion as to what the actual use of the terms "load factor", "occupancy rate", and "ridership" actually meant in terms of decision-making. The confusion as to the use of these terms, their applicability, and proper analysis of the data available causes the Committee some disquiet.

The Committee also notes with interest the inconsistency in the evidence as to ridership growth on passenger trains. An expert on American passenger rail service in testimony before this Committee, stated that Amtrak ridership had increased in 1981 despite declines in all other modes of passenger carriage. This appears to be in contrast to the general impression in

Canada, as became evident in some of the testimony before the Committee, that passenger train use is steadily and inexorably declining in all developed countries. The Committee believes a careful re-examination of the data is necessary.

The Committee is of the view that when drastic action is taken, such as was implemented last autumn, that involves very substantial service reductions, the operational data available and considered by those in positions of authority, should be impeccable. Once a rail service is abandoned, it is rarely, if ever, reinstated. Consequently, utmost care should be taken in evaluating the available data in deciding what action is to be taken with respect to a particular route or network and every effort should be made to ensure that the data itself is sufficient and reliable.

10. The Committee recommends that the data used as a partial basis for the decision taken in last autumn's route abandonments should be re-examined in great detail in order to determine if all the facts were available and properly interpreted. This examination should be undertaken by the Railway Transport Committee of the CTC and the results of the investigation should be made public at the earliest opportunity. Furthermore, the Committee recommends that, in future, relevant information concerning particular routes that might become the subject of possible abandonment or service reductions be the object of informed public discussion prior to a decision being taken.

(ii) Effect of Route Abandonments on Passenger Rail Service Generally

The elimination of selected routes as a result of the decision by the Governor in Council of last fall, resulted in a substantial number of Canadians being without rail service. In addition and perhaps of equal importance, is the fact that many points within Canada are now accessible by rail only after tedious, inconvenient, and expensive detours. Substantial increases in travel time between points previously served are now a reality for train users.

Undoubtedly, it is the essence of a continued and vital passenger rail service in the future that it be heavily utilized by the travelling public. One of the principal arguments in supporting certain individual route discontinuances was that they were not being used sufficiently by passengers. However, the Committee believes that this is something of an unbalanced equation in that now not only are many routes lost but the routes that do exist may be under-utilized due to the fact that potential passengers would have to incur increased costs and a great deal of lost time in making connections as a result of the remaining routes and schedules. This may result in a loss of revenue for VIA Rail Canada through a reduction in ridership on certain trains, which could in turn provide a rationale for further cutbacks. This, in the view of the Committee, would be a truly disastrous trend for rail passenger services.

This type of problem is further exacerbated by a deterioration in some services on the routes left in existence. These

service problems include reduced train frequencies, less available sleeping accommodation, and a reduction in dining services. This combined with continued maintenance problems can only have negative effects on the VIA Rail system. It is indeed commendable to wish to acquire new equipment for the system; this is in fact an essential requirement. However, if the existing routes are left to deteriorate in quantity and quality of service, the travelling public will not be much inclined to continue to use or to switch to these services.

(iii) The Issue of Commuter Services

Some of the routes discontinued as a result of the Governor in Council's action last fall, included certain short haul passenger lines that were classified by Transport Canada as commuter services. The Committee understands commuter services to mean comparatively short distance routes involving the transport of passengers between suburban areas and a large nearby urban centre. The Committee has doubts as to whether all of the routes that were so categorized by Transport Canada are truly commuter services.

The Committee notes with concern that provincial authorities have expressed some reluctance to undertake control of this type of service in certain instances, and municipalities simply do not have the legislative or financial capability to step in should they wish to do so. This has already produced some serious problems for certain numbers of rail passenger commuters who find themselves either without service, with reduced service, or with the prospect of losing service in the near future.

11. The Committee recommends that the concerned parties, namely the railways providing the service, the municipalities served, the CTC, the provincial governments and Transport Canada undertake consultations and negotiations prior to any route cancellations to ensure that commuter services will be maintained where necessary, either by VIA Rail, or one of the other operating railways, or another entity should that be deemed desirable. The Committee emphasizes that this should be done prior to the elimination of such routes so as to avoid wholesale inconvenience and economic dislocation as a result of relatively sudden changes in long standing commuter services.

The Committee further recommends that a firm technical definition of commuter services be put forward by Transport Canada without delay. This will aid in ensuring that only routes that are truly commuter services will be transferred to provincial jurisdiction.

(iv) Implementation and Expansion of LRC Train Services

The Committee is aware of the fact that a great deal of emphasis is being placed upon the introduction of the "light, rapid comfortable" (LRC) trains into the VIA system. These trains are already in regular service in the Quebec-Windsor corridor, and VIA has just committed itself to purchase an additional ten train sets from the manufacturer, Bombardier Ltd.

It is presumed that a great deal of the money supposed to become available as a result of last fall's service cuts will be directed towards the purchase of this new equipment. While the Committee welcomes the integration of this modern equipment into VIA Rail service, it also notes with some concern that some initial difficulties have become apparent in this system. It is, of course, to be hoped that these are nothing more than "teething" problems. The Committee has been repeatedly assured by representatives of VIA Rail Canada that no serious or major problems have been encountered thus far in the introduction of these trains into service.

These LRC trains represent a significant technological improvement over the current equipment in use in the VIA Rail system. The Committee has been assured that these trains provide a comfortable and modern environment for their passengers. However, the Committee notes that great savings in time are not likely to result from the introduction of these trains into service because of the fact that they cannot operate at their maximum or optimum speed because they have to travel over track and roadbeds that are used by freight trains and are poorly suited for high speed passenger train travel. The LRC trains can operate over such roadbeds, in a quiet, comfortable and efficient manner. However, in order to have them function at speeds of which they are capable, the roadbed would have to be improved and a so-called "dedicated corridor", namely a roadbed that would handle high speed passenger traffic only, might be required. This would be a very costly undertaking.

The concept of dedicated corridors, and possibly the electrification of these corridors to provide for still more advanced technology trains was raised before the Committee. Again, the costs involved in such an undertaking appear to be formidable. However, the Committee feels that the attractions and advantages of such a concept should be more thoroughly investigated in the course of a policy review.

Notwithstanding any of the reservations mentioned above, the Committee earnestly hopes that the LRC trains will indeed operate in an efficient and profitable manner. The Committee also notes with a great interest that both the Minister of Transport and the President of VIA Rail Canada Inc. stated in the course of their testimony that they intend to see the LRC equipment introduced into routes beyond the Quebec-Windsor corridor in the near future. The Atlantic and Western provinces were specifically mentioned. A target date of 1984 has been mentioned. The Committee feels that it is essential that this commitment be implemented at the earliest possible moment.

12. The Committee recommends that LRC train equipment be introduced in regular service on routes in the Atlantic provinces and in Western Canada as soon as is practicable. This should take place no later than 1984, barring unforeseen technological impediments.

APPENDIX I TO THE REPORT

*Canada Gazette, Part II, Vol. 115 (No. 22) p. 3352**(Published as an Extra, November 6, 1981)***Registration****SOR/81-892 3 November, 1981****NATIONAL TRANSPORTATION ACT****Order Varying Canadian Transport Commission Orders and Decisions****P.C. 1981-2171 6 August, 1981**

His Excellency the Governor General in Council, on the recommendation of the Minister of Transport, pursuant to subsection 64(1) of the National Transportation Act, of its own motion hereby varies the Canadian Transport Commission Orders and Decisions referred to in Schedules I to XVII hereto in the manner set out in those schedules.

SCHEDULE I*Halifax-Moncton-Saint John-Montréal Passenger-Train Service (Eastern Transcontinental "Atlantic")*

1. Order No. R-24328 of the Railway Transport Committee of the Canadian Transport Commission dated the 4th day of February 1977, is hereby varied as follows:

(1) The second section 1 on page 3 of the said Order, which refers to passenger-train services provided by Canadian Pacific Limited, is revoked and the following substituted therefor:

"1. The Railways and VIA Rail Canada Inc. shall continue operation of the said passenger-train services, with the exception of the passenger-train service provided by trains 41 and 42 (now trains 11 and 12) between Montréal and Saint John which shall be discontinued between Montréal and Fredericton Junction effective the 15th day of November 1981."

2. The decision of the Railway Transport Committee of the Canadian Transport Commission entitled the "Final Plan for Eastern Transcontinental Passenger-Train Service" dated June 1979 is hereby varied as follows:

(1) Clause (i) on pages 2 and 3 of the said Final Plan and all other references to the passenger-train service entitled "The Atlantic", which is provided between Halifax, Saint John, Fredericton Junction and Montréal, are deleted effective the 15th day of November 1981.

(2) The references to the bus connection provided between Fredericton and Fredericton Junction on page 11 of the said Final Plan are deleted effective the 15th day of November 1981.

SCHEDULE II*Edmundston-Moncton Passenger-Train Service*

1. Order No. R-28953 of the Railway Transport Committee of the Canadian Transport Commission dated the 28th day of June 1979, is hereby varied as follows:

(1) Paragraph 1(b) on page 2 of the said Order is revoked and the following substituted therefor:

"(b) discontinue the operation of the passenger-train service between Edmundston and Moncton effective the 15th day of November 1981."

2. The decision of the Railway Transport Committee of the Canadian Transport Commission entitled the "Final Plan for Eastern Transcontinental Passenger-Train Service" dated June 1979 is hereby varied as follows:

(1) Clause (ii) on page 7 of the said Final Plan and all other references to the provision of passenger-train service between Edmundston and Moncton are deleted effective the 15th day of November 1981.

SCHEDULE III*Québec (Ste. Foy)-Chambord Passenger-Train Service*

1. Order No. R-25988 of the Railway Transport Committee of the Canadian Transport Commission dated the 22nd day of December 1977, is hereby varied as follows:

(1) The second section 1 on the fourth page, under the heading "The Committee hereby orders that", of the said Order is revoked and the following substituted therefor:

"1. The Canadian National Railways and VIA Rail Canada Inc. shall not discontinue the operation of the said passenger-train services, with the exception of the passenger-train service provided by trains 176, 177, and 199 (now trains 138 and 139) between Québec (Ste. Foy) and Chicoutimi, which shall be discontinued effective the 15th day of November 1981."

2. Order No. R-28150 of the Railway Transport Committee of the Canadian Transport Commission dated the 29th day of December 1978 is hereby varied as follows:

(1) Sections 3 and 4 of the said Order which are in respect of passenger-train service between Québec and Chambord are revoked effective the 15th day of November 1981.

SCHEDULE IV*Québec (Ste. Foy)-Hervey Junction Passenger-Train Service*

1. Order No. 28149 of the Railway Transport Committee of the Canadian Transport Commission dated the 29th day of December 1978, as amended by Order No. R-28795 of the Railway Transport Committee of the Canadian Transport

Commission dated the 26th day of April 1979, is hereby varied as follows:

(1) Section 2 of the said Order is revoked and the following substituted therefor:

"2. Canadian National Railways and VIA Rail Canada Inc. shall discontinue operation of the passenger-train service between Québec (Ste. Foy) and Hervey Junction effective the 15th day of November 1981."

SCHEDULE V

Montréal-Labelle-Mont-Laurier Passenger-Train Service

1. Order No. R-29129 of the Railway Transport Committee of the Canadian Transport Commission dated the 12th day of June 1979, as amended by Order No. R-29407 of the Railway Transport Committee of the Canadian Transport Commission dated the 7th day of August 1979, is hereby varied as follows:

(1) Paragraphs (a) to (d) of section 1 on page 2 of the said Order are revoked and the following substituted therefor:

"(a) discontinue the operation of passenger-train service between Montréal and Mont-Laurier and between Montréal and Labelle effective the 15th day of November 1981."

SCHEDULE VI

Montréal-Sherbrooke Passenger-Train Service

1. Order No. R-28952 dated the 28th day of June 1979, of the Railway Transport Committee of the Canadian Transport Commission is hereby varied as follows:

(1) Section 2 of the said Order is revoked and the following substituted therefor:

"2. Orders VIA Rail Canada Inc. and Canadian National Railways, who are responsible for providing these passenger-train services, to discontinue the passenger-train service provided by trains 620, 621, 624 and 625 (now trains 623, 624, 625 and 626) between Montréal and Sherbrooke effective the 7th day of September 1982."

2. The decision of the Railway Transport Committee of the Canadian Transport Commission entitled the "Final Plan for Eastern Transcontinental Passenger-Train Service" dated June 1979 is hereby varied as follows:

(1) Clause (i) on page 6 of the said Final Plan and all other references to the provision of passenger-train service between Montréal and Sherbrooke are deleted effective the 7th day of September 1982.

SCHEDULE VII

Montréal-Lachute-Montebello-Ottawa Passenger-Train Service

1. Order No. R-25782 of the Railway Transport Committee of the Canadian Transport Commission dated the 18th day of November 1977, is hereby varied as follows:

(1) Section 1 on page 6 of the said Order is revoked and the following substituted therefor:

"1. Canadian Pacific Limited and VIA Rail Canada Inc. shall not discontinue the operation of the said passenger-train services, with the exception of the passenger-train service provided by trains 132, 133, and 134 (now trains 170, 171, and 172) between Montréal, Lachute, Montebello, and Ottawa, which shall be discontinued effective the 15th day of November 1981."

SCHEDULE VIII

Toronto-Stouffville Passenger-Train Service

1. Order No. R-32318 of the Railway Transport Committee of the Canadian Transport Commission dated the 29th day of May 1981, is hereby varied as follows:

(1) The second section 1 on page 1 of the said Order is revoked and the following substituted therefor:

"1. VIA Rail and Canadian National Railways shall discontinue operation of the said passenger-train service effective the 7th day of September 1982."

SCHEDULE IX

Toronto-Havelock Passenger-Train Service

1. Order No. R-32317 of the Railway Transport Committee of the Canadian Transport Commission dated the 29th day of May 1981, is hereby varied as follows:

(1) Section 1 on the second page of the said Order is revoked and the following substituted therefor:

"1. VIA Rail and Canadian Pacific Limited shall discontinue operation of the said passenger-train service effective the 7th day of September 1982."

SCHEDULE X

Edmonton-Drumheller Passenger-Train Service

1. Order No. R-24501 of the Railway Transport Committee of the Canadian Transport Commission dated the 21st day of March 1977, is hereby varied as follows:

(1) Section 3 on page 2 of the said Order is revoked and the following substituted therefor:

"3. Orders that Canadian National Railways and VIA Rail Canada Inc. shall discontinue operation of the said passenger-train service effective the 15th day of November 1981."

SCHEDULE XI

Prince Albert-Saskatoon-Regina Passenger-Train Service

1. Order No. R-29855 WD of the Railway Transport Committee of the Canadian Transport Commission dated the 8th day of November 1979, is hereby varied as follows:

(1) Section 1 of the said Order is revoked and the following substituted therefor:

"1. VIA Rail Canada Inc. and Canadian National Railways

(a) shall not discontinue the operation of the passenger-train service provided by trains 680 and 683 between Regina and Saskatoon; and

(b) shall discontinue the operation of the passenger-train service provided by trains 680 and 683 between Saskatoon and Prince Albert effective the 15th day of November 1981."

SCHEDULE XII

Sudbury-White River Passenger-Train Service

1. Order No. 1981-01 of the Review Committee of the Canadian Transport Commission dated the 12th day of February 1981, as amended by Order No. 1981-03 of the Review Committee dated the 17th day of July 1981, is hereby varied as follows:

(1) Sections 2 and 3 of the said Order are revoked and the following substituted therefor:

"2. During the off-peak period of the year, VIA Rail Canada Inc. and Canadian Pacific Limited shall provide, on the transcontinental passenger-train service between Sudbury and White River, the local passenger, mail and express services now provided by trains 185 and 186 effective the 15th day of November 1981. During the off-peak period of the year, local passenger-train service provided by trains 185 and 186 shall be discontinued effective the 15th day of November 1981.

3. During the peak period of the year, VIA Rail Canada Inc. and Canadian Pacific Limited shall operate a tri-weekly local passenger train service, which also provides mail and express services, in each direction between Sudbury and White River, Ontario, effective the 15th day of November 1981."

SCHEDULE XIII

Capreol-Hornepayne Passenger-Train Service

1. Order No. 30915 dated the 29th day of May 1980, of the Railway Transport Committee of the Canadian Transport Commission is hereby varied as follows:

(1) Section 4 of the said Order is revoked effective the 15th day of November 1981.

SCHEDULE XIV

*Winnipeg-Armstrong Passenger-Train Service
Sudbury-Capreol-Winnipeg Passenger-Train Service*

1. Order No. 30914 of the Railway Transport Committee of the Canadian Transport Commission dated the 29th day of May 1980, is hereby varied as follows:

(1) Sections 3 to 5 of the said Order are revoked and the following substituted therefor:

"3. Passenger-train service between Capreol and Winnipeg shall be provided by VIA Rail Canada Inc. and the Canadian National Railways.

4. Effective the 15th day of November 1981, Capreol shall be used as the terminal for passenger-train service provided by trains 7 and 8, with a connecting bus service to be provided between Capreol and Sudbury."

SCHEDULE XV

*Western Transcontinental Passenger-Train Service
Toronto-Barrie Passenger-Train Service*

1. Order No. R-22125 of the Railway Transport Committee of the Canadian Transport Commission dated the 29th day of January 1976, is hereby varied as follows:

(1) Section 1 on page 2 of the said Order is revoked and the following substituted therefor:

"1. VIA Rail Canada Inc. and Canadian Pacific Limited shall not discontinue operation of the said passenger-train service, with the exception of the passenger-train service between Montréal and Ottawa (via Vankleek Hill) which shall be discontinued effective the 15th day of November 1981."

2. Order No. R-22346 of the Railway Transport Committee of the Canadian Transport Commission dated the 26th day of February 1976, is hereby varied as follows:

(1) Section 1 on the second page of the said Order is revoked and the following substituted therefor:

"1. VIA Rail Canada Inc. and Canadian National Railways shall not discontinue operation of the said passenger-train service, with the exception of the passenger-train service provided by trains 168 and 169 (now trains 146 and 147) between Toronto and Barrie, which shall be discontinued effective the 7th day of September 1982, and the passenger-train service between Winnipeg and Saskatoon and the passenger-train service between Jasper and Vancouver which shall be discontinued effective the 15th day of November 1981."

3. The "Final Plan for Western Transcontinental Passenger-Train Service" of the Railway Transport Committee of the Canadian Transport Commission dated October 1977 as implemented by Order No. R-26520 of the Railway Transport Committee dated the 8th day of March 1978 and as amended is hereby varied as follows:

(1) Clauses (i) to (iv) under the heading "The Final Plan" on page 1 of the said Final Plan are hereby revoked and the following substituted therefor:

"(i) a daily Montréal-Toronto-Vancouver train via Thunder Bay, Winnipeg and Calgary effective the 15th day of November 1981. The present passenger-train service be-

tween Montréal and Ottawa (via Vankleek Hill) shall be discontinued effective the 15th day of November 1981;

(ii) coach service for the passenger-train services between Ottawa and Sudbury and between Saskatoon and Edmonton effective the 15th day of November 1981; and

(iii) full service for passenger-train service between Edmonton and Jasper effective the 15th day of November 1981.

The passenger-train service between Winnipeg and Saskatoon and passenger-train service between Jasper and Vancouver shall be discontinued effective the 15th day of November 1981."

SCHEDULE XVI

1. Order No. R-31300 dated the 14th day of August 1980, of the Railway Transport Committee of the Canadian Transport Commission is hereby varied as follows:

(1) Groups 6, 7 and 23 of Schedule I of the said Order are revoked effective the 15th day of November 1981.

(2) Groups 1, 3, 5, 16, 17, 22, and 25 of Schedule I of the said Order are revoked and the following groups dated the 15th day of November 1981 substituted therefor effective the 15th day of November 1981.

SCHEDULE / TABLEAU: I

VIA RAIL CANADA INC.

GROUP / GROUPE: I

Page: I-1A

Date: November 15, 1981 /
Le 15 novembre 1981

| Segment / Tronçon | | Track owned by / Prop. de la voie | Minimum frequency per week (each direction) / Fréquence minimum par semaine (chaque direction) | | Notes |
|-------------------|-----------------------|--|---|------------------|---|
| | | | Normal / Normale | Peak / Pointe | |
| 101 | Halifax-Truro | CN | 21 | 21 | |
| 102 | Sydney-Truro | CN | 14 | 14 | |
| 103 | Truro-Amherst | CN | 14 | 14 | |
| 104 | Charlottetown-Amherst | — | 7 | 7 | Connecting highway service / Service routier de correspondance |
| 105 | Amherst-Moncton | CN | 14 | 14 | |
| 106 | Charlottetown-Moncton | — | 7 | 7 | Connecting highway service / Service routier de correspondance |
| 107 | Moncton-Campbellton | CN | 14 | 14 | |
| 108 | Campbellton-Matapédia | CN | 7 | 7 | |
| 109 | Gaspé-Matapédia | CN | 7 | 7 | |
| 110 | Matapédia-Mont-Joli | CN | 7 | 7 | |
| 111 | Mont-Joli-Charny | CN | 14 | 14 | |
| 112 | Sainte-Foy-Charny | CN | 14 | 14 | |

SCHEDULE / TABLEAU: I

VIA RAIL CANADA INC.

GROUP / GROUPE: I

Page: I-1B

Date: November 15, 1981 /
Le 15 novembre 1981

| Segment / Tronçon | | Track owned by / Prop. de la voie | Minimum frequency per week (each direction) / Fréquence minimum par semaine (chaque direction) | | Notes |
|-------------------|--|--|---|------------------|-------|
| | | | Normal / Normale | Peak / Pointe | |
| 113 | Charny-Saint-Hyacinthe | CN | 28 | 28 | |
| 114 | Moncton-Saint John / Saint-Jean | CN | 7 | 7 | |
| 115 | Saint John / Saint-Jean- Fredericton Jct. | CP | 7 | 7 | |
| 116 | Fredericton-Fredericton Jct. | CP | 7 | 7 | |
| 118 | Sherbrooke-Saint-Hyacinthe | CN | 7 | 7 | |
| 119 | Saint-Hyacinthe-Montréal | CN | 35 | 35 | |

SCHEDULE / TABLEAU: I

VIA RAIL CANADA INC.

GROUP / GROUPE: I

Page: I-3

Date: November 15, 1981 /

Le 15 novembre 1981

| Segment / Tronçon | Track owned by / Prop. de la voie | Minimum frequency per week (each direction) / Fréquence minimum par semaine (chaque direction) | | Notes |
|--------------------------|--|---|------------------|-------|
| | | Normal / Normale | Peak / Pointe | |
| 303 McGivney-Fredericton | — | 7 | 7 | |

SCHEDULE / TABLEAU: I

VIA RAIL CANADA INC.

GROUP / GROUPE: 5

Page: I-5

Date: November 15, 1981 /

Le 15 novembre 1981

| Segment / Tronçon | Track owned by / Prop. de la voie | Minimum frequency per week (each direction) / Fréquence minimum par semaine (chaque direction) | | Notes |
|-------------------------------|--|---|------------------|---|
| | | Normal / Normale | Peak / Pointe | |
| 501 Montréal-Hervey Jct. | CN | 3 | 3 | |
| 503 Hervey Jct.-Senneterre | CN | 3 | 3 | |
| 504 Senneterre-Cochrane | CN | 3 | 3 | |
| 505 Senneterre-Val-d'Or | — | 6 | 6 | Connecting highway service / Service routier de correspondance |
| 506 Hervey-Rivière-à-Pierre | CN | 3 | 3 | |
| 508 Rivière-à-Pierre-Chambord | CN | 3 | 3 | |
| 509 Chambord-Chicoutimi | CN | 3 | 3 | |
| 510 Chambord-Dolbeau | — | 7 | 7 | Connecting highway service / Service routier de correspondance |

SCHEDULE / TABLEAU: I

VIA RAIL CANADA INC.

GROUP / GROUPE: 16

Page: I-16

Date: November 15, 1981 /
Le 15 novembre 1981

| Segment / Tronçon | Track owned by / Prop. de la voie | Minimum frequency per week (each direction) / Fréquence minimum par semaine (chaque direction) | | Notes |
|------------------------------|--|---|------------------|---------------------------------|
| | | Normal / Normale | Peak / Pointe | |
| 1602 Ottawa-North Bay | CP | 3 | 3 | |
| 1603 North Bay-Sudbury | CP | 3 | 3 | |
| 1604 Sudbury-White River | CP | 7 | 10 | |
| 1605 White River-Thunder Bay | CP | 7 | 7 | |
| 1606 Thunder Bay-Winnipeg | CP | 7 | 7 | CN, Norcran Jct.-Winnipeg |
| 1607 Winnipeg-Regina | CP | 14 | 14 | CN, Winnipeg-Portage la Prairie |
| 1608 Regina-Calgary | CP | 7 | 7 | |
| 1609 Calgary-Kamloops | CP | 7 | 7 | |
| 1610 Kamloops-Vancouver | CP | 7 | 7 | CN, Sapperton-Vancouver |

SCHEDULE / TABLEAU: I

VIA RAIL CANADA INC.

GROUP / GROUPE: 17

Page: I-17A

Date: November 15, 1981 /
Le 15 novembre 1981

| Segment / Tronçon | Track owned by / Prop. de la voie | Minimum frequency per week (each direction) / Fréquence minimum par semaine (chaque direction) | | Notes |
|------------------------------|--|---|------------------|---|
| | | Normal / Normale | Peak / Pointe | |
| 1701 Toronto-Barrie | CN | 13-14 | 13-14 | Northbound—Southbound (see also 1501) / En direction nord—en direction sud (voir aussi 1501) |
| 1702 Barrie-Washago | CN | 8-9 | 8-9 | Northbound—Southbound (see also 1501) / En direction nord—en direction sud (voir aussi 1501) |
| 1703 Washago-South Parry | CN | 7 | 7 | |
| 1704 South Parry-Sudbury | CP | 7 | 7 | |
| 1705 Sudbury-Capreol | — | 3 | 3 | Connecting highway service / Service routier de correspondance |
| 1706 Capreol-Hornepayne | CN | 3 | 3 | |
| 1707 Hornepayne-Nakina | CN | 3 | 3 | |
| 1708 Nakina-Armstrong | CN | 3 | 3 | |
| 1709 Armstrong-Sioux Lookout | CN | 3 | 3 | |
| 1710 Sioux Lookout-Farlane | CN | 3 | 3 | |
| 1711 Farlane-Winnipeg | CN | 3 | 4 | |

SCHEDULE / TABLEAU: I

VIA RAIL CANADA INC.

GROUP / GROUPE: 17

Page: I-17B

Date: November 15, 1981 /
Le 15 novembre 1981

| Segment / Tronçon | Track owned by / Prop. de la voie | Minimum frequency per week (each direction) / Fréquence minimum par semaine (chaque direction) | | Notes |
|-----------------------------|--|---|------------------|---|
| | | Normal / Normale | Peak / Pointe | |
| 1713 Saskatoon-Edmonton | CN | 7 | 7 | |
| 1714 Edmonton-Jasper | CN | 3 | 3 | |
| 1716 Kamloops Jct.-Kamloops | — | 7 | 7 | Connecting highway service / Service routier de correspondance |
| 1717 Kamloops-Kelowna | — | 7 | 7 | Connecting highway service / Service routier de correspondance |

SCHEDULE / TABLEAU: I

VIA RAIL CANADA INC.

GROUP / GROUPE: 22

Page: I-22

Date: November 15, 1981 /
Le 15 novembre 1981

| Segment / Tronçon | Track owned by / Prop. de la voie | Minimum frequency per week (each direction) / Fréquence minimum par semaine (chaque direction) | | Notes |
|-----------------------|--|---|------------------|-------|
| | | Normal / Normale | Peak / Pointe | |
| 2201 Regina-Saskatoon | CN | 7 | 7 | |

SCHEDULE / TABLEAU: I

VIA RAIL CANADA INC.

GROUP / GROUPE: 25

Page: I-25

Date: November 15, 1981 /
Le 15 novembre 1981

| Segment / Tronçon | Track owned by / Prop. de la voie | Minimum frequency per week (each direction) / Fréquence minimum par semaine (chaque direction) | | Notes |
|---------------------------|--|---|------------------|-------|
| | | Normal / Normale | Peak / Pointe | |
| 2501 Jasper-Prince Rupert | CN | 3 | 3 | |

SCHEDULE XVII

1. Order No. R-31300 dated the 14th day of August 1980, of the Railway Transport Committee of the Canadian Transport Commission is hereby varied as follows:

(1) Groups 10 and 11 of Schedule I of the said Order are revoked effective the 7th day of September 1982.

(2) Groups 1 and 17 of Schedule I of the said Order dated the 15th day of November 1981 are revoked and the following groups dated the 7th day of September 1982 substituted therefor effective the 7th day of September 1982.

SCHEDULE / TABLEAU: I

VIA RAIL CANADA INC.

GROUP / GROUPE: I

Page: I-1A

Date: September 7, 1982 /
Le 7 septembre 1982

| Segment / Tronçon | | Track owned by / Prop. de la voie | Minimum frequency per week (each direction) / Fréquence minimum par semaine (chaque direction) | | Notes |
|-------------------|-----------------------|--|---|------------------|---|
| | | | Normal / Normale | Peak / Pointe | |
| 101 | Halifax-Truro | CN | 21 | 21 | |
| 102 | Sydney-Truro | CN | 14 | 14 | |
| 103 | Truro-Amherst | CN | 14 | 14 | |
| 104 | Charlottetown-Amherst | — | 7 | 7 | Connecting highway service / Service routier de correspondance |
| 105 | Amherst-Moncton | CN | 14 | 14 | |
| 106 | Charlottetown-Moncton | — | 7 | 7 | Connecting highway service / Service routier de correspondance |
| 107 | Moncton-Campbellton | CN | 14 | 14 | |
| 108 | Campbellton-Matapédia | CN | 7 | 7 | |
| 109 | Gaspé-Matapédia | CN | 7 | 7 | |
| 110 | Matapédia-Mont-Joli | CN | 7 | 7 | |
| 111 | Mont-Joli-Charny | CN | 14 | 14 | |
| 112 | Sainte-Foy-Charny | CN | 14 | 14 | |

SCHEDULE / TABLEAU: I

VIA RAIL CANADA INC.

GROUP / GROUPE: 1

Page: I-1B

Date: September 7, 1982 /

Le 7 septembre 1982

| Segment / Tronçon | Track owned by / Prop. de la voie | Minimum frequency per week (each direction) / Fréquence minimum par semaine (chaque direction) | | Notes |
|--|--|---|------------------|-------|
| | | Normal / Normale | Peak / Pointe | |
| 113 Charny-Saint-Hyacinthe | CN | 28 | 28 | |
| 114 Moncton-Saint John / Saint-Jean | CN | 7 | 7 | |
| 115 Saint John / Saint-Jean- Fredericton Jct. | CP | 7 | 7 | |
| 116 Fredericton-Fredericton Jct. | CP | 7 | 7 | |
| 119 Saint-Hyacinthe-Montréal | CN | 28 | 28 | |

SCHEDULE / TABLEAU: I

VIA RAIL CANADA INC.

GROUP / GROUPE: 17

Page: I-17A

Date: September 7, 1982 /

Le 7 septembre 1982

| Segment / Tronçon | Track owned by / Prop. de la voie | Minimum frequency per week (each direction) / Fréquence minimum par semaine (chaque direction) | | Notes |
|------------------------------|--|---|------------------|---|
| | | Normal / Normale | Peak / Pointe | |
| 1701 Toronto-Barrie | CN | 8-9 | 8-9 | Northbound—Southbound (see also 1501) / En direction nord—en direction sud (voir aussi 1501) |
| 1702 Barrie-Washago | CN | 8-9 | 8-9 | |
| 1703 Washago-South Parry | CN | 7 | 7 | Northbound—Southbound (see also 1501) / En direction nord—en direction sud (voir aussi 1501) |
| 1704 South Parry-Sudbury | CP | 7 | 7 | |
| 1705 Sudbury-Capreol | CN | 3 | 3 | Connecting highway service / Service routier de correspondance |
| 1706 Capreol-Hornepayne | CN | 3 | 3 | |
| 1707 Hornepayne-Nakina | CN | 3 | 3 | |
| 1708 Nakina-Armstrong | CN | 3 | 3 | |
| 1709 Armstrong-Sioux Lookout | CN | 3 | 3 | |
| 1710 Sioux Lookout-Farlane | CN | 3 | 3 | |
| 1711 Farlane-Winnipeg | CN | 3 | 4 | |

SCHEDULE / TABLEAU: I

VIA RAIL CANADA INC.

GROUP / GROUPE: 17

Page: I-17B

Date: September 7, 1982 /
Le 7 septembre 1982

| Segment / Tronçon | Track owned by / Prop. de la voie | Minimum frequency per week (each direction) / Fréquence minimum par semaine (chaque direction) | | Notes |
|-----------------------------|--|---|------------------|---|
| | | Normal / Normale | Peak / Pointe | |
| 1713 Saskatoon-Edmonton | CN | 7 | 7 | |
| 1714 Edmonton-Jasper | CN | 3 | 3 | |
| 1716 Kamloops Jct.-Kamloops | — | 7 | 7 | Connecting highway service / Service routier de correspondance |
| 1717 Kamloops-Kelowna | — | 7 | 7 | Connecting highway service / Service routier de correspondance |

APPENDIX II TO THE REPORT

The Railway Act, R.S.C. 1970, c. R-2, ss. 260(6)

(6) In determining whether an uneconomic passenger-train service or parts thereof should be discontinued, the Commission shall consider all matters that in its opinion are relevant to the public interest including, without limiting the generality of the foregoing,

- (a) the actual losses that are incurred in the operation of the passenger-train service;
- (b) the alternative transportation services, including any highway or highway system serving the principal points served by the passenger-train service, that are available or are likely to be available in the area served by the service;
- (c) the probable effect on other passenger train service or other passenger carriers of the discontinuance of the service, or of parts thereof; and
- (d) the probable future passenger transportation needs of the area served by the service.

APPENDIX III TO THE REPORT

National Transportation Act, R.S.C. 1970, c. N-17, ss. 64(1)

Governor
in Council
may vary
or rescind

64. (1) The Governor in Council may at any time, in his discretion, either upon petition of any party, person or company interested, or of his own motion, and without any petition or application, vary or rescind any order, decision, rule or regulation of the Commission, whether such order or decision is made *inter partes* or otherwise, and whether such regulation is general or limited in its scope and application; and any order that the Governor in Council may make with respect thereto is binding upon the Commission and upon all parties.

APPENDIX IV TO THE REPORT

Paragraphs 1 and 2 of the *Ninth Report of the Standing Joint Committee on Regulations and Other Statutory Instruments*, in *Minutes of Proceedings and Evidence*, 12 November 1981, 45:4

1. In accordance with its permanent reference, section 26 of the *Statutory Instruments Act*, S.C. 1970-71-72, c. 38, your Joint Committee has determined to draw to the special attention of both Houses SOR/81-892, Order Varying Canadian

Transport Commission Orders and Decisions. (For convenience this regulation will be referred to as "the Order".)

2. Your Joint Committee's objections to the Order rest on four of its criteria, namely:

"Whether any Regulation or other Statutory Instrument within its terms of reference, in the judgment of the Committee;

- 2. has not complied with the provisions of the *Statutory Instruments Act* with respect to transmittal, recording, numbering or publication;
- 4. makes some unusual or unexpected use of the powers conferred by the enabling statute . . .
- 8. appears for any reason to infringe . . . the rules of natural justice;
- 10. in the absence of express authority to that effect in the enabling statute or prerogative, appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment, and not merely to the formulation of subordinate provisions of a technical or administrative character properly the subject of delegated legislation;"

APPENDIX V TO THE REPORT

Railway Act, R.S.C. 1970, c. R-2, s. 331

Information
bearing on
costs

331. Where information concerning the costs of a railway company or other information that is by its nature confidential is obtained from the company by the Commission in the course of any investigation under this Act, such information shall not be published or revealed in such a manner as to be available for the use of any other person, unless in the opinion of the Commission such publication is necessary in the public interest. 1966-67, c. 69, s. 70.

APPENDIX VI TO THE REPORT

Canadian Transport Commission, *Railway Costing Regulations*

FOREWORD

On March 28, 1977, Canadian Pacific Limited (CP) applied to the Railway Transport Committee of the Canadian Transport Commission for an amendment to the existing cost regulations as set out in Order R-6313. Specifically, CP requested that income tax be included in the cost of capital for the

purposes of sections 253, 256, 258, 260 and 261 of the *Railway Act*. A hearing into this application was held in Ottawa between May 14 and June 5, 1979. During the course of the hearing the application was amended to apply to only sections 256, 258 and 261 of the *Railway Act*.

The Railway Transport Committee (the Committee) rendered its Decision on August 17, 1979. The *Railway Costing Regulations* reflect that Decision. The Railway Costing Regulations 1980-3 Rail were registered pursuant to the *Statutory Instruments Act* on May 1, 1980, Registration No. SOR/80-310. Subsequently, on December 9, 1980, by Order C.T.C. 1980-12, paragraph 5(5)(a) of the Regulations was revoked and replaced by the paragraph which is found in the attached Consolidation of the Railway Costing Regulations. The Registration No. under the *Statutory Instruments Act* for this amendment is SOR/80-940 dated December 10, 1980.

The *Railway Costing Regulations* are essentially the same as those regulations found in Order R-6313. Certain substantive changes have, of course, been made to reflect the Committee's Decision of August 17, 1979. In view of the relationship between the *Railway Costing Regulations* and Order R-6313, the "Reasons for Order No. R-6313 Concerning Cost Regulations" remain valid except as modified by the Decision of August 17, 1979 in respect of cost submissions for the years 1979 and following. Moreover, R-6313 in its entirety (including the Reasons) remains applicable for cost submissions filed with the Committee for the years prior to 1979.

Finally, all persons making use of the present Office Consolidation of the Railway Costing Regulations are advised that it has received the sanction of the Railway Transport Committee of the Canadian Transport Commission, but that the Consolidation has no official sanction from any other branch of the Government of Canada.

REGULATIONS RESPECTING COSTS FOR THE
PURPOSES OF SECTIONS 252 TO 261, 264, 272, 276,
277, 278, 329 AND 330 OF THE RAILWAY ACT, C.T.C.
1980-3 RAIL, SOR/80-310 1 May, 1980 as amended by
C.T.C. 1980-12, SOR/80-940 10 December 1980.

Short Title

1. These Regulations may be cited as the *Railway Costing Regulations*.

Interpretation

2. In these Regulations,

"Act" means the *Railway Act*; (*Loi*)

"branch line" means a line of railway in Canada of a railway company that is subject to the jurisdiction of Parliament that, relative to a main line within the company's railway system in Canada of which it forms a part, is a subsidiary, secondary, local or feeder line of railway, and includes a part of any subsidiary, secondary, local or feeder line of railway; (*embranchement*)

"Committee" means the Railway Transport Committee of the Canadian Transport Commission; (*Comité*)

"costs" means

(a) in relation to a branch line, for the purpose of calculating actual loss, the costs that after allowing a reasonable period of time for adjustment to the new condition, would have been avoided or would be avoided by a company if, in any financial year, it did not maintain and operate the branch line and did not incur the variable cost of carrying the traffic originating or terminating on the line irrespective of when or in what manner or by whom such costs were incurred, and

(b) in relation to a passenger-train service, for the purpose of calculating actual loss, the costs that after allowing a reasonable period of time for adjustment to the new condition, would have been avoided or would be avoided by a company in the carriage of passengers by the service if, in any financial year, the company did not operate the service irrespective of when or in what manner or by whom such costs were incurred; (*frais*)

"passenger-train service" means such train or trains of a company as are capable of carrying passengers and are declared by an order of the Committee, for the purposes of sections 260 and 261 of the Act, to comprise a passenger-train service; (*service de trains de voyageurs*)

"Uniform Classification of Accounts" means the uniform classification and system of accounts prescribed by the Commission pursuant to section 328 of the Act. (*classification uniforme des comptes*)

Application

3. Subject to section 11 and to any exemption ordered by the Commission pursuant to section 46 of the *National Transportation Act*, these Regulations shall apply in respect of cost submissions filed by all companies under the jurisdiction of the Commission for the year 1979 and the following years.

Variable Costs of the Carriage of Goods

4. For the purposes of these Regulations, the variable cost of the carriage of goods referred to in section 278 of the Act shall

(a) be calculated on the basis of carloads of thirty thousand pounds in the standard railway equipment for such goods and such other weights as are required for purposes of determining a rate; and

(b) if the goods concerned may move between points in Canada by alternative routes of two or more railway companies, be computed on the basis of the costs of the lowest cost rail route.

Actual Loss Under Sections 252 to 258, 260 and 261 of the Act

5. (1) For the purposes of the calculation of actual loss under sections 252 to 258 and 260 and 261 of the Act, costs in relation to a branch line or in relation to a passenger-train

service shall, subject to subsections (2) to (5), be based on expense accounts maintained under the *Uniform Classification of Accounts* and accounts reconcilable therewith or on such special studies of items and factors of costs as the Committee may order pursuant to section 46 of the *National Transportation Act*.

(2) In computing the costs of a company for the purposes of section 256, 258 or 261, there shall be included an allowance for depreciation on a periodic basis

- (a) that will reflect the annual decline in the net value that could be realized from the salvage of depreciable road property that the Committee is satisfied could or would be retired if the line were abandoned or the service discontinued, and that is required for continued operation; and
- (b) at rates approved under the *Uniform Classification of Accounts* applied to the book value of such other depreciable assets and of such new assets as the Committee is satisfied are required for continued operation of the line or service.

(3) In computing the costs of a company for the purpose of section 256, 258 or 261, there shall be included in the costs, for the last year of operation prior to abandonment of a line or discontinuance of a service that had previously been ordered retained, an allowance for depreciation on such new assets as the Committee is satisfied are required to comply with the order for retention, which allowance for depreciation shall be equal to the undepreciated cost of such new assets calculated by deducting from the actual cost of the assets their salvage value and the accumulated depreciation allowed on them for subsidy purposes in previous years.

(4) In computing costs of a company for the purposes of section 253 or 260, there shall be included an allowance for cost of capital as follows:

(a) either

- (i) the rate of return on capital, excluding any allowance for income tax, that, in the opinion of the Committee, is appropriate for the company at the time the application is made, applied to the salvage value of the road property that the company proposes to retire if the line is abandoned or the service discontinued, to an amount not exceeding the net book investment, computed on the basis of the group plan or accruing depreciation, or
 - (ii) the rate of return on capital, excluding any allowance for income tax, that, in the opinion of the Committee, is appropriate for the company at the time the application is made, applied to the net book investment of the road property that the company proposes to retire if the line is abandoned or the service discontinued, on condition that the company can develop depreciation charges and net investment calculations acceptable to the Committee as reflecting the specific aging characteristics of the road property; and
- (b) the rate of return on capital, excluding any allowance for income tax, that, in the opinion of the Committee, is appropriate for the company at the time the application is made, applied to the net book value of all other property that the

Committee is satisfied is required in the operation of the line or service.

(5) In computing the costs of a company for the purposes of section 256, 258 or 261, there shall be included an allowance for cost of capital as follows:

- (a) the rate of return on capital, including an allowance for income tax, that, in the opinion of the Committee, is appropriate for the company at the time the computation is made, applied to the salvage value of the road property that the Committee is satisfied could or would be retired if the line were abandoned or the service discontinued and that the Committee is satisfied is required for purposes of continued operation of the line or service, to an amount not exceeding the net book investment computed on the basis of the group plan of accruing depreciation;
- (b) where the Committee is satisfied that investments in new assets are necessary for the continued operation of the line or service, there shall be applied to the net book value of such investments the rate of return on capital, including an allowance for income tax, that, in the opinion of the Committee, is appropriate for the company at the time the investments in new assets are made; and
- (c) the rate of return on capital, including an allowance for income tax, that, in the opinion of the Committee, is appropriate for the company at the time the computation is made, applied to the net book value of all other property that the Committee is satisfied is necessary for continued operation of the line or service.

Categories of Costs to Appear in Cost Submissions

6. For the purposes of the calculation of actual loss under sections 252 to 258 and 260 and 261 of the Act, the following categories of costs shall be shown in the cost submissions, with a separation between "labour" and "material and other" costs and, in the case of branch lines, a separation between "on-line" and "off-line" costs:

- (a) "Category I cost" being all expenses that can be directly identified with the branch line or with the passenger-train service through company records;
- (b) "Category II cost" being transportation and maintenance expenses that would be avoided if the line were abandoned or the service discontinued and that are shared in common with other traffic or other services, including the off-line costs of traffic originating or terminating on the branch line;
- (c) "Category III cost" being all other expenses that would be avoided if the branch line were abandoned or the passenger-train service discontinued and that are not included in Categories I and II, including, where appropriate,
 - (i) superintendence expense,
 - (ii) traffic expense,
 - (iii) general expense,
 - (iv) communications expense, and
 - (v) non-revenue freight expense; and

(d) "Category IV cost" being the cost of capital calculated on the basis set forth in subsections 5(4) and (5).

Basis of Costs for Purposes of Sections 264, 272 and 276 to 278

7. For the purposes of section 264, 272, and 276 to 278 or for other purposes pertaining to rates for the carriage of goods,

(a) costs shall be variable costs based either on the expense accounts maintained under the *Uniform Classification of Accounts* and accounts reconcilable therewith or on such special studies of items and factors of costs as the Committee orders pursuant to section 46 of the *National Transportation Act*, and shall include the increases or decreases in rail operations expenses resulting from changes in the volume of traffic, after allowing a reasonable period of time for adjustment in view of the traffic to be handled;

(b) there shall be included in the variable costs an allowance for cost of capital based on a rate of return, including an allowance for income tax, that, in the opinion of the Committee, is appropriate for CP Rail (a Division of Canadian Pacific Limited) applied to the variable portion of the net book value of the assets related to the movement of the traffic; and

(c) variable costs shall be shown in the cost submissions separated between "labour" and "material and other" costs, in the categories identified in the costing manuals filed pursuant to any order of the Committee.

Specific Costs

8. Whenever specific costs are known or can be readily determined from company records, such costs shall be used in lieu of averaged or allocated costs.

Costing Manuals to be Filed

9. Cost submissions made pursuant to these Regulations shall be prepared in accordance with such costing manuals as the Committee shall, by order, require.

Information to be Made Available to the Committee

10. Railway companies shall make available to the Committee all unit costs, output units and other statistical and supporting information required by order from time to time by the Committee in determining whether cost submissions are acceptable for purposes of the Act.

Cost Submissions for Other than Class I Railways

11. Cost submissions to the Committee by railways other than Class I railways shall be made as follows:

(a) the submissions shall be based on direct costing to the extent feasible;

(b) where feasible, an empirical adaptation of factors employed by Class I railways shall be made for other than direct assignment of costs;

(c) cost submissions shall be in the same form as those prescribed for Class I railways and shall be supported by a complete description of the methods and procedures used in determining output units and in assigning and allocating cost; and

(d) cost submissions shall include an allowance for cost of capital as follows:

(i) where the railway companies have developed a capital structure satisfactory to the Committee, at an approved cost of capital rate developed in the same manner as prescribed for Class I railways in these Regulations, or

(ii) where the railway companies have not developed a capital structure satisfactory to the Committee, at a cost of capital rate prescribed by the Committee.

Applications Under Section 106

12. Applications for abandonment of any line of railway under section 106 of the Act shall be accompanied by a statement of costs and revenues, showing the actual loss incurred in the operation of the line of railway, prepared in the same manner as these Regulations require for the purposes of actual loss calculations under section 253 of the Act, unless the Committee directs otherwise pursuant to section 46 of the *National Transport Act*.

APPENDIX VII TO THE REPORT

| Issue | Date | Witnesses | Issue | Date | Witnesses |
|-------|----------|---|-------|----------|---|
| 15 | 81-11-05 | Mr. Les Benjamin, M.P., | | | Mr. W.S. Nasi, Assistant Director, Rail Services Analysis Branch; |
| 16 | 81-11-10 | The Hon. Jean-Luc Pepin, P.C., M.P. Minister of Transport; Mr. Garth Campbell, Vice-President of Marketing, VIA Rail Canada Inc.; Mr. Robert Giroux, Administrator, Canadian Surface Transportation Administration; Mr. Ken Henderson, Director General, Railway Transportation. | 21 | 82-02-11 | C.P. Rail: Mr. H.C. Wendlandt, Senior Solicitor; Mr. W.H. Somerville, General Manager, Grain and Passenger Service. |
| 17 | 81-11-17 | The Hon. Don Mazankowski, P.C., M.P.; Mr. Thomas Siddon, M.P. | 22 | 82-02-25 | C.P. Rail: Mr. H.C. Wendlandt, Senior Solicitor; Mr. D.J. Deegan, Assistant Secretary. |
| 18 | 81-11-26 | Mr. Guy Chartrand, President, Transport 2000, Canada; Mr. David L. Jeanes, Member of Transport 2000, Ottawa Region. | 23 | 82-03-04 | Railway Transport Committee of the Canadian Transport Commission: Mr. John Magee, Chairman; Dr. John Heads, Executive Director; Mr. K.W. Thompson, Senior Legal Advisor. |
| 19 | 81-12-03 | VIA Rail Canada Inc.: Mr. J.F. Roberts, Chairman and President; Mr. J. Hanna, Vice-President, Finance and Administration; Mr. G. Fortin, Q.C., Vice-President, Law and Secretary of the Company; Mr. G.C. Campbell, Vice-President, Marketing. | 24 | 82-03-11 | VIA Rail Canada Inc.: Mr. J.F. Roberts, Chairman, President and Chief Executive Officer; Mr. Gabriel Fortin, Q.C., Vice-President, Law and Secretary of the Company; Mr. B.E. Horsman, Vice-President, Operations. |
| 20 | 81-12-10 | Mr. G.C. Eglington, Counsel, Joint Committee on Regulations and other Statutory Instruments. From the Canadian Transport Commission: Mr. J.T. Gray, Chairman; Dr. J. Heads, Executive Director; Mr. D.I. Murray, Chief, Special Costing Studies; | 25 | 82-03-18 | CN Rail: Mr. R.E. Lawless, President; Mr. J.H. Easton, General Manager, CN Rail Passenger; Mr. P.H.B. Casgrain, Director, CN Rail Costing. |
| | | | 26 | 82-03-25 | Mr. G.C. Eglington, Counsel, Joint Committee on Regulations and other Statutory Instruments. |

| Issue | Date | Witnesses | Issue | Date | Witnesses |
|-------|----------|---|-------|----------|--|
| 27 | 82-06-03 | <p>Mr. John DeLora, Director, Michigan Passenger Foundation; From the Railway Transport Committee of the Canadian Transport Commission: Dr. J. Heads, Executive Director; Mr. D. Parry, Assistant Director, Costing Systems Development, Rail Economic Analysis Branch; Mr. D.I. Murray, Chief, Special Costing Studies Rail Economic Analysis Branch; Mr. P. Dawes, Senior Analysis, Rail Services Analysis, Rail Economic Analysis Branch; Mr. D. Merritt, Senior Research Analyst, Costing Systems Development, Rail Economic Analysis Branch; Mr. J.A.D. McNeil, Chief, Systems Applications and Determinations, Rail Services Analysis, Rail Economic Analysis Branch.</p> | 28 | 82-06-10 | <p>Transport Canada: Mr. Robert Giroux, Administrator, Canadian Surface Transportation Administration; Mr. Robert Titley, Director General, Rail Passenger. From VIA Rail Canada Inc.: Mr. J. Frank Roberts, Chairman, President and Chief Executive Officer; Mr. Gabriel Fortin, Q.C., Vice-President, Law and Secretary of the Company. From the Canadian Transport Commission: Mr. Keith Thompson, Senior Counsel; Dr. John Heads, Executive Director, Railway Transport Committee.</p> |

THE SENATE

Wednesday, July 7, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

July 7th, 1982

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 7th day of July, 1982, at 5:45 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Sir,
Your obedient servant,
Jacques Noiseux
Deputy Secretary to the
Governor General

The Honourable

The Speaker of the Senate,
Ottawa.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND (NO. 3)—REPORT OF COMMITTEE

Hon. George J. McIlraith, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Wednesday, July 7, 1982

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-108, intituled: "An Act to amend the National Energy Board Act (No. 3)", has, in obedience to the Order of Reference of Tuesday, July 6, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

GEORGE J. MCILRAITH,
Acting Chairman.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Peter A. Stollery, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be placed on the Orders of the Day for third reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.
Motion agreed to.

CANADA-GERMANY TAX AGREEMENT BILL, 1982

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ON CONSTITUTIONALITY OF INTRODUCTION IN SENATE PRESENTED

Hon. H. Carl Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, July 7, 1982

The Standing Senate Committee on Legal and Constitutional Affairs to which was referred the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill S-24, intituled: "An Act to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income and certain other taxes", with instructions to consider the constitutionality of the introduction of the said Bill in the Senate and whether or not this contravenes Section 53 of the *Constitution Act, 1867*, has, in obedience to its Order of Reference of Wednesday, May 12, 1982, considered the matter and reports that, while there were divergent views expressed in committee on the question, the committee is of the opinion, in the light of the the discussions that took place, that the Senate can proceed with the Bill.

Respectfully submitted,

H. CARL GOLDENBERG,
Chairman.

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ADOPTED

The Hon. the Speaker: Honourable senators, when shall the report of the Standing Senate Committee on Banking, Trade

and Commerce on Bill S-24, with amendments, be taken into consideration?

Hon. George J. McIlraith: Honourable senators, I move, on behalf of Senator Hayden, that the report of the Standing Senate Committee on Banking, Trade and Commerce, presented to the Senate on May 5, 1982, be adopted.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, perhaps I might explain that Bill S-24 was referred to the Standing Senate Committee on Banking, Trade and Commerce. The committee studied the bill and reported it with seven amendments, but before it could receive third reading the Banking, Trade and Commerce Committee's report was referred to the Standing Senate Committee on Legal and Constitutional Affairs so that it could consider the question of constitutionality. That committee has now reported.

Hon. Martial Asselin: The bill was reported twice.

Senator Frith: Yes, because two committees studied it. First, the Standing Senate Committee on Banking, Trade and Commerce studied it and reported the bill with amendments. That report was not adopted. Before it was adopted the aspect of constitutionality was referred to the Standing Senate Committee on Legal and Constitutional Affairs. That committee has now reported on the constitutionality, and Senator McIlraith, on behalf of Senator Hayden, has moved adoption of the Banking, Trade and Commerce Committee's report.

Senator Asselin: But he did not mention the name of the bill.

Senator McIlraith: I was careful to move the adoption of the report of the Banking, Trade and Commerce Committee.

Hon. Jacques Flynn (Leader of the Opposition): I believe the honourable senator is correct. We are now considering the report of the committee which recommended amendments to the bill. In any event, those amendments, to some extent, will tend to help us on the question of constitutionality, and, with regard to the amendments, I do not believe there will be any problem in our adopting them at this time. Therefore, the report and the amendments suggested by the Standing Senate Committee on Banking, Trade and Commerce, and not the report of the Legal and Constitutional Affairs Committee, can be adopted at this time.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Motion agreed to and report adopted.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Fernand-E. Leblanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill, as amended, be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Flynn: No, later this day.

Senator Frith: Honourable senators, I believe the agreement is to have third reading later this day. I understand that Senator Flynn would prefer that arrangement.

Senator Leblanc: Honourable senators, my motion is for third reading now, but if honourable senators do not agree, then we can have third reading later this day.

Senator Frith: Honourable senators, the third reading of a bill requires one day's notice. However, there seems to be a spirit of compromise in the air, and it has been suggested that third reading should take place later this day.

Senator Leblanc: Then, with leave of the Senate and notwithstanding Rule 45(1)(b), I move that the bill be placed on the Orders of the Day for third reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

RAILWAY ACT

BILL TO AMEND—FIRST READING

Leave having been given to revert to Presentation of Petitions:

Hon. Royce Frith (Deputy Leader of the Government) presented Bill S-29, to amend the Railway Act.

Bill read first time.

● (1410)

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Frith: Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, in explanation, the bill has been prepared and copies are being distributed at this moment, and by the time we reach it on the order paper later this day all honourable senators will have received a copy. It consists of just one clause.

Hon. Hartland de M. Molson: A simple bill.

Senator Frith: Yes, as they always are.

Hon. Jacques Flynn (Leader of the Opposition): I have just one question. Why is the bill sponsored by Senator Frith when it is not a government bill?

Senator Frith: Honourable senators, I was asked to sponsor this bill as a public bill, but not as a government bill. As a matter of fact, I believe that it is to be sponsored in the other

place, if it gets there, by the Honourable Donald Mazankowski. So it is really a bipartisan, non-government public bill.

Hon. Arthur Tremblay: You mean multi-partisan.

Senator Flynn: Certainly, yet it is surprising that Senator Frith is sponsoring it.

Hon. G. I. Smith: Honourable senators, I have a question for the deputy leader with regard to this bill. Is it the intention to ask for second reading later this day or tomorrow?

Senator Frith: I have leave to move second reading later this day, at which time I will explain further.

Hon. Jack Marshall: How do you expect to have second reading today when we don't even know what it is about?

Motion agreed to.

QUESTION PERIOD

[English]

ENERGY

CANADIANIZATION—GOVERNMENT POLICY

Hon. R. James Balfour: Honourable senators, I have a question for the Leader of the Government in the Senate. In a delayed answer he gave on Monday, he said that the government does not intend to press the pace of Canadianization of the energy industry. Does this mean that Petro-Canada, the Canadianization arm of the government, has no plans to make further purchases of foreign-owned energy companies in the foreseeable future or, if it does not mean that, what did the minister mean?

Hon. Raymond J. Perrault (Leader of the Government): Yes, honourable senators, it means that.

Hon. Jacques Flynn (Leader of the Opposition): They have no money.

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. R. James Balfour: Honourable senators, I would like to direct a supplementary question to the Minister of State for Economic Development. Will the Minister of State for Economic Development assure us that, consistent with the assurances offered at the time of the introduction of the Canadian ownership charge, the charge will be withdrawn once the equivalent of 80 per cent of the total cost of purchase, plus the cost of financing the purchase, of Petrofina has been collected from Canadian citizens?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, judging from the way the honourable senator has put his question he is being very precise in all of the—

Hon. Lowell Murray: Then let's have a precise answer.

[Senator Frith.]

Senator Olson: Yes, but if you want that kind of precision, I shall have to take the question as notice. Of course, my honourable friend will realize that there is not only a surcharge or a Canadian ownership charge in crude oil prices, but also in natural gas prices. But the honourable senator is being very precise when he refers to 80 per cent, and I would like to look into the matter before I give an answer.

Hon. C. William Doody: Honourable senators, I would like to ask a supplementary question of the Minister of State for Economic Development. When Petrofina Canada Inc. was purchased by Petro-Canada the share price at the time was a very contentious item because it was inflated. The justification by the government for the purchase of the shares at that very inflated price is apparently contained in a report written by a consulting firm. To my knowledge, that report has not yet been made public, although I have asked the minister several times if he would provide us with that information. I wonder if the minister is in a position to do that as yet.

• (1415)

Senator Olson: Honourable senators, I do not have that with me today, but I will certainly review the inquiries that have been made by the honourable senator and I will see if I can bring in that information soon. It may be that I will also have to check other considerations with regard to that particular report that he claims are there.

OIL—SHIPMENT OF WESTERN CANADIAN CRUDE TO EASTERN CANADIAN REFINERIES

Hon. Charles McElman: Honourable senators, I have a question for the Minister of State for Economic Development. It was reported last evening and again this morning by CTV News that there is a plan to provide for the shipment of western Canadian crude to Montreal, where it will be transhipped to Saint John, New Brunswick for refining, and that under the program there would be a substantial displacement of imported crude as well as a taking-up of the slack of the oversupply of western Canadian crude at this point in time.

Does the minister have any information on such a program?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I can confirm that a plan to reach the kind of situation that has been described by Senator McElman is, in fact, contained in *The National Energy Program: Update 1982*, published on June 1.

Some of the speculation about the plan and what is involved may not be completely ready for an explanation in detail, but that project is one of the measures included in it. We are aware, for example, that some companies, in particular Irving Oil Limited—at least, that is the allegation, and it may be correct although I am not ready to confirm it today—have agreed to take up to 5,000 cubic metres of oil per day. That is something like 30,000 barrels a day, more or less. If all of these things can be worked out, there could be significant savings of as much as \$500 million in oil import charges.

In reply to Senator McElman, yes, the plan is there, but I am not in a position to give details. I am not sure that the

Minister of Energy, Mines and Resources has yet worked out all the details with the several private sector companies that will obviously be involved in this arrangement. The objective is correct, however, and it may be that quite soon we can let this house and the general public know those details.

Senator McElman: Honourable senators, I should like to ask a supplementary question of the same minister. In view of the fact that the Irving refinery in Saint John, New Brunswick, is now the largest refinery on the east coast of North America and has a large element of unused capacity, will the minister endeavour to ensure that this program, which he confirms is under consideration, is proceeded with at the earliest opportunity?

Senator Olson: Yes. I can confirm that it is the desire of the government to achieve that, and, therefore, the activity of a number of people in the government, particularly in the Department of Energy, Mines and Resources, is bent to that purpose. Nevertheless, I will convey to them Senator McElman's admonition to put the plan into operation as quickly as possible.

May I also add that, while this news report—I do not know whether it was a news leak or what, and I am not particularly concerned about that—is directed only at the activities and involvement of Irving Oil, there are other refiners east of Montreal, or east of where the Interprovincial Pipe Line now delivers Canadian crude, that are also likely to be involved in this arrangement.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask a supplementary question of the minister. As I understand it, the oil pipeline does not go beyond Montreal at the present time. Does this announcement that western oil is to be transported to the eastern shore of New Brunswick mean that some other method of transportation has been devised, or that it is going to go by rail?

● (1420)

My question is: Does that mean the government has investigated the possibility of swaps—and I am sure that the minister knows what I mean by that term; delivery to the Montana area versus delivery to the maritimes—and that they have been considered, and ruled out as being impractical for some reason?

Senator Olson: Honourable senators, it does not mean that, because that, of course, introduces, or re-introduces, if you wish, very important physical and practical savings.

There are some problems that we feel can be resolved if more time is given, but this proposal to find another means of transportation, perhaps further east by tanker from Montreal, is one that can probably be put into place sooner. That does not mean that we are not also going to try to save the costs of transportation that are potentially available by the kind of swaps that my honourable friend has spoken about, and that we both know were in some of the arrangements entered into in the 1960s and the early 1970s, not only for this type of crude oil, which is medium and heavy crude, but, indeed, for

more of the conventional crude oil, or what is referred to as sweet crude oil.

Senator Roblin: I wonder if my honourable friend would be kind enough to give some thought to delivering a statement to the chamber when the final arrangements have been made so that we will have a picture as to what happened to the swaps, and what the financial aspects are so that we will have a well-rounded view of the impact of this relatively new policy.

Senator Olson: Honourable senators, I am happy to give such an undertaking, but I think I should say that that statement may have to be given on more than one occasion, because my initial statement will probably deal with that in which the private sector and the Department of Energy, Mines and Resources are more directly involved.

It may take a little more time to comment on the international considerations to which my honourable friend referred. Therefore, as soon as I can, I shall bring an interim report to the Senate on what we are trying to do sooner as opposed to later, and also give an indication of the state, if that is the right word, of the negotiations for these swaps in the international sphere.

Hon. Joseph-Philippe Guay: Honourable senators, I have a supplementary question to ask the minister. Would the minister indicate, when making that interim report to the Senate, whether or not the swaps would be on a straight exchange basis? I know that our western Canadian crude oil is of higher quality than the other crude oil of which we are speaking.

Senator Olson: Honourable senators, quality and, therefore, value are always taken into consideration with respect to swaps, but I think that the main thrust at the moment is for some medium and some heavier crude that has, for a long period of time, been taken out of certain fields in Alberta, and more particularly Saskatchewan, and delivered to what is referred to as the northern tier refineries. They have always had a capability for dealing with that quality of crude.

It is a fact that there are some differences in the configurations in the refineries so that they can effectively refine that kind of crude vis-à-vis other types of crude, and certainly the price and the value, in terms of whatever the product value is of the heavy, medium or light crude, is taken into account in these matters.

The main consideration is the transportation costs of that oil going its shortest transportation distance and being exchanged for oil that can, indeed, be brought into some oil refineries in eastern Canada by tanker, which reduces the cost for everyone involved.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND (NO. 2)—PROCLAMATION DATE

Hon. Earl A. Hastings: Honourable senators, I have a question for the Minister of State for Economic Development regarding Bill C-60, an act to amend the National Energy Board Act, and an act which had its genesis in this chamber and which received Royal Assent on December 18 last.

Does the minister have any knowledge as to when this act will be proclaimed?

Hon. H. A. Olson (Minister of State for Economic Development): I have some knowledge of that, but the simple and brief answer to the honourable senator's question is that the act will be proclaimed as soon as the regulations attached to it are ready.

However, after having given that brief answer, I must say that it is a little more complex than appears on the surface. Senator Hastings and I, and several other honourable senators, have great interest in that bill, in that we wanted it to amend the law regarding acquisitions and, indeed, expropriations of easements for pipelines so that the landowners would be in a significantly better position in negotiating with the pipeline companies than they were under the old provision in the National Energy Board Act, which really was a reference to the old Railway Act insofar as the proceedings under the law are concerned. Of course, that is always the negotiating position.

● (1425)

I admit it is taking more time than we had hoped it would, but when we come out with not only the act but also the regulations governing its administration we certainly want to achieve what we all spent so many months working on, which is the setting up of procedures that will be simpler, and that will assist landowners when they are dealing with the oil companies respecting easements.

THE BUDGET

APPLICATION OF GUIDELINES

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. A week ago I asked him a question concerning the marketing boards and agencies which would be required to adhere to the objectives of the budget—that is, the 6 per cent and 5 per cent limit on price increases. At that time the minister took the question as notice. Is he in a position to answer it now?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I am in a position to answer it now, but perhaps I should wait until delayed answers are called.

Hon. Jacques Flynn (Leader of the Opposition): Go ahead.

Senator Argue: Senator Phillips asked whether agencies connected with foodstuffs would be required to follow the 6 per cent and 5 per cent rule. I take it these are the Canadian Egg Marketing Agency, the Turkey Marketing Agency, the Canadian Chicken Marketing Agency, the Canadian Dairy Commission and the Eastern Canada Potato Marketing Agency. I have made extensive inquiries in the various departments involved—

Hon. Duff Roblin (Deputy Leader of the Opposition): And the Canadian Wheat Board.

[Senator Hastings.]

Senator Argue: And the Canadian Wheat Board.

I have made extensive inquiries in the various departments involved and can state that the government expects that these various agencies will do everything possible to stay within the 6 per cent and 5 per cent rule. I was informed that last year all the agencies, with the exception of the Canadian Dairy Commission, had increases that fell within a 6 per cent limit, and that some prices actually fell—for example, the price of eggs. Accordingly, it appears that this limit will be a reasonable one to follow. Where there are indications that prices will rise above the 6 per cent limit, any such increase will be reviewed by the government and will need to be justified in each instance.

I believe that the Minister of Finance answered along those lines in the House of Commons yesterday.

Senator Phillips: Could the minister tell us what the base period will be? I am not quite clear from his answer whether the 6 per cent guideline applies regardless of the increased cost. For discussion's sake, let us say that the cost of production rises by 10 per cent. Can he tell us what the increase would be? Would it still be limited to 6 per cent?

Senator Argue: The information I have is that there are rules within each of these agencies for the setting of prices, and that last year the only one that raised prices more than 6 per cent was the Canadian Dairy Commission. The government hopes and expects that the 6 per cent limit will be followed. If, in the opinion of those operating these marketing agencies, there should be for whatever reasons—cost of production, or otherwise—an increase of more than 6 per cent, then that will be reviewed by the Cabinet and a decision will be made. It is expected price increases will be within those guidelines.

● (1430)

I am not an authority on this, so I am really just speculating, but I take it the base period would be the year—either the calendar year or the fiscal year. On the basis of that year, they will make a projection. This is the answer as far as I can give it today.

Senator Phillips: Honourable senators, I have one further question for the Minister of State for Economic Development. Will products such as wheat exported to foreign countries be subject to the 6 per cent price increase limit?

Senator Argue: No, with a product like wheat, the price is set on the international market.

The range within Canada has already been set, namely, within \$5 and \$7. There is a formula in place, and that price will remain in effect. The price-setting mechanism within the Canadian Wheat Board system is really the export price.

I take it, in the case of any other export products, if we can get a better price, and one that is more than 6 per cent higher, we should be very happy and make certain that we do get it.

Senator Roblin: Honourable senators, I have a supplementary question for the minister who has just spoken in connection with the price of wheat. I think it is correct to say that

there are two prices for wheat—one that is paid for wheat going into international trade, and the other, the domestic price of wheat, that goes into the price of bread.

There is a formula for the establishment of the second price—that is, the price of domestic wheat that goes into the price of bread. Will that formula be constrained to 6 per cent, bearing in mind that there has been a very considerable reduction in the price of wheat internationally over the last little while? No doubt, that may have affected the domestic price as well.

I would ask whether the present domestic price of wheat, which is within the government's control, will be constrained to 6 per cent or whether some different standard will apply.

Senator Argue: Under the current arrangements, the domestic price for wheat must fall in the range of between \$5 and \$7 a bushel. If you convert the price of wheat today, which is about \$209 a tonne, it would amount to about \$5.70 a bushel, so that the international price today is the domestic price, and vice versa; they are the same price. There is a little delay, which is a technical matter, in setting the price for domestic consumption. Basically, and in principle, they are the same, and that is the way it works out. I take it that that range and mechanism will continue.

I think the question that should be and is being looked at is whether the 6 per cent rule should be applied to the \$5 to \$7 range. The mechanism is already in place, and I have no indication that there is any desire to interfere with that arrangement.

Senator Roblin: Would my honourable friend undertake to look into that matter further for me because the domestic price of wheat is X dollars at the present time and so are the wages of civil servants? The question I am asking is whether the 6 per cent rule will apply with respect to the present price of wheat that goes into domestic trade in the price of bread.

The minister has not been explicit on that point, and I wish he would look into the matter and report back to the Senate as soon as he can.

Senator Argue: Honourable senators, I may as well stake my ground early.

Senator Flynn: Yes.

Senator Argue: The range and mechanism are there, and I would hope that they would be continued. However, I understand the preciseness of Senator Roblin's question. The mechanism is there, and I think that mechanism should be continued.

Senator Roblin: If I understand him correctly, the minister is telling this house that the statement of the Minister of Finance, with respect to restraint in prices that are controlled by the government, does not apply. I am curious to know if that is the minister's own opinion because, on previous occasions, we have had statements from him which are his own opinion, and I rather admire his independence, even although his opinion is sometimes removed from those of his cabinet colleagues and, it seems to me, sometimes breaches the Consti-

tution. Regardless, he is a man of independent mind, and will continue to be that way.

I want to know whether the statement he has made, that the domestic price of wheat is not constrained by the statement given by the Minister of Finance, is policy or whether it is his own view on the subject.

Senator Argue: Before you could come up with a formula, you would have to go back—as was inferred in Senator Phillips' question—to establish a base period. I take it the base period would not be three days ago.

I shall be happy to look into Senator Roblin's important question. The premise of his original question was not exactly correct, namely, that the price for domestic wheat is fixed and that it is a different price. It is the same price. I do not have the figures in my head, but it may well be, if we go back and establish a one-year period, that the price was higher a year ago than it is today.

I will check into the precise question that has been put to me by Senator Roblin, and see if I can bring an answer to the chamber.

Senator Roblin: I do not want to prolong this dialogue. I was really asking the minister whether his view of the matter is government policy or his opinion. He has not answered that, and I wish he would.

THE ECONOMY

IMPACT ON MONEY MARKET

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development who has the pivotal responsibility for the co-ordination and development of economic strategy for the government.

From that perspective of observing the continuing hammering that the Canadian dollar has been receiving for the past week, observing the continuing decline in Canadian stock markets in the past week, and observing what has been described as "chaos" in the bond markets this past week, does the minister admit that these events constitute, at least in good part, a judgment by the private sector on the budget brought in by Mr. MacEachen 10 days ago? If so, what inferences does the minister draw in terms of future economic policy?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not agree with that statement at all. It is not a matter of admitting or not; I do not believe that the budget has had that consequence on the interpretation of the economy by the private sector.

What has to be taken into account—and I am sure Senator Murray would do this with his normal objectivity in assessing the situation—is that in the last few days there has been a decline in the values of a number of currencies relative to the United States dollar. Indeed, the Canadian dollar has fared somewhat better than most in the decline that has taken place.

An Hon. Senator: Read that.

Senator Olson: I could read this out, but I would not like to take up the time of the house by doing that at this time since I hope to be able to make a short speech later on.

So far as the stock markets and the bond markets to which my honourable friend referred are concerned, what he has referred to is happening in the European market and, although not so much but in some respects, in the United States market as well. I doubt that the Canadian budget would have had a tremendously significant influence on both of those markets.

Hon. Joseph-Philippe Guay: I have a supplementary question for the Leader of the Government.

Since we have heard so much about the declining value of the Canadian dollar, I would like to know if we could have a definitive answer to this question so that we have it on the record once and for all. How does the purchasing power of the Canadian dollar compare with that of the currencies of other countries such as the United Kingdom, Germany, France, the United States and others? Can that valuable information be obtained? Can we be provided with statistics covering the last few years concerning this particular question?

Hon. Jacques Flynn (Leader of the Opposition): Put it on the Order Paper.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in the past few weeks there has been a very encouraging increase in the value of the Canadian dollar in relation to many leading currencies in the world. For example, in relation to the Deutschemark, our position has improved; in relation to U.K. sterling it has improved; in relation to the Japanese yen it has improved; in relation to the French franc it has improved; in relation to the Italian lira, the Canadian dollar has strengthened; and it remains approximately even with the Swiss franc. Yet we still hear this incessant opposition attack on the alleged "weakness" of the Canadian dollar.

● (1440)

The fight against recession in this country is largely a psychological battle and is not being aided by the continuing efforts of the opposition to denigrate the Canadian dollar, and to attack every statistic that indicates that progress is being made in the fight against the recession. Therefore, I am very pleased to put on the record of this house today the improvements since June 30 with respect to the Deutschemark at 0.39 per cent; U.K. sterling at 0.20 per cent; the Japanese yen at 0.15 per cent; the French franc at 0.34 per cent, and so on. I hope the opposition takes joy from these figures. They should be a great encouragement to all of us. These percentages are all in relation to the U.S. dollar, but they also represent an improvement of the value of the Canadian dollar in relation to these currencies.

Hon. Martial Asselin: Let us talk about the Canadian dollar, and not all these other currencies.

Senator Guay: Can the Leader of the Government supply the statistics I asked for in my question, covering the last two

or three years, that would give us an indication of how we have fared during that period, and not just recently?

Senator Perrault: Honourable senators, that is an excellent question. I want to thank the honourable senator for his grasp of the situation. That information will be obtained and I hope we can provide it on a regular basis for members of the Senate, to indicate the basic strength underlying the Canadian economy, and the strong position the Canadian dollar enjoys in world markets.

INTERNATIONAL TRADE

IMPORTATION OF JAPANESE AUTOMOBILES—CUSTOMS TREATMENT

Hon. Edward M. Lawson: Honourable senators, my question is directed to Senator Olson, the Minister of State for Economic Development.

I am sure most senators know that in British Columbia, through Trade Minister Lumley, the government has engaged in a policy of directing Canada Customs to embark on a deliberate slowdown in the processing of foreign automobiles, with specific reference to Japanese automobiles. My question for the minister is in two parts.

First, is the government aware of the very serious financial hardships being created for companies that process these automobiles, and is the government further aware of the number of jobs that are being lost through lay-offs or termination as a result of this slowdown?

The second part of my question is this. If a trade union was engaged in this kind of slowdown tactic, they would compensate the employees for making a sacrifice of this kind by means of lock-out pay or strike pay. Is the government prepared to discharge its financial responsibilities to the people who are making this sacrifice, either by reimbursing them with slowdown pay or strike pay, or some form of compensation, as they carry out this government policy?

Hon. H. A. Olson (Minister of State for Economic Development): In reply to the first part of the honourable senator's question, let me say that the government and the Minister of International Trade are aware of some hardship that has been created because of a change in the pattern of what is done here in Canada vis-à-vis what is done in other countries, particularly in Japan.

The pattern is pretty important, because, prior to a few weeks ago, Canada Customs did, in fact, clear all those automobiles without any physical inspection. They checked the numbers against the invoices that were there, but there was no physical inspection whatever, except perhaps for some special reason. A certain pattern has been set up there, and we understand that. In Japan, for example, there are up to six different physical inspections of each automobile entering that country for such things as safety control, pollution control, other devices that are on automobiles, and that sort of thing. We certainly have not gone nearly as far as the Japanese go when they are importing automobiles.

I will refer the second part of the honourable senator's question to my colleague, but I have to say that there has been some change in the pattern that hopefully we can adjust to. My honourable friend knows the reasons very well; but we are aware of the hardship and distress that has arisen from changing the pattern.

Hon. Martial Asselin: What about job loss?

THE BUDGET

ASSISTANCE TO WEST COAST FISHERMEN

Hon. Guy Williams: Honourable senators, I would like to direct a question to the Minister of Indian Affairs and Northern Development through the Leader of the Government.

In the budget, reference was made to small business assistance, including assistance to fishermen. My question is: Will the Indian fishermen of British Columbia participate in this assistance, and, if so, who will qualify? Will it be the fisherman who is incorporated as a company in that province, or will it involve the large number of one-man boats?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to take the question as notice on behalf of the minister who is directly responsible. Perhaps I should let it go at that for now. There is a general reply that I could give, but Senator Williams did ask for some specific information and I will see that he gets an answer.

PUBLIC WORKS

NOVA SCOTIA—NORTH SYDNEY—DILAPIDATED STATE OF FEDERAL BUILDING

Hon. Robert Muir: Honourable senators, I would like to direct a question to either the Leader of the Government or the Deputy Leader of the Government, and I might point out that this is the third time of asking.

In view of the very bad condition of the Federal Building in North Sydney, Nova Scotia, is either of those honourable gentlemen in a position to advise me how soon repairs will be carried out? This building is badly in need of repair. Parliament may commence its summer recess either this week or next, and it is important that we have an answer to this question as soon as possible.

Thus endeth the third lesson.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have no additional information on that question. If I had I would, of course, have furnished it. I did pass on Senator Muir's concern respecting this matter on two occasions, but I just have not had an answer as yet as to what the plan is. I will put a third tracer on it. I certainly expect to have an answer before we recess.

Hon. Jack Marshall: Ask the Minister of Finance to visit there.

Senator Muir: Honourable senators, in view of the fact that the unemployment rate on Cape Breton Island is between 25

and 30 per cent, it would be very nice if we could get some work going there, and some people employed.

Senator Frith: That gives me something to add to my third tracer.

COOPERATIVE ENERGY CORPORATION

TABLING OF ANNUAL REPORT

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, Senator Roblin has been inquiring from time to time whether a mechanism could be put in place whereby the Cooperative Energy Corporation's report could be tabled, since, of course, as Senator Roblin pointed out, the public of Canada will have \$100 million invested in that company. I have received assurance from my colleague, the Minister of Energy, Mines and Resources, that he will have tabled in both houses of Parliament the annual reports of the Cooperative Energy Corporation and its subsidiaries.

COMMUNICATIONS

BELL CANADA—RATE INCREASE APPLICATION—CONFLICTING MINISTERIAL STATEMENTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Asselin on June 30 concerning the proposed rate increases by Bell Canada.

Proposed increases will be subject to the normal regulatory process, and will then go to Cabinet where each case will be studied on its own merit. The national government is committed to doing all it can to ensure that prices under federal jurisdiction are restrained, and will take appropriate action where exceptional increases cannot be justified.

BANK OF CANADA

INTERVENTIONS IN SUPPORT OF CURRENCY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Croll on May 18 regarding interventions in support of the currency. It has taken some time to prepare a reply to this question, which is available in rather detailed form.

I seek leave of the Senate to incorporate these statistics, and this long reply, in the record of today's proceedings.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Question No. 1

How much money has the Bank of Canada spent in each year since 1977 to support the dollar?

A. Official transactions in support of exchange market stabilization operations by the Bank of Canada acting as fiscal agent for the Government of Canada are not pub-

lished. Information publicly available relates to changes in the official international reserves and the portions of these changes attributable to revaluations, foreign-currency borrowings and repayments, gold sales and SDR allocations. Net transactions for each of these elements for the years 1977-81 (in millions of U.S. dollars) are as follows:

| Year | Total Change | Revaluation Effects | Foreign Currency Borrowing | Gold Sales | SDR Allocations |
|-------------|--------------|---------------------|----------------------------|------------|-----------------|
| 1977 | -1,236.0 | +102.3 | — | -3.2 | — |
| 1978 | -41.3 | +150.1 | +4,906.0 | +16.8 | — |
| 1979 | -679.3 | +19.5 | -1,035.5 | +14.8 | +183.9 |
| 1980 | +142.6 | -67.9 | +600.0 | +685.3 | +186.5 |
| 1981 | +341.6 | -189.0 | -600.0 | +217.9 | +176.6 |
| 1982 | -1,500.8 | -48.5 | +552.2 | +42.3 | — |
| (to May 31) | | | | | |

Question No. 2

In each year, for the past five years, what was the high the low and the average level of the dollar?

A. The high, low and average noon rate for the Canadian dollar in U.S. dollar terms for each of the past five years were as follows:

| Year | Value of Canadian Dollar in U.S. Dollars | | |
|--------------|--|-------|-------|
| | High | Low | Noon |
| 1977 | .9985 | .8963 | .9403 |
| 1978 | .9170 | .8363 | .8770 |
| 1979 | .8778 | .8320 | .8536 |
| 1980 | .8767 | .8249 | .8554 |
| 1981 | .8506 | .8031 | .8340 |
| 1982 | .8446 | .7680 | .7846 |
| (to June 30) | | | |

Question No. 3

What is the actual method by which the Bank of Canada intervenes to support the dollar?

A. The Bank of Canada typically conducts operations on behalf of the Exchange Fund Account through the Canadian inter-bank market for foreign exchange; on occasion, transactions might also be completed through arrangements with foreign institutions, for example, when the Canadian market is closed.

Question No. 4

If the bank has spent money to support the dollar, where did the money go? What institutions or persons inside or outside Canada received the money?

A. No information is available on the ultimate buyers of foreign exchange sold for Canadian dollars. The bulk of the orders undertaken on behalf of the Exchange Fund Account are completed with the Canadian banks, who generally are acting as agents for Canadian or foreign customers. Canadian dollars purchased through these operations are added to the Government of Canada's cash balances.

Question No. 5

What guidelines and other considerations does the Bank of Canada utilize in determining when and to what extent it should intervene to support the dollar?

A. The aim of intervention by the Exchange Fund Account is to counter disorderly conditions in the market by moderating excessive short-run fluctuations in the exchange rate. These operations are conducted in light of an ongoing assessment of trading conditions which is based on a wide variety of information.

Question No. 6

What institutions in Canada are selling the dollar short and in what amounts?

A. This information is not available.

Question No. 7

Does the Bank of Canada on occasion profit as a result of its dollar support operations and, if so, in what amounts?

A. The Bank of Canada does not profit from these operations which are all undertaken on behalf of the Exchange Fund Account. Furthermore, the concept of "profit" is ambiguous with reference to exchange market intervention. Exchange Fund Account operations encompass a wide range of market and non-market transactions. The Currency and Exchange Act specifies that gains and losses by the Exchange Fund Account due to exchange rate changes are to be recognized on assets and liabilities, not on trading operations. The investment income of the Exchange Fund Account is remitted annually to the Consolidated Revenue Fund, while valuation gains or losses are remitted to the CRF in equal parts over the three years subsequent to the Exchange Fund Account year-end. More information on the Exchange Fund Account's income is available in the financial statements attached to the Minister of Finance's annual reports to Parliament on the operations of the Exchange Fund Account.

ENERGY

GOVERNMENT PRICING POLICY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I feel anointed. Senator Asselin has agreed to allow me to ask my question first. Perhaps I am going to ask

the question he had in his mind, so I thank him for the courtesy.

● (1450)

With regard to control by the federal government of prices within its jurisdiction, I am particularly interested to know what it is going to do about energy prices. If there is any price system that is within its jurisdiction, it is certainly energy. I will be more specific than that. I will deal with the taxation on energy.

As I stated in the house the other day, the taxes per gallon of gasoline today that accrue to the federal government total 60 cents a gallon. According to the escalation of the estimates of the department itself, that total will be 77 cents a gallon before this time next year rolls around. That is an increase of 17 cents on 60 cents, which has to be an increase considerably in excess of 6 per cent; it is probably more like 30-plus per cent.

May I ask my honourable friend what the policy of the government is with respect to that aspect of the price of energy which is under its control?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. I believe that some specific information should be obtained from the Minister of Finance on that point.

[Translation]

COMMUNICATIONS

BELL CANADA—RATE INCREASE APPLICATION—DEFINITION OF “EXCEPTIONAL CIRCUMSTANCES”

Hon. Martial Asselin: Honourable senators, the leader's answer to the question I put to him is not altogether quite clear in my mind. I wish he would give me an accurate definition of the expression “exceptional circumstances” contained in the budget statement of the Minister of Finance concerning companies which might seek increases in excess of 6 per cent. Yesterday I asked the leader to give us the definition of the expression “exceptional circumstances” used by the Minister of Finance. I also wanted to know whether Bell Canada would qualify under this definition. Can the leader give me that definition?

[English]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in my reply I stated that each case would go through Cabinet—

Senator Asselin: As usual.

Senator Perrault: —and would be studied on its own merits. The honourable senator is aware of that process. Indeed, he has been involved in it as a member of the Privy Council. The definition of what would entail “exceptional circumstances” will be sought from the appropriate minister; but, as the honourable senator is aware, there is some latitude in the Cabinet process, and in the ultimate it is a collective decision with respect to what is an appropriate action or decision to be taken under certain circumstances.

With regard to the specifics of what is involved in the term “exceptional circumstances”, I shall have to seek further information.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, do I understand that the Leader of the Government has said that there will be an automatic review of those decisions by the Cabinet? It seems to me that those decisions are not reviewed by Cabinet unless there is an appeal.

Hon. Jack Marshall: That's right.

Senator Flynn: Therefore, does it mean that under the new policy of 6 per cent and 5 per cent all decisions of the boards will be automatically reviewed by Cabinet without the normal procedure of appeal?

Senator Perrault: Honourable senators, may I speculate that if in the normal regulatory process an unusual rate increase is granted, as Senator Flynn has stated, then, in the course of events, there is the possibility of a Cabinet review of that proposed regulatory increase.

Senator Flynn: On whose initiative?

Senator Perrault: It could well be the initiative of Cabinet. That is quite a normal process. The Cabinet has the responsibility for the public welfare. As many Cabinets of different political persuasion have done in the past, Cabinet may decide that in the public interest a certain proposed regulatory increase should be reviewed.

CANADA BUSINESS CORPORATIONS ACT

BILL TO AMEND—THIRD READING

Hon. George J. McIlraith moved the third reading of Bill C-105, to amend the Canada Business Corporations Act.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before the motion is put, I should like to make a brief comment about one aspect of this bill, which was dealt with in fine style by Senator McIlraith when he reported for the committee. It has to do with section 168(1)(c) which describes the powers conferred under this act.

The act purports to deal with energy, yet the particular clause to which I refer gives the power to the Governor in Council to extend the application of this law to any prescribed law of Canada or a province whether or not the subject matter is related to energy. It is immediately apparent that this is an enormous extension of the powers that were ostensibly being sought in this bill. It is not limited to energy at all, but goes far beyond that, not only to laws that this Parliament itself might devise but to any law that any province of Canada might devise.

It is perfectly true that there is reference to approval by the Governor in Council, but the law, in fact, invites anyone interested to exercise his imagination as to how far he can stretch the application of this bill. The point was dealt with at some length in committee, and I believe there was general agreement that it was undesirable that this should be so, but

not to the extent that the committee was willing to propose an amendment to that effect.

Nevertheless, the chairman—and I congratulate him in this respect—was able to obtain an undertaking from the minister that he would look into the question of whether or not the definition section of the bill, or the powers contained in the bill, could be described in such a way that they were limited to the subject matter of energy and not to the wide spectrum that I have described to the house. It is not an undertaking that he will do it. As I understand it, it is an undertaking that he will look into the advisability of doing it. I bring that point to the attention of the house because, while I respect the minister's good intentions, I am unhappy that he did not see fit to agree to an amendment of the bill in committee, as should be done, before Parliament is asked to give its final approval to this piece of legislation.

I must say that in the past ministers have been fairly faithful in discharging their undertakings, so I make no complaint on that score. I simply emphasize the fact that the undertaking was limited to looking into the matter rather than a clear expression of a desire to amend the bill to limit it to energy.

I hope I have described the minister's undertaking correctly, but I know that if I have not done so I will hear from some of the other members of the committee.

Hon. Royce Frith (Deputy Leader of the Government): It certainly sounds plausible.

Senator Roblin: My honourable friend does not always consider my remarks to be plausible, so I am encouraged that he does on this occasion. I do not intend to support the bill, because there are a number of points in it with which I find little agreement. However, I wish to thank the acting chairman of the committee for explaining the situation as clearly as he did when he presented the report.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Senator Roblin: On division.

Motion agreed to and bill read third time and passed, on division.

● (1500)

THE ECONOMY

ECONOMIC, FISCAL AND ENERGY POLICIES OF FEDERAL GOVERNMENT—SPEAKER'S RULING ON MOTION IN AMENDMENT—DEBATE ADJOURNED

Leave having been given to proceed to Order No. 5:

Resuming the debate on the motion of the Honourable Senator Phillips, seconded by the Honourable Senator Yuzk:

That the Senate of Canada do urge the Federal Government to re-direct its economic, fiscal and energy policies, and bring forward as soon as possible a new budget;

[Senator Roblin.]

such budget to provide proper economic direction, improved employment opportunities and measures to restore national confidence in the economy; and

On the motion in amendment thereto of the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Frith, that the motion be amended by striking out all the words after the word "That" in the first line and substituting the following therefor:—

"this House approves in general the budgetary policy of the Government."—(Honourable Senator Flynn, P.C.)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Olson would like to make an intervention on this order and he is required to leave at about 3.30 p.m., so I ask that he be allowed to go ahead with his intervention.

Hon. C. William Doody: Is he leaving the country?

Senator Frith: No, he is not leaving the country.

The Hon. the Speaker: Is it agreed, honourable senators, that the Honourable Senator Olson be permitted to speak now in this debate in place of the Honourable Senator Flynn?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I am certainly willing to yield to Senator Olson. I am just wondering whether Your Honour intends to make a ruling on the amendment. I believe a point of order was raised in this regard. I am not worried about what the decision will be, but I think it would be more appropriate if Your Honour would say whether or not the amendment is in order, so that we will know what we are debating.

The Hon. the Speaker: Honourable senators, I was not here when the debate took place on the motion in amendment but I read the *Debates of the Senate*, among other references, in relation to the amendment. Unless honourable senators would like to add something more to the question under consideration at this moment, it is my decision that the motion in amendment is not in order. It is a pure negation of the proposition and I do not see how I can accept it.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, obviously I shall have to change some remarks in my prepared text, since I am now dealing with the main motion moved by Senator Phillips rather than the amendment moved by the Leader of the Government in the Senate. I have to say that I agree completely with the amendment which has just been ruled out of order, but I have some difficulty with the main motion.

In any event, I regard it as a pleasure to speak to the motion that calls for the government to restrict its economic, fiscal and energy policies with the aim of providing economic direction, employment opportunities and restored confidence. These objectives are, of course, among the objectives of this government and ones which we are practising. However, I cannot agree with the method proposed in the motion for achieving these goals. For one reason, those proposals are redundant as far as the government is concerned, and implicit in the motion

is the suggestion that there are better means of achieving the ends envisaged in the proposals. The government is already doing what is called for in this motion, and in the next few minutes, being as brief as I can be, I shall try to demonstrate that.

I submit that the government has already redirected its economic development policies to the extent required by changing economic circumstances. Those economic circumstances, which exist not only in Canada but in the international market, have changed very significantly over the last six months or so. This sort of adjustment in these kinds of circumstances is a continuing responsibility. It is operating within a general policy framework that permits necessary fine tuning from time to time.

I submit to you that the fiscal policies are being redirected in a most responsible and sensitive way. I further submit that the Minister of Energy, Mines and Resources, in his update of the National Energy Program on June 1, provided the redirection required by the industry and by active small-scale Canadian explorers in particular. Finally, I submit to you, at the outset, that the motion's call for a new budget, in some cases at least, is more or less political posturing which fails to recognize the fact that the budget now under discussion proposes, in my view, the only realistic, though perhaps in some cases bitter, prescription for our economic ills.

I say that the budget we now have before us attempts to deal with the disease, and not only the symptoms.

Hon. Orville H. Phillips: Which budget?

Senator Olson: In our case the disease is inflation, based on the assumption of continued inflation. That is the nature of the disease.

Senator Flynn: And it has been going on for 10 years.

Senator Olson: The symptoms, of course, are high interest rates, a sluggish economy, a diminished labour force and, in some cases, reduced vitality in our economy. Therefore, policies could be designed to treat the symptoms, and, indeed, many have been proposed. These might for a time provide the appearance of health. Unfortunately, the basic illness would continue to rage on within until the facade of health was consumed, and one could say later that the treatment was successful but the patient died. This government is determined to see that that does not happen.

Hon. Duff Roblin (Deputy Leader of the Opposition): Bravo!

Senator Olson: It is for these painful reasons that the Minister of Finance, through his budget, chose to meet the issue head on—injecting the positive restraint of 6-per-cent medicine into a 12-per-cent environment. By itself, the program of control of federal public service salaries and regulated prices, at a level of 6 per cent increase this year and 5 per cent the next year, will not reverse the entrenched inflationary expectations of our economy. But they can do the trick by triggering long-dormant market reactions throughout our

system and serving as an example to other levels of government, and, indeed, from there to the private sector.

As the Minister of Finance said in his budget address, "the only way out of recession is to bring down inflation and increase productivity." All of us, including governments, business, labour, individual Canadians—

Senator Frith: And the opposition.

Senator Olson: Yes, and the opposition—and at the end of my remarks I will make a special appeal to them. All of us must rally to the greater discipline in our income demands and other inflationary behaviour if prices and interest rates are to be brought down. Industry will then be able to make a decent profit, increase productivity and expand markets. Laid-off workers will be recalled and new jobs will be created.

I was encouraged by the response from the provincial governments to the budget initiatives. At the meeting of the first ministers on Wednesday, following the budget address, the premiers were unanimous in accepting the principle of restraint, although they differed on the details. There was also a general consensus on the part of all ten premiers, including some who have serious philosophical differences with the federal government, that now is the time for co-operation rather than confrontation.

Contrast these attitudes with those displayed at last February's summit conference of first ministers on the economy, and ask yourselves whether the budget's leadership on this issue has not already had a beneficial effect—and it has only been in effect for a few days.

I also note that in the days following the Prime Minister's meeting with the premiers, Nova Scotia, for example, announced that as an initial step it is applying the 6-per-cent limit to its non-union personnel.

● (1510)

The Premier of Ontario also appears to be reconsidering his previously cool stance on the issue of controls. Newfoundland, too, indicated at the meeting that it would probably move soon on this issue. In addition, there are signs that the 6-per-cent guideline is spreading to the private sector. I can give you some positive indications of that. For example, CP Air, which is negotiating contracts with four employee groups this year, noted that their salary increases usually remain in lock step with those of Air Canada, and, therefore, logically would be affected by the 6 per cent rule. General Foods has also announced its intention of negotiating within the limit. As other companies fall in line with the guidelines, their business rivals will have to implement them, if they wish to remain competitive.

Establishing a national purpose in response to this problem, therefore, is now paramount, and there are many people, including some from the private sector, who are responding positively. This type of reaction is not only what the public needs but, I think, is what the public wants. I have seen interviews with civil servants, for example, who have said that they will accept the controlled rate of increase of their salaries so long as the controls lead to similar private-sector restraint.

There has already been some indication of that. We hope that there will be more, and yet more following.

In addition to that, honourable senators, I know that this sort of initiative was desired by the business community. Let me explain why. Some of you may know that for the past several months I have been engaged in economic development consultations with representatives of business, labour, provincial governments and other groups. I have picked up some feel of what is wanted, I think, especially by the business sector. I do not want to give the impression that there has been unanimity, but some majority themes have emerged. Let me list about five.

First of all, the business community wants the government to continue holding the line on the growth of public spending. Second, they want continuation of a restraint policy, but they believe that this policy applied to the government sector alone cannot bring down inflation quickly, and they therefore recommended that complementary initiatives be undertaken. Third, the meetings gave a clear indication that they want initiatives to stimulate investment and to improve the climate of confidence. Fourth, they feel that there is a need for increased co-operation and consultation between the government and the business sector. The list is longer, but, finally, they say that within the limitation imposed by fiscal and monetary restraint there should be a program of short-term initiatives to provide some stimulus and aid to the hardest hit sectors of the economy.

Honourable senators, I submit that the budget delivered right down the line on these major stated objectives of business, labour and other interested groups.

Some Hon. Senators: Hear, hear.

Senator Olson: The government has held the line on spending. It is true that the deficit ballooned from November's \$10.5 billion projection to \$19.6 billion, but that was not because of a spending rise or a whole raft of new programs, but because of a drastic drop in revenues. In that respect the government has taken steps to spur investment and to protect those investors from the effects of inflation. It has proposed a significant but complex package of initiatives to reduce the taxation of investment income and to cut interest rates to borrowers such as small businessmen, farmers and fishermen. It has also promised to consult with Canadians before implementing the package, as had been requested.

With respect to that program, honourable senators, we obviously expect the financial community in this country to administer it. It seems reasonable, therefore, that we ought to have some consultation with them. There has been an initial enthusiastic response to having a tax system in which the tax levy would be only on the real interest earned, but if you look at that in the light of today's financial circumstances, there is a possibility of reducing interest rates up to 8 per cent; but certainly there is a range between a 4 per cent and an 8 per cent reduction in interest rates that we think can be worked out to be sufficiently attractive that a lot of private sector capital will go into that kind of investment.

[Senator Olson.]

Within a few days, or at least within a few weeks, but in any event as soon as possible, as soon as we know that the financial community is ready, that the various financial institutions which will be asked to administer that kind of bond are set to have it fully effective, we are ready, as we have announced, to make this kind of tax change.

The government has, as well, taken steps to create jobs and to sustain some activity where this can be done without a major change in the fiscal or monetary stance. Some \$450 million was allocated to direct job creation. An additional \$300 million was allocated to create permanent private-sector jobs through leveraged investment incentives. Proposed housing assistance will create, we think, some 65,000 jobs over the next two years, while a further 54,000 jobs will result from the Canada Rental Support Program for the construction of new units in tight markets.

These are only a few of the measures, yet there are those who will still say that these measures of stimulus are insufficient to get the economy rolling on the road to recovery.

Let me be the first, after the Minister of Finance—because he really was the first, but I am the first here—to admit that that is right. The truth is that no government has the capacity to undertake this kind of task alone. But, honourable senators, the people of Canada, taken together, do have that capacity.

Some Hon. Senators: Hear, hear.

Senator Olson: And this budget does what is possible to assist them in getting on with the job.

Hon. Martial Asselin: What about the deficit?

Senator Olson: Senator Asselin always talks about that as if he had never looked at the background of how we have arrived at that deficit. The fact of the matter is that in this economy, in the social and economic structure we have in this country, we on this side are proud of—

An Hon. Senator: You are proud of the deficit?

Senator Olson: Just a moment! We are proud of the fact that there are automatic compensators to provide for those who get into serious economic and social difficulties when there is a downturn in the economy.

Some Hon. Senators: Hear, hear.

Senator Asselin: We are not the ones in office: you are the ones in office, so you should do something about the deficit.

Senator Olson: The deficit! Let me put it this way: the budget did not change the deficit at all.

Senator Roblin: It sure didn't.

Senator Asselin: Of course not.

Senator Olson: No, it was the automatic compensators and the downturn in the economy resulting from the international situation that changed the deficit. But what is interesting in all of this is that Canada is in a good position, so that when the economy does turn around those automatic compensators will also take over to reduce the deficit and stimulate the economy very rapidly.

I think Senator Asselin should study that a little bit, because we will ask him to help us help Canada—

Senator Asselin: You didn't help us when we were in office. When we were defeated, that didn't help Canada.

Senator Olson: —to help Canada to make sure that this whole country mobilizes a national purpose in such a way that we can bring this country together by getting together.

Senator Asselin: We cannot solve your problems. You should just resign; that is all. Resign!

Senator Olson: That is not what would help the situation.

An Hon. Senator: Oh, yes.

Senator Olson: I should now like to deal with the contention in the motion to the effect that the energy policies must be redirected. Once again, I say that the government has already taken the necessary action and I would appeal to Senator Phillips to acknowledge that.

● (1520)

For example, my colleague, the Minister of Energy, Mines and Resources, took action last May to deal with industry energy constraints resulting from falling world prices of petroleum products, and because of a declining demand. The Canadian petroleum industry, at that time, was not too badly off relative to other sectors as far as historic revenues were concerned, but the revenues were, nonetheless, lower than had been projected the year before. In other words, the industry was faced with very real short-term problems of liquidity, and, because of this, drilling activity was down, and it was the smaller, mainly Canadian companies, which were hardest hit.

What did the government do for them? Long before Senator Phillips brought in this motion, the government, in response to this problem, reduced the petroleum and gas revenue tax by one percentage point for one year, resulting in a benefit to the industry of \$200 million.

Secondly, the government instituted a price for old new-oil, which resulted in a benefit of \$100 million.

I think you should write this down so that you can tell all of the smaller producers in this country about this.

The government offered a petroleum and gas revenues tax exemption of \$250,000 for each company, which was worth \$900 million to the industry.

The government instituted a new-oil reference price for high cost oil, placing a further \$500 million in the industry's pockets.

The government established a lower petroleum gas revenue tax for existing oil sands plants, which provided a benefit of \$125 million for the industry.

And lastly—not lastly, because there are more. I simply want to list these highlights because Senator Phillips obviously had not read them before he moved the motion—the incremental oil revenue tax was reduced to zero for conventional oil for one year, which assisted the industry to the tune of \$150 million.

Senator Frith: We will grant him leave to withdraw his motion.

Hon. G. I. Smith: He will do that when he resigns.

Senator Olson: At the end of my speech, I am sure that he is going to be motivated to withdraw his motion.

Those initiatives total \$2.075 billion, with most of the revenue increase occurring in 1982-83, when it is most needed by the industry.

The lion's share of this assistance will go to small producers, which are largely Canadian-owned, and which respond most actively and directly to such cash injections.

Senator Asselin: You have lost the confidence of the Canadian people.

Senator Olson: You will recall that in November the government produced an economic development strategy paper entitled, "Economic Development for Canada in the 1980s." In his budget address, the Minister of Finance reaffirmed the government's commitment to that strategy, and I shall do so again today, although very briefly.

There is no denying that the economic facts of life, the reality of high interest rates, and a low or declining resource price, have diminished the attractiveness of the largest sized mega-projects that were anticipated—and there was a number of them, such as Alsands, the Alaska gas pipeline, Exxon's Cold Lake project, and its one in the Colorado shales. Such projects will have to wait, I suppose, until technology or opportunities offered by the economy improve.

Senator Asselin: When will that be?

Senator Olson: Now, this is a disappointment, but let us be clear on one thing; that does not kick the legs out from under the economic development strategy. A reading of the original document will clearly show that the mega-projects were only one facet of a much larger and more comprehensive framework. I do not deny that the postponement of these projects has required a re-targeting of emphasis in the strategy toward smaller though still huge projects. Such projects have shorter lead times, lower borrowing costs, and quicker returns. Oil flows in a shorter period of time and, therefore, cash flows in a shorter period of time than is the case with these massive projects such as Alsands.

The increased hydrocarbon resource focus will be placed in other developments, such as those in the Beaufort Sea, the Arctic Islands, and the Atlantic offshore, but that will also lead to a number of smaller extraction plants in the tar sands that are near the surface, as well as some of those that are enhanced oil extraction plants from that same quality of bitumen that comes up from lower levels.

These days I am asked from time to time which ones we are talking about, which ones will go ahead, and I know that there are several under active consideration.

Senator Flynn: They are waiting for a change in government.

Senator Olson: But I know that, until the private companies involved in those projects are ready to make an announcement, I would do a disservice to a lot of people by raising expectations that they will be located in certain communities, and my friends opposite would be on the leading edge of those people who claim that I said something that a responsible minister ought not to say, and I am sure that they would not expect me to do that.

Senator Smith: He is an irresponsible minister.

Hon. Paul Yuzyk: He is useless.

Senator Olson: In the budget address mention was made of the problem of our declining productivity relative to some of our major competitors. This is an issue which will also result in some changes in emphasis on strategy. Increased resources will have to be allocated to developing and applying technology both to production methods and to product design.

What is more significant than these shifts in the emphasis, I should add, is the large body of the economic development strategy that remains unaffected despite the turbulence of the times, and which is being put into effect. The strategy is a broad range of policy thrusts designed to ensure that Canada is able to take advantage of the economic upturn when it occurs. We do not want this nation to be unable to participate and to be unable to capitalize on the recovery when it comes, so the strategy proposes a number of initiatives.

There is no use, for example, in sitting on a mother lode of renewable and non-renewable resources if one cannot get the goods to market. So, this strategy promises western rail capacity improvements and measures to upgrade ports. Increasingly complex modern production technology demands a sophisticated work force, so the strategy provides for increased emphasis on the upgrading of skills.

Success in marketing demands that you have a product that the world wants and cannot get more cheaply elsewhere. To get such a product demands expenditures on research and development. The strategy proposes active federal government support in this field.

Canada's small population often makes it necessary for producers to find markets abroad to achieve economies of scale. That is not the only criterion, but it is one that is very important. The strategy lays stress on improved international marketing, and the federal government is totally re-organizing the Department of External Affairs to increase significantly the importance of its trade function. External Affairs officials around the world have received and are acting on this message. Services which were being delivered effectively prior to the re-organization are still operating well during the transition period and will be even more beneficial as the new system increasingly takes hold.

Turning to another area of activity, it is clear that renewable resources do not necessarily renew automatically: agricultural land can deteriorate; forests regenerate faster with human help, and so do fish stocks. The strategy proposes to lay increased emphasis on resource management.

[Senator Flynn.]

Then there is the investment climate, of which I spoke earlier. Improving that climate requires efforts to promote better relations between the federal government, provincial governments, business and labour. The federal government's current re-organization, which stems from the economic development strategy, should spark and mark—that is already beginning to happen—a major step in that direction.

● (1530)

There will soon be an economic development co-ordinator in every province. I believe that in nine of the ten provinces that official has already been named, and within a few days the tenth one will be named.

Hon. Raymond J. Perrault (Leader of the Government): Well done.

Senator Olson: These senior officials will increase the regional sensitivity of the whole federal government. We shall be able to listen better and to act more effectively.

That is part of what we are doing, and it gives you an idea of our economic development directions and the reasons behind the choice of these directions. Once again, I remark that we have already done what the motion calls for.

In closing, I should like to sum up my reaction to the motion in this way: It is true that for—

Senator Phillips: Which motion?

Senator Olson: Your motion. That is the only motion we have before us.

An Hon. Senator: It isn't much.

Senator Olson: No. It is true that for many the current economic situation is grim. I do not want to minimize that aspect, but, on the other hand, there is an underlying strength—

Senator Asselin: The evidence is there; you cannot do otherwise.

Senator Olson: I do not know whether Senator Asselin has made his speech. I will sit attentively and listen to it, if and when he makes it, but at the moment I should like the message and the optimism that I have for the Canadian economy and the people who will be supporting that economy—

Senator Perrault: Hear, hear.

Senator Olson: —to get through, because it is extremely important.

Senator Flynn: We didn't have that in December 1979.

Senator Olson: To get back to what I was saying, it is true, as I said before Senator Asselin wanted to say something, that there is a difficult situation. It is grim, and I do not want to minimize that aspect of the matter.

Senator Roblin: You can hardly do that.

Senator Olson: On the other hand, there is an underlying strength in the Canadian economy based on resources—

Senator Flynn: That's good!

Senator Olson: —on manufacturing capacity, on technological skills and the innovative genius of our people and, indeed, Canadians themselves.

Senator Perrault: Hear, hear.

Senator Flynn: A bad government cannot change that, thank God.

Senator Olson: Senator Flynn has a habit of interrupting, which most days I enjoy, but I am being serious now—

Senator Flynn: For a change.

Senator Olson: —and am soliciting the support of the opposition, because the situation is so serious that we have to do that. I have said all of those things, and I was just going to give an example.

The figures released yesterday show that Canada recorded a merchandise trade surplus of \$1.361 billion in May.

Senator Perrault: Hear, hear.

Senator Flynn: What is the reason?

Senator Olson: This brings the surplus over the first five months of 1982 to—

Senator Flynn: We couldn't buy anything outside.

Senator Olson: —\$6.2 billion—

Senator Perrault: Hear, hear.

Senator Olson: —which is more than double the \$2.7 billion surplus for the same period last year.

Senator Asselin: We have no more money to buy anything.

Senator Olson: Furthermore, if you take this \$6.2 billion—

Senator Frith: Good news for the country is bad news for the Tories!

Senator Olson: If you take this kind of—

Senator Roblin: Do you want to debate that?

Senator Olson: Another example of our capacity to perform even in difficult times is evident in the recent breakthrough, for example, in the Telidon videotext system which last week was adopted as the North American communications standard, giving Canadian firms a head start in that field.

Senator Roblin: Hurrah!

Senator Olson: For those who have not looked into it, they should take the time to do so, because the enormous size of that prospective market, with Canada being on the leading edge of that technology, is something that we in this country should be proud of.

Senator Roblin: We are, too. We just are not proud of the government.

Senator Olson: Another example is the recovery in the United States economy which has begun to surface in recent weeks and months, and we need that recovery to move forward ourselves. No one in Canada denies that, if they are being realistic. A Conference Board study of large American indus-

trial corporations released this week shows their spending intentions in the first quarter of the year increased 28 per cent over the final quarter of last year to some \$27.1 billion.

Senator Perrault: Hear, hear.

Senator Olson: I am not advocating the rose-coloured glasses approach, but perhaps—

Senator Flynn: Not “rose” but “red”.

Senator Olson: —some honourable senators would see more clearly if they took off their dark glasses—perhaps including Senator Phillips—and let some of the sunshine in. Let us be realistic about this and not be defeatist.

I was going to say that I entirely support the amendment that is not before us any longer. I have some difficulty with the motion, but—

Senator Flynn: We knew that.

Senator Olson: —I would like to suggest to honourable senators opposite that there is a time in any nation—we know some of the current crises that we have faced before—when we should all get together for the good of each other and for all the people who are out there.

Senator Asselin: What a joker!

Senator Olson: My point is—

The Hon. the Speaker: Order!

Senator Frith: Getting together is a joke as far as the opposition is concerned.

Senator Olson: I am sorry that the opposition takes that attitude.

Senator Asselin: What kind of attitude did you take when you were in opposition? What did you do?

Senator Olson: I think there are all kinds of things that they should criticize from day to day, and they do it rather well. I want to compliment them on that, but to reduce inflation in Canada down to the point where we are at least doing as well as our main competitors, and perhaps a little better, is a great national purpose that all of us ought to promote, in this chamber and everywhere else in this country.

Some Hon. Senators: Hear, hear.

Senator Flynn: It's been ten years.

Senator Asselin: You don't have the confidence of the country any more.

Senator Olson: I would like to plead with, or solicit, or whatever the right word is, honourable senators opposite to join with us in this campaign to bring inflation down to 6 per cent by the end of this year. Then, I am sure that all of the people in this country will applaud them for their efforts.

Senator Asselin: Resign!

Some Hon. Senators: Hear, hear.

Senator Phillips: Would the minister permit a question?

Senator Asselin: That was a good show, Bud.

Senator Phillips: In the minister's remarks on the amendment which has been declared out of order, he stated that the government had practised a policy of restraint. I find it difficult to accept that statement, in view of the fact that the government's expenditures have increased 20 per cent in each of the last two years. I ask the honourable minister to elaborate on this new economic theory of his, where he says the deficit did not increase but the revenues merely declined.

Senator Olson: I said, as a result of the budget.

Senator Phillips: Could he tell us why the revenues declined? Apparently, according to him, he has a well directed economic policy, but why did revenues decline?

Senator Olson: A large portion of the federal government revenue is based on income, be it corporate or personal income, and its profits are involved as well.

Senator Asselin: You put forward the energy policy.

Senator Olson: Do you want me to answer the question? I did not notice that Senator Phillips had asked you for your opinion. It is a fact—

Senator Asselin: Have you a written opinion?

The Hon. the Speaker: Order!

Senator Olson: I shouldn't do this. I won't do it any more. I will just answer the question. It is a fact, of course, that the federal corporation tax is very largely based on profits. That is taxable income left after expenses, and that is the first to go when there is a downturn in the economy. Therefore, it has a profound effect on federal government revenues.

Hon. David Walker: Would my friend be good enough to tell us who wrote his speech for him, because he certainly did not?

Senator Olson: I will tell my honourable friend that I wrote this speech myself. All of the thoughts contained in it are not particularly new. They could be gathered up in a number of ways, but I put it together in a way that seemed to make a great deal of sense to me, and I hope my honourable friend will agree with that.

Some Hon. Senators: Hear, hear.

Senator Flynn: I move the adjournment of the debate, in order to consider the problem of continuing the debate on that motion.

● (1540)

However, before I move the adjournment of the debate, can Senator Olson tell me if the government, in asking everyone to do his part, would consider doing the main thing which 70 per cent of Canadians want to do, and that is call an election and let the electorate decide what government it wants at this time?

Senator Perrault: You have just been listening to echoes.

Senator Olson: Honourable senators, if my friend has reached the conclusion that 70 per cent—

Senator Flynn: Minimum.

[Senator Asselin.]

Senator Olson: —of the electorate want an election, he has been doing some selective listening.

Senator Flynn: I was being very generous.

Senator Olson: The indications to me are that they would like the government—that is, the members of Parliament in both houses, those in the provincial governments—business and labour all to make a concerted effort so that the whole of this nation, in all of its geographic and socio-economic sectors, can get together and achieve the competitive position that we need for the good of the nation as a whole. I have heard almost no comment that an election would achieve that.

Senator Flynn: You must say these things with tongue in cheek because you obviously do not read the press.

In any event, since the honourable minister listens only to himself, I move the adjournment of the debate.

On motion of Senator Flynn, debate adjourned.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND (NO. 3)—THIRD READING

Hon. Peter A. Stollery moved third reading of Bill C-108, to amend the National Energy Board Act (No. 3).

Hon. G. I. Smith: Honourable senators, I should like at this point to make some comments on this bill. It will be recalled that, when the bill was before us on second reading, I raised the question of whether a certain clause was contrary to the agreement entered into between Canada and Nova Scotia with reference to offshore development, with particular reference to Sable Island.

When it was suggested that the bill be referred to committee, I agreed—not that anyone asked me to—not to delay the bill's going to committee but to wait until it came back from committee for third reading before I made my comments, and that is what I have done.

I have been in touch with the Government of Nova Scotia, and I also attended the committee meeting this morning when this bill was dealt with. I am advised that, with reference to the provisions in the bill concerning Sable Island and offshore development, the Government of Nova Scotia has taken, and does take, the position that this legislation is not consistent with the agreement and that, consequently, they are not in favour of it. They say, however, that they communicated this problem to the federal government and have been negotiating at some length with the federal government.

Based on the undertaking in writing given to the Province of Nova Scotia by the federal government that an amendment will be introduced in the fall to correct or do away with any conflicts that there seem to be between the two governments on the basis of how existing legislation, not only this bill but other legislation, might affect Sable Island and offshore resources generally, and the agreement between the two governments, they are prepared not to press their objections but to rely on that written undertaking. I am only saying what I have gathered from telephone conversations and I have nothing in

writing, but the undertaking was, to some degree, confirmed by a witness at this morning's committee meeting.

As I understand it, the undertaking is twofold: legislation will be introduced in the fall by the federal government to make whatever amendments are necessary to this or other legislation to do away with the particular points at issue between the two governments related to Sable Island and the existing agreement concerning offshore development; and, indeed, the two governments will endeavour, at that time, to have legislation passed by the legislature of Nova Scotia and Parliament, which will have the effect of dovetailing the federal and provincial legislation in such a way as to not interfere with the appropriate and proper operation of the agreement which, as I am sure honourable senators will recall, was entered into some months ago.

As the Government of Nova Scotia relies entirely on the written undertaking I have just explained, perhaps not completely accurately but substantially so, I believe they are prepared to withdraw any objections they did put forward and, consequently, I am prepared not to oppose the bill for the same reason—I am relying on the same undertaking.

[Translation]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, following consideration of this bill by the Banking, Trade and Commerce Committee this morning, I am still of the opinion that it is a vicious, Machiavellian measure—

[English]

Hon. Peter Bosa: Don't denigrate my ancestors!

Senator Flynn: No doubt Senator Bosa will recall what I said in the debate on the Speech from the Throne in October 1980, when I had just returned from Italy. When I visited the Church of St. Francis Xavier in Florence, I came upon the tomb of Machiavelli. I thought I had forgotten all about what had taken place in Canada, but at that moment I saw the face of Trudeau, and that vision recalled to my mind all that had gone on before, and it spoiled the rest of my vacation.

Hon. Royce Frith (Deputy Leader of the Government): Serves you right!

Senator Flynn: I was not looking for that type of reaction; I was trying to forget.

Hon. Maurice Lamontagne: You should have thought about Diefenbaker.

[Translation]

Senator Flynn: In any event, to get back to the bill, we have considered a number of provisions. I would like to draw your attention to the provision in clause 87.1, on page 17 of the bill, which reads:

87.1 (1) The Governor in Council may by order direct that the Board assume supervision and control of the movement of oil or gas, or both, or any quality or kind thereof (hereinafter in this Part called "designated oil or gas") out of a province or the offshore area or both (hereinafter in this Part called the "designated province or area").

Why does the Governor in Council want those extreme powers? No explanation is given. It is obvious that under this provision, the Governor in Council, through the Board, could prevent Alberta, for instance, from entering into an agreement to export oil to, let us say, the province of Quebec. Or if the Supreme Court should decide, and I certainly hope it does, that the Hibernia area belongs to Newfoundland and were to say: Newfoundland, you cannot sell oil to Nova Scotia, you will have to do so somewhere else, under this provision, the government can intervene in this fashion. It has absolute discretionary powers and does not have to give any explanation for its actions. In fact, there are no restrictions in the terms of this provision and clause 2 merely confirms this.

This is a good example of the attitude of the government. However, there is even more reason to criticize the government's attitude if we consider this provision in the light of the amendments in the Constitution Act passed in December 1981, which were made to clause 92A. It is perhaps unnecessary to read the entire clause, but I will quote the main part:

92A. (1) In each province, the legislation may exclusively make laws in relation to

(a) exploration for non-renewable natural resources in the province;

(b) development, conservation and management of non-renewable natural resources and forestry resources in the province, including laws in relation to the rate of primary production therefrom; and

(c) development, conservation and management of sites and facilities in the province for the generation and production of electrical energy.

The other paragraph reads as follows:

(2) In each province, the legislature may make laws in relation to the export from the province to another part of Canada of the primary production from non-renewable natural resources and forestry resources in the province and the production from facilities in the province for the generation of electrical energy, but such laws may not authorize or provide for discrimination in prices or in supplies exported to another part of Canada.

I think I will have to quote paragraph 3 as well if we are to have a proper understanding of the problem:

(3) Nothing in subsection (2) derogates from the authority of Parliament to enact laws in relation to the matters referred to in that subsection and, where such a law of Parliament and a law of a province conflict, the law of Parliament prevails to the extent of the conflict.

It is clear what the intent is of paragraphs 1 and 2 and that paragraph 3 is applied only exceptionally. By including this provision in Bill C-108—

Senator Frith: What are the numbers of the clauses in Bill C-108?

Senator Flynn: Clause 87.1 on page 17.

What we are saying is this: whatever legislation was passed last December, we are taking away your right to legislate in

that area, because we can at any time control the movement of oil or gas from one province to another.

It is this extreme power, unjustified under the circumstances, which is found in this bill we are being asked to pass today.

MOTION IN AMENDMENT NEGATIVED

Senator Flynn: That is the reason why I feel that this provision should be deleted, and I therefore move, seconded by Senator Doody:

That Bill C-108 be not now read the third time but that it be amended by deleting from clause 29, at page 17, the proposed section 87.1 entitled "Control by Board" and that the subsequent proposed sections be renumbered accordingly.

I have copies of this amendment for honourable senators. Before His Honour puts the amendment, I mentioned yesterday that in my opinion, Newfoundland was offered the lure of a corridor in exchange for absolute control by the federal government of the movement of offshore gas and oil. I think that it is quite clear—

Senator Frith: Do you say that this is not constitutional?

Senator Flynn: I did not say that. I think that it is inconsistent with the spirit of the Constitution. Even before—we are faced with a problem of this kind and I am referring to gas and oil—the jurisdiction granted to the provinces under section 92A (2) is removed. It is done in anticipation it is quite obvious. This is nothing new, it is not the first time that the federal Parliament and the Liberal government with its followers in the other House have practically squashed the provisions and the spirit of the Constitution.

Senator Frith: You find it unconstitutional.

Senator Flynn: I say that it is inconsistent with the spirit of the Constitution. It is just as bad whether it is inconsistent with the spirit of the Constitution or whether it is unconstitutional from a technical point of view.

● (1550)

[English]

Hon. George J. McIlraith: I wonder if Senator Flynn would permit a question, for clarification. As I listened to him read his motion I understood him to refer to section 87. In his argument he was referring—and, if he has the bill before him, he will see this—to section 87.1 only.

Senator Flynn: I corrected that.

Senator Frith: It was that part of clause 29.

Senator Flynn: Yes. I am sorry. It is section 87.1.

Senator McIlraith: That is what I understood your argument to be, and it does not touch section 87.1(2), or section 87 by itself.

Senator Flynn: It is section 87.1.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Doody, that:

Bill C-108 be not now read the third time but that it be amended by deleting from clause 29, at page 17, the proposed section 87.1 entitled "Control by Board", and that the subsequent proposed sections be renumbered accordingly.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

[Translation]

Motion in amendment of Senator Flynn resolved in the negative on the following division:

YEAS

THE HONOURABLE SENATORS

| | |
|-------------|--------------|
| Asselin | Macquarrie |
| Beaubien | Marshall |
| Charbonneau | Nurgitz |
| Doody | Phillips |
| Flynn | Roblin |
| Macdonald | Tremblay—12. |

NAYS

THE HONOURABLE SENATORS

| | |
|------------|--------------|
| Anderson | Langlois |
| Bird | Lapointe |
| Bosa | Leblanc |
| Cameron | McGrand |
| Cook | McIlraith |
| Cottreau | Neiman |
| Denis | Perrault |
| Frith | Riley |
| Giguère | Rizzuto |
| Goldenberg | Rousseau |
| Guay | Sparrow |
| Haidasz | Stanbury |
| Hastings | Steuart |
| Lafond | Stollery—29. |
| Lamontagne | |

The Hon. the Speaker: I declare the motion in amendment defeated.

● (1610)

[English]

Senator Flynn: For the record, I say that at least six senators came in after the vote, and they would have bolstered the vote on both sides.

Senator Smith: Honourable senators, I rise on a point of order. I was not here, but it was not through any desire not to be here or lack of attempt to be here. I have never experienced such a quick locking of the doors in my life—

Hon. David Walker: I agree.

Senator Smith:—and there were several of us in the same position. I wanted to be here to vote with my colleagues, and I very much resent that the opportunity was taken away from me by an extraordinarily quick locking of the doors.

Senator Frith: If there was anything extraordinary, it was bipartisanly so, because it was experienced by both sides.

Hon. Robert Muir: Honourable senators, I rise on the same point of order. I agree with the deputy leader that the occurrence was bipartisan, but I have never heard such a short bell.

An Hon. Senator: That is not true at all.

Hon. Azellus Denis: Speech!

The Hon. the Speaker: Order, please.

Senator Muir: If honourable senators wish to interrupt me, I have lots of time and I can stand here all day until I get an opportunity to speak.

A group of us, composed of honourable senators from both sides, attempted to break down the rear door, but we were not strong enough, so we went to the front door, only to find it locked as well. That is the explanation why we were not here. There are two or three honourable senators on the other side who may wish to speak for themselves.

Hon. Joseph-Philippe Guay: Honourable senators, on the same point of order, I was on the far side of the East Block when the bells began to ring, and they rang for 15 minutes, and I made it through the door.

Hon. Guy Williams: I was unable to make it because the elevator slowed down.

Senator Flynn: Honourable senators, I will move another amendment, but in this case I shall not ask for a recorded vote.

Senator Lamontagne: Why not?

Senator Flynn: The honourable senator may ask for one if he wishes.

Senator Frith: Let's go!

[Translation]

MOTION IN AMENDMENT NEGATIVED

Senator Flynn: The other problem concerns electricity and the intervention in the dispute between Newfoundland and Quebec. I simply want to voice for the record the objection of

some of us on this side and say that, in my opinion, the government should not settle this dispute through legislation by way of expropriation through Quebec territory or otherwise. I am not certain whether the amendment I intend to move would have the desired result, but it is more in the nature of a symbolic amendment since the senators on the government side have toed the party line on the issue on which we have just voted and which is much more important. Since even Senator Riel did not object, I have no doubt about the result of the vote. I therefore move:

That the bill be not now read the third time but that it be amended by deleting from Clause 31, at page 20, the proposed Section 90 entitled: "Status of Act".

[English]

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it. I declare the motion in amendment defeated.

Honourable senators, we now come to the main motion. It has been moved by the Honourable Senator Stollery, seconded by the Honourable Senator Bosa, that this bill be read the third time now. Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: On division.

Some Hon. Senators: On division.

Motion agreed to and bill read third time and passed, on division.

● (1620)

CANADA-GERMANY TAX AGREEMENT BILL, 1982

THIRD READING

Hon. Fernand-E. Leblanc moved the third reading of Bill S-24, to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income and certain other taxes.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I want to put on record that the question of the

constitutionality of this measure was considered by the Standing Senate Committee on Legal and Constitutional Affairs because doubts were expressed about it. According to the report of the committee, there was a divergence of opinion, but I would say that doubts were expressed rather than that there was a divergence of opinion.

In any event, we have agreed to let the bill go forward on the understanding that it is not our responsibility. After all, it was the government that introduced the bill; we simply raised the question. If the government is now satisfied that it need do nothing about it, then, fine, the bill can be sent to the other place for consideration there.

In my opinion, it was the duty of the Senate to consider this problem. Now I simply say that it will be the responsibility of the government to consider the same question if and when similar bills come before us.

Motion agreed to and bill read third time and passed.

THE RAILWAY ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill S-29, to amend the Railway Act.

He said: Honourable senators, I am grateful to Senator Molson for his warning not to say that this is a simple bill, because not only does that often lead to trouble but in this case it is not true. This bill is complex, but non-controversial.

The problem Bill S-29 seeks to solve relates to the financing of railway rolling stock. When the financing of personal or real property takes place, there is usually some document of security such as a mortgage, a chattel mortgage, a conditional sale agreement or some other form of agreement.

Hon. Eric Cook: Or a letter of comfort.

Senator Frith: No, that is in a different category.

Hon. Duff Roblin (Deputy Leader of the Opposition): You were supposed to find that humorous.

Senator Frith: Oh, I am supposed to laugh? Then let the record show that, rather than "Oh, oh!" I say, "Ha, ha!"

As I have said, there is usually a document of security to secure the advance of money on property—in this case, railway rolling stock. In most cases such documents are registered somewhere. For example, if you take a chattel mortgage on your automobile, or have it as a conditional sale, the company advancing you the money takes back the mortgage or the conditional sale document and registers it somewhere.

Hon. Jacques Flynn (Leader of the Opposition): Where?

Senator Frith: At the moment I am speaking in general terms. It depends on the document. In the province of Ontario, for example, for many years the registration had to take place in each county so that, if you wanted to check whether you should buy a car or should give another mortgage on a car, you

[Senator Flynn.]

had to check in every county to see if there was a registration. You had to do that to be sure.

It is that kind of problem we are facing here, because the Railway Act provides for registration of documents that secure the financing of railway cars, but that registration is limited, in the central registry, to railway companies. In fact, there are at least four companies engaged in the business of manufacturing railway cars and leasing them to a number of users situated throughout Canada which are not "railway companies" under the provisions of the Railway Act.

The problems involved in financing an inventory of cars and securing the liabilities incurred are inherently different from those faced by participants in similar transactions involving railway companies, such as CN and CP. CN and CP use the central registry referred to in the present section and in the amendment. They can use the central registry, whereas manufacturers and industrial lessors cannot. Because such companies cannot use this registry, it is necessary for them to turn to other means. That means registering in each of the provinces, and in the province of Quebec, for example, it is impossible to register a leasehold interest such as required for equipment trust financing. In other provinces the ease of registration varies. In some provinces there is a central registry, but in others there is a requirement to register in every county, even for this sort of security.

Because these registries have to be updated every three years, it can be seen that this is an onerous, time-consuming and expensive task. The problem is so difficult that there is no equipment trust financing done in Canada by companies other than the railways, and as I understand it the railways and these companies and all others involved do not consider that situation desirable.

The alternative is to finance through another vehicle known as a trust deed or mortgage note, and, while that alternative can be resorted to in Canada, it does incur considerable registration expense. The cost of financing is greater by as much as 1 per cent compared with equipment trust financing, and 1 per cent of the millions of dollars we are dealing with is a lot of money.

The motivating logic behind the request for the amendment, therefore, is that it will simplify registry administration and reduce the cost of financing railway cars. The net result of such a change would be that Canadian shippers could experience lower costs, financing would be accomplished through Canadian auspices and the registration of rolling stock would be accomplished on an efficient basis.

Honourable senators, I am told that the proposed amendment to section 86 has been considered non-controversial and has, to put it another way, been the subject of widespread agreement since 1969.

During its history there was a concern as to whether or not it was subject to some constitutional doubt. There was some doubt whether it infringed section 92.13 of the B.N.A. Act,

dealing with property and civil rights, or whether it was in essence railway legislation.

I believe that most provinces have taken the position now that, as the constitutional law expression goes, it is "in pith and substance" railway legislation. It is legislation dealing with railways and is therefore constitutionally valid. I am told that some provinces, although they have not actively agreed that it is constitutional, have at least quieted their objections to it on that constitutional ground.

● (1630)

So, honourable senators, if this information is correct, and I believe that it is, we are looking at a bill that will remedy, if it receives passage, a problem that admittedly is rather esoteric but does have important secular consequences in railway financing. Its passage could have a salutary effect on railway financing, with consequent help to shippers.

Honourable senators, I mentioned earlier this afternoon that I believed this legislation has the support of the financial community, and understand that it has the support of the Conservative Party. I only say that because it does have the support of a former Minister of Transport, the Honourable Donald Mazankowski. I should like this bill to receive first, second and third reading today, if possible. If that is not possible, it can be read the third time on another occasion. I understand that if the bill is sent to the House of Commons before adjournment it will receive speedy passage there. Mr. Mazankowski, I understand, will sponsor the bill in the other place. If it is as non-controversial as I understand it to be, it can be passed by both houses before the summer recess.

Hon. G. I. Smith: Honourable senators, I think it might have been prudent of the Deputy Leader of the Government to have taken more heed of the advice given to him by Senator Molson who, of course, told him not to start out by saying that the bill was a simple one, because it is not quite as simple as it seems. It is a significant bill and has complications for the Province of Nova Scotia which have not yet been cleared up. Had I been aware the deputy leader was going to ask for first, second and third reading today, I would have told him that I would not give consent. Allow me to explain the reasons for that.

Beginning late yesterday afternoon and continuing throughout this day, almost without interruption, I have been the recipient of quite a number of representations that this is a bill to which the Province of Nova Scotia has agreed, and therefore I should not take any exception to it, which, if correct, would be the right course of action for me to take.

In an endeavour to ascertain that that was so, I have been in communication with the authorities in Nova Scotia several times, including the office of the Attorney General, and the only minister with whom I was able to get in touch, because this is a day on which Nova Scotia ministers do something else besides sit in their office.

Senator Frith: As a matter of interest, why are they not in their offices today?

Senator Smith: I still have not received any assurances from Nova Scotia that they have no objection to this bill. However, I am informed, and have it in writing from one of the persons advocating the passage of this bill, as follows:

Throughout the years discussions with the Provinces have been entertained by the Department of Justice and others.

The Government of Nova Scotia was approached on two separate occasions and did not raise any objections.

That, on the surface, seems to be quite satisfactory. However, I took the precaution of trying to determine whether the province did have any objection to the bill, and have been informed, as a result of a number of telephone calls, that the Province of Nova Scotia is not yet prepared to say that it does not object to the bill. Consequently, being a senator from Nova Scotia, it seems to me that I ought not to take any position contrary to the views of the government of that province.

As the deputy leader has indicated, there have been some questions raised as to the bill's constitutionality, and other questions which may not have been brought to his attention with respect to whether or not the central registry idea benefits anyone except the immediate proponents of the bill, and just how that will affect the activities and convenience of people residing in distant provinces.

For instance, it would appear that if there were a central registry in Ottawa, of necessity, anyone in Nova Scotia wishing to make a search would have to make arrangements to have that search conducted in Ottawa with consequent delay and expense, and the same holds true for anyone residing in any other province in Canada.

I have not prepared myself to argue its constitutionality. It may well be within the provincial field because of the property and civil rights provisions in the Constitution Act.

While I am not going to urge that second reading not now take place, I feel bound—unless in the immediate future I receive a message from the Government of Nova Scotia to the effect that they do not have any objection—to say, consistent with my duty as a senator from Nova Scotia, that I will not consent to third reading today. I say that not because I want to have any great argument against the bill, but simply because I consider it my obligation as a senator from Nova Scotia, knowing that the Government of Nova Scotia has not agreed to avoid taking any action.

Senator Frith: Are you moving the adjournment of the debate?

Senator Smith: I am not moving the adjournment of the debate.

Senator Flynn: Senator Smith has said that he has no objection to second reading being given today, but I would hesitate giving this bill first, second and third reading in one day. We have not done that in the past, except with respect to government legislation which has been considered in the other place and which has been before Parliament for quite some period of time. I would worry about doing that for this particular bill, although there may be some valid interest that we are trying to protect.

I suggest that we give the bill second reading today and refer it to the Standing Senate Committee on Transport and Communications, the committee of which Senator Smith is chairman. If that were to occur, perhaps the committee could meet to consider the bill tomorrow; or if, as the deputy leader has said, we adjourn later today until either next week or the following week, we could leave it at that, and, when we resume, complete second reading and then proceed with third reading and send the bill to the other place.

By giving the bill second reading today, referring it to committee for study tomorrow morning, and giving it third reading tomorrow afternoon, it could be sent to the Commons on Friday. As they are going to complete their debate on the budget tomorrow, they certainly will not consider this bill tomorrow. Otherwise there is nothing to be gained by doing that.

Senator Frith: Honourable senators, the situation is that we have passed Bill C-105 and Bill C-108, which was our main objective. There is really no reason for us to sit tomorrow because I do not think it is reasonable for me to ask honourable senators to sit for the sole purpose of considering what is, in effect, a private member's public bill.

● (1640)

Senator Roblin: I agree with you.

Senator Frith: However, I have a memorandum that says that things were set up so that if we pass the bill this week all is ready for quick passage in the other place on Friday. That is tempting because if we wait until the week after next to deal with it, there is the risk of the inevitable legislative log jam in the last week before the recess. The memorandum I have is that if it is passed by the Senate today "all seems clear for quick passage in the House on Friday." That is how it apparently is. I cannot insist, nor do I intend to use pressure to have third reading today by saying we have to sit tomorrow. If we can send the bill to the Commons by Friday, apparently, they will pass it on Friday, but if we cannot do that on a voluntary basis, I am certainly not going to do it on the basis of saying, "We have to sit tomorrow unless . . ."

Senator Smith: Perhaps I may be permitted to speak again. I had expected to receive a call from Nova Scotia before now, but as yet I have not received it. I have received a message from one of those people who are urging—not a member of the House—the passage of this bill informing me that he has just been in touch with Nova Scotia and they have told him that they have no objection, but I have not received any such call, although I expect that whatever the answer would be, if it were available today, I would be the recipient of a call from Nova Scotia. I do not want to upset anybody's plans or make things difficult for anybody, especially since I do not have any strong views about the bill personally. On the other hand, I am in the position that the Government of Nova Scotia has been in communication with me. In fact, I was in communication with them partly at the request of the people who want the bill passed.

[Senator Flynn.]

I do not feel very comfortable in saying, in the face of a lack of any message from the Government of Nova Scotia, that I withdraw my—

Senator Frith: Honourable senators, may I interrupt to mention another possibility? Senator Smith has made his position very clear, and I understand it. I do not want to put any more pressure on him, so I suggest that we let the matter stand for the moment, because we have a couple of other items to deal with. In the meantime, perhaps he could call and see if he can satisfy himself. If he cannot, there is also the possibility that the concerns of Nova Scotia can be looked after in the other place. I leave it to Senator Smith because I have to so leave it in any case. If any honourable senator objects, then, we cannot go on.

Senator Smith: I understand that, and I guess that is why I am the object of so many representations today which flatter me, and which I have tried my very best to give effect to by communications with Nova Scotia. I thank the honourable gentleman for his suggestion. Perhaps it would be helpful if the matter were to stand, but there is another little obstacle. I have to speak to the next item on the Order Paper, which is consideration of the interim report of the Transport and Communications Committee.

Senator Frith: Order No. 3 stands in my name, and I can spend five minutes on it.

Senator Smith: If the honourable gentleman will undertake to talk until I come back, I will see what I can do.

Senator Frith: We can have a benevolent filibuster.

Senator Flynn: There are other problems than those of Nova Scotia involved here. It is certain that the bill will pass eventually. What I don't like is giving three readings to that kind of bill, a private initiative, in one day. I do not expect the House of Commons to adjourn on Friday, but, if it does, we will have to return because there will be bills for Royal Assent, and we can deal with this bill at that time. I would have agreed to second reading today if it was the intention to refer the bill to committee for study tomorrow morning, and possibly third reading tomorrow afternoon. Otherwise, I think this debate should be adjourned.

Senator Frith: I am not going to ask honourable senators to attend tomorrow simply for the purpose of this bill. I do not think that is reasonable.

On motion of Senator Smith, debate adjourned.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

TWELFTH REPORT OF STANDING JOINT COMMITTEE ADOPTED

The Senate resumed on Thursday, May 27, the debate on the motion of Senator Godfrey for the adoption of the Twelfth Report of the Standing Joint Committee on Regulations and other Statutory Instruments.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I recommend we adopt this report. One

aspect of the mandate of the Standing Joint Committee on Regulations and other Statutory Instruments is consideration of whether subordinate legislation conflicts with the Bill of Rights. In its twelfth report, the committee recommends that its permanent reference, section 26 of the Statutory Instruments Act, have added to it a consideration of whether regulations and other subordinate legislation conform with the Canadian Charter of Rights and Freedoms.

In addition to the other criteria and tests they apply to the subordinate legislation referred to them, the committee wants to be able to apply the test of conformity with the Canadian Charter of Rights and Freedoms.

As Senator Godfrey made clear in proposing this motion, it is not to be confused with his other motion that his committee have power to consider bills in the light of whether they conform or not. That is a separate matter and that motion will still stand on the Order Paper. All the committee is saying is that as they presently have the right to look at subordinate legislation in the context of the Bill of Rights, they should also have the right to look at it in the context of the Canadian Charter of Rights and Freedoms.

That is reasonable, and I recommend that we adopt this report.

Motion agreed to and report adopted.

TRANSPORT AND COMMUNICATIONS

VIA RAIL CANADA INC.—INTERIM REPORT OF COMMITTEE—
DEBATE ADJOURNED

The Senate proceeded to consideration of the Interim Report of the Standing Senate Committee on Transport and Communications on passenger rail service provided by VIA Rail Canada Inc., which was presented yesterday.

Hon. G. I. Smith: Honourable senators, I note the hour and will endeavour to shorten the remarks I had previously intended to make.

● (1650)

At the outset, I should say that the interim report may be found, as an appendix, at page 2345 of the *Minutes of the Proceedings of the Senate* and also as an appendix to yesterday's *Debates of the Senate*, at page 4564.

I draw your attention to a couple of what I think are minor errors which I have not yet determined to be printing or typographical errors. At page 2349 of the *Minutes*, in the fourth line of recommendation No. 6, there appears the word "charges." It says: "Major charges in passenger rail service". That should read: "major changes in passenger rail service". In recommendation No. 8, on the same page, there appears the word, "therefore". It says: "The Committee therefore recommends". I do not think there is any need for the word, "therefore," and it should be deleted.

Honourable senators will note that the report is designated "Interim Report." That is simply because the subject matter of the inquiry appeared so complex, involving so many aspects of transportation, that the committee was unable, satisfactorily,

at any rate, to conclude its investigation in the time available before the day of the presentation of the report. The committee, therefore, states that it has not been able to do so and, if the sitting were to continue, it would conduct further hearings, but, if Parliament is prorogued now or in the near future, it hopes that the committee will be re-constituted in some way and be able to continue its investigation of the matter when Parliament resumes in the fall.

The committee held some 13 meetings for the hearing of witnesses. It heard a great many witnesses, the list beginning at page 2399 of the *Minutes*. Of course, the Minister of Transport was one of those heard. He was heard on the first day that he and the committee could make arrangements convenient to both for that purpose, which was November 10, 1981. I will not go through the list of witnesses; it is there for all to read. Anyone who does read the list will see that the witnesses came from a very wide spectrum of people who would be interested in this sort of inquiry, including VIA Rail, CN, CP and the Canadian Transport Commission.

As a result of its hearings to date, the committee has concluded that it should place before the house its interim report and some 12 recommendations it feels should be made. Those recommendations begin at page 2348 of the *Minutes* and continue on the next two pages.

The event which triggered the reference to the committee by the Senate of the subject of this inquiry was, of course, the reduction in service by VIA Rail which occurred in November 1981. The committee proceeded from there to begin its inquiry. Of course, the date of November 15, 1981 passed long before the committee had completed its inquiry, and the committee was unable to do anything effective about delaying that reduction in service.

I shall not deal at any length with all the recommendations, but there are, I think, two or three which I wish to mention simply by way of emphasis.

The first recommendation states:

The Committee recommends that a special joint committee of both houses of Parliament be created for the purpose of analyzing the contemporary and future options for passenger transportation services in Canada for the current and following decade. This study should be comprehensive and include an examination of all modes of passenger transportation. This special joint committee should have as its primary objective the presentation of recommendations that will ensure viable, economical, efficient and convenient passenger services for Canadians in all regions of the country.

In making this recommendation, the committee concluded that the inquiry needed to be of the widest practical scope and that this could best be done by a joint committee of the two houses, since that would ensure that whatever findings were made would have behind them the whole weight of both houses of Parliament. In that circumstance, they might very well be more persuasive than findings by a committee of one of the houses of Parliament.

The second recommendation states:

The Committee recommends that any future decisions on passenger rail service reorganization or rationalization that involve route or service cancellations, abandonments or reductions be preceded by open and representative public hearings so that all parties concerned will have an opportunity to state their views.

I will not read the whole recommendation, but I point out that the committee sets great store upon the absolute necessity of making sure that no further reductions or similar activities in relation to passenger services should take place unless those who are going to be affected by it, namely, the people of Canada, have an opportunity, in advance, to make their views known and to place before some appropriate body the feelings they have as to how any proposed reduction would affect their method of conducting business, their method of travelling in the country and, generally, their way of life. The committee feels this is an extremely important matter and one that should not be departed from in any circumstance whatsoever.

There is, of course, a body, not specially created for the purpose of hearings, but one of whose special duties is to conduct hearings in relation to railway service, both passenger and freight, and this would seem to be a reasonable body before which such recommendations should be made.

Of course, all honourable senators will remember that preceding the matter of the change in rail services, which eventually resulted in VIA Rail, very extensive hearings were held by the Railway Committee of the CTC throughout Canada. The committee very strongly feels that the same sort of hearings should precede any further reductions or substantive changes in service.

A recommendation which I believe the committee would consider of equal importance to that is recommendation No. 3 which deals with the urgent necessity for full and complete legislation dealing with the situation of VIA Rail. Recommendation No. 3 reads:

The Committee recommends that an enactment providing a clear and all-encompassing legislative framework for VIA Rail Canada Inc., and in consequence for passenger rail service in this country, is an essential requirement—

● (1700)

It became perfectly clear to the committee—"perfectly clear," I suppose, is a strong expression but I use it intentionally, believing that it is applicable—that VIA Rail does not have the legislative framework on which it can adequately and appropriately carry out its duties of providing passenger service in this country. One of the difficulties, for instance, is its inability to obtain the necessary information on which to plan its management course of action. The information it needs has to be obtained from the two railways, Canadian National and Canadian Pacific. The relationship between VIA Rail and CN and CP is based on contracts between VIA Rail and the railways. These contracts have been negotiated, but up to the time this inquiry began, at any rate, negotiations had not been

successful in making arrangements for complete, necessary information being made available to VIA Rail by the railways.

We were informed during the inquiry that considerable improvement in this respect had taken place with reference to information from Canadian National, but that there was still room for a good deal more improvement there, and room for still greater improvement with reference to information from CP. We also came upon what seemed to us to be a most extraordinary situation with reference to information necessary for efficient management, or that seemed to us to be necessary for efficient management. Unless the supplying of this information is arranged by negotiation, there exists what amounts to an adversarial procedure which is equivalent to a law suit. VIA Rail has to make an application in a particular form to the Canadian Transport Commission for information which it has in its possession, and which it receives from CN and CP. That application has to be made on a certain form, as I say, and, much to our surprise, the CTC had felt unable to deal with a request for information from VIA Rail because it did not completely meet the requirements of the particular form in question.

Once the form is satisfactorily completed from the point of view of the CTC, notice has to be given to each of the railways that this information has been requested, and the reasons in support of such a request given. The railways then have to have time to prepare their reply, if they do not wish to give the information, and after the completion of these proceedings, which would be pleadings in a law suit, the matter may be heard by the CTC, which may or may not require the railways to produce the information.

In this respect I want to make it very clear that I am not finding fault with the CTC. They did not institute this procedure. This is a procedure set out in the present legislation. The CTC is advised by its counsel, and probably correctly, that unless it insists on following this procedure it may be subject to legal proceedings by the railways or other interested parties. The committee feels that the legislation it hopes will soon be implemented to give VIA Rail a proper legislative framework will deal with this question of information in such a way that it will be readily available to the extent that it is needed for proper management decisions.

There is another situation that I think we should bring to the attention of honourable senators. That is the matter of audit of CN and CP, in relation to VIA Rail, by the CTC. This audit, in our opinion, has two deficiencies, or areas in which changes should be made. One is that the audit is very much behind time. For instance, we were informed that the charges to VIA Rail for 1981, which ought to be audited by the CTC, will not be completed until March 1983. For the year 1980 they will not be completed until the end of 1982, and 1978-79 was not completed until the end of March 1982. This seems to us to be insufficiently up to date to be of very great help in management planning.

The other deficiency relates to the kind of audit which is made. It seemed to the committee—and I think it was agreed by the CTC—that this is not an audit of a kind designed for

management purposes, but one that primarily devotes its attention to ascertaining whether charges made by CN and CP to VIA Rail are charges of a kind which are in accord with the costing order which CTC has to follow. It is not concerned with the vital question of whether service is received for these charges, or whether sufficient or proper service is received for these charges. It seems to us that, again, the legislative framework should ensure that these charges are audited, not only in order to ascertain that they are of a kind or nature authorized by law, but that proper service is given in return for whatever charges are made. This is not now the case.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wonder if I could interrupt just for a moment.

Senator Smith: Surely.

Senator Frith: What I propose to ask is that Senator Smith yield temporarily to the Leader of the Government on this report. The reason is that the government has already studied the report of the committee. It considers it to be an excellent summary of all the issues involved in this question. The government is prepared to make some commitments by way of implementation of some of the recommendations, and has other responses to make.

It has occurred to me that it might be useful for Senator Smith and the Senate to have the government's position before them, particularly since a good deal of it is very positive and accepts many of the committee's recommendations. Senator Smith could then resume and include a response to what Senator Perrault puts on the record for the government.

Senator Smith: Honourable senators, I would be very glad to yield to the Leader of the Government in this respect, and now do so without equivocation.

Senator Frith: I should say, so that there will be no misunderstanding, that if we finish today I am going to propose that we do not sit until July 20, subject to recall. We will then put the matter back in Senator Smith's name. I would be happy to sit tonight in order to hear more, if that is considered to be necessary.

Senator Smith: That is very good of the deputy leader. I would, of course, like to have the opportunity, as soon as possible after the Leader of the Government finishes, to make further comments. On the other hand, I do not think it is essential that I follow him the very moment he sits down. Perhaps I should not say that, since I do not yet know what he is going to say.

Senator Frith: There is no question but that when he has finished the matter will revert to you.

Senator Smith: That is all right, then.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I very much appreciate the courtesy extended to the government by the Honourable Senator Smith and other honourable senators.

The government regards the report of the Standing Senate Committee on Transport and Communications to be one of great importance. We believe it to be an excellent summary of the major issues and problems with which the rail passenger program is now confronted, and that it offers constructive solutions to help resolve those difficulties.

The Minister of Transport and members of the ministry have done a great deal of work since the issuance of the report. Indeed, they have provided a detailed reply to every one of the 12 recommendations. This is the material to which the Deputy Leader of the Government referred.

● (1710)

Hon. Jack Marshall: Are they restoring the service?

Senator Perrault: This may develop into a long debate; but it is not a controversial reaction. I want to give that assurance.

Consistent with its mandate, which was to inquire into the government decision of July 27, 1981, on the reorganization of passenger train services, the standing committee has paid considerable attention to the fact that Cabinet chose to invoke section 64 of the National Transportation Act instead of the CTC public hearing process to implement service cutbacks. As stated on many occasions by the Minister of Transport, this was a policy decision and, given this policy, little discretion would have been left to the CTC as funding limits had already been set by the government. Indeed, given those funding limits, a decision from Cabinet was required quickly to allow VIA Rail more funds for its much needed equipment investment and for developing services with good revenue and traffic potential.

The committee expresses deep concern in its report about the possibility of the creation of an entirely undesirable precedent for possible further rail cutbacks. In this connection, I am pleased to say that honourable senators should be informed that the government is not contemplating any further service reductions by order in council.

An Hon. Senator: That's good.

Senator Perrault: Furthermore, in order to foster public input, the government is considering the possibility of releasing a discussion paper on the legislative requirements of the rail passenger program.

So, point by point, first, regarding the proposal to undertake a comprehensive study of all modes of passenger transportation, the government believes this to be an interesting proposal which would allow the bus and air industries to express their views on the current VIA Rail program and the resulting impact on their respective operations and the financial situation. However, due to the complexity of such a study, and to avoid duplication of effort, the terms of reference should be worked out in detail with advice from the Minister of Transport. In the view of the government, this study could possibly be undertaken concurrently with or as part of the review of legislation on rail passenger transportation, but should not delay the introduction of new legislation or of amendments to existing statutes.

Second, public hearings on service cancellations. The rationale for using the authority granted by Parliament under section 64 of the National Transportation Act was that an exceptionally urgent decision was necessary. Service cancellations were essential in order to finance additional modern equipment for VIA Rail. However, it should be noted that the CTC public hearing process is still in place and continues to be used extensively. For example, the CTC is currently reviewing services in northern Ontario, Farlane-Winnipeg, and in the maritimes, Truro-Sydney and Matapédia-Gaspé. Also, public hearings had been held on all services prior to the July 1981 decision as part of the normal CTC review process, and thus the government considers that the views of the public were well documented.

Third, enactment of a legislative framework for VIA Rail. The Minister of Transport has indicated that he is prepared to release a discussion paper on the subject as soon as it is feasible to do so—possibly next fall. It is expected that all of the major issues identified by the standing Senate committee will be covered in that discussion paper. It is intended that the discussion paper will be the subject of broad public consultations. Referral of the matter to a parliamentary committee is under consideration.

Fourth, the “fixed price contracts” with CN and CP. The problems associated with the current contractual arrangements, and specifically those leading to the need for cost adjustments, are being examined by Transport Canada on a priority basis, in consultation with all of the parties concerned. Progress has been made in the contractual negotiations, and all parties agree, first, on the need for more predictability in the final level of railway payments, in order to eliminate or reduce the “surprise” factor associated with the current billing mechanism; and, secondly, on the requirement for more effective incentives for productivity improvement.

Fifth, the CTC audit of railway charges to VIA Rail—which has been the subject of some criticism by Senator Smith and the committee. Audit of charges to VIA Rail by CN and CP Rail are carried out by the CTC once accounts for a particular operating year have been finalized and upon application of a complex regression analysis technique to disaggregate freight from passenger costs. The government recognizes the need for the CTC to become more current in its audit program. Accordingly, the CTC has developed a schedule of audits whereby it would become up to date in its audits by December 1984.

Sixth, the proposal to review costing order R-6313. The contractual agreements between VIA Rail and the operating railways are based on costing order R-6313 which was issued by the CTC in 1969 pursuant to extensive public hearings on the matter. Since that date, numerous studies have affirmed that R-6313 is an appropriate and accurate methodology for railway cost calculation.

Senator Smith: “Is” or “is not”?

Senator Perrault: They say yes, it is an appropriate and accurate methodology for railway cost calculation.

[Senator Perrault.]

In respect of the standing committee's recommendations to review this methodology, it must be emphasized that the government has already funded numerous and costly studies on this subject and that the CTC costing order is currently being examined by the special Treasury Board secretariat review committee.

Seventh, railway/VIA Rail contributions to the provision of reduced fares for railway employees. As mentioned in the committee's report, it would be desirable in future to see both CN and CP contributing a greater proportion of the funds that are required to finance employee travel passes. In this connection, the committee will note that railways' contributions are negotiated between VIA Rail and the railways as part of the railway union settlement agreements and of contractual agreements between the parties. These agreements are continuously under review and a new agreement was reached recently.

Eighth, the acquisition of railway stations by VIA Rail. Studies are now under way by VIA Rail regarding this question. A multimodal terminal is also under development in Regina, and studies on similar facilities are being conducted in Quebec City and Lévis. The question of ownership of assets will also be raised through the planned review of the legislative requirements of the rail passenger program.

Ninth, the terms and conditions of station acquisition. Further to the answer given in relation to recommendation eight, the question of reasonableness of acquisition prices will be reviewed by both VIA Rail and Transport Canada. Moreover, the principles for purchase will come under strict scrutiny by the government, as is the case for all proposals in respect of purchase of assets.

Tenth, the re-examination of data used for the July 1981 decision on service cutbacks. On the basis of previous statements made by the Minister of Transport it is expected that the government will not be prepared to accept this recommendation. The service restructuring was undertaken in light of government funding constraints and expected rate of operating cost escalation. In fact, costs are now known to be even higher than originally envisaged, making the need for last summer's decision, in the view of the government, even more evident. It should be mentioned, however, that Transport Canada and VIA review system and service performance is an ongoing activity with the aim of improving service to the public within current funding constraints.

Eleventh, the need for consultations prior to the discontinuance of commuter services by the federal government. The discontinuance of services to Havelock, Stouffville, Barrie and Sherbrooke, announced in July of last year, was based on a policy decision which took into account the role of those services. Since those services carry mostly people between suburban communities and the downtown of large cities, in the view of the government they were more properly part of the urban transportation network, not part of the national rail service network, and hence a provincial responsibility. In this respect, it should be noted that the Ontario government has agreed to assume responsibility for two of the three commuter services in the Toronto area, and that commuters using the

third line will be adequately served by the existing commuter transportation network.

Finally, twelfth, the introduction of LRC trains in the Atlantic provinces and in western Canada. On April 8, 1982 the Minister of Transport announced the signing of a \$100 million contract for 10 new LRC trains, the delivery of which will begin in the second half of 1983. The new purchase will allow the government to fulfill its commitment to introduce LRC service on routes in the maritimes and western Canada. The specific routes to be chosen will depend on demand at the time the new trains are introduced into service.

• (1720)

Honourable senators, the government felt it important to react as soon as possible to the recommendations of the committee. I would like to close by saying once again that the government believes that the report is an excellent summary of the major issues and problems confronting the rail passenger system, and that the committee is to be commended, for its work offers constructive solutions to those difficulties.

Senator Smith: I thank the Leader of the Government for his intervention, and I am glad that I yielded. I was very interested to hear what he said. I am sure, however, that he does not expect me to react from the point of view of what the committee's feeling will be, because I would like to have a meeting with the committee to consider fully what they believe his comments will mean in light of their view of what should be done.

There are just two or three things that I should like to mention now, and then I shall move the adjournment of the debate. I did not hear any comment about adjusting the audit procedure of the Canadian Transport Commission except through an endeavour to make it more current, which, it is hoped, will be achieved by 1984. I draw attention to the fact that the committee's report placed a good deal of emphasis on the kind of audit that was necessary to be helpful from the point of view of providing efficient rail service by VIA Rail, and that is an audit that does not merely ascertain whether the charge was in accordance with accounting order R-6313, but whether the particular charge made was in fact justified by the quantity and quality of the service rendered. We think that it is of vital importance.

With all respect to the assertion, which, of course, is true, that the costing order received great study before it was implemented in 1969 or whenever, that does not necessarily make it relevant to the very changed conditions of today where the passenger services are provided by one railway which is entirely dependent upon the services provided by two other railways in terms of trackage and so on.

While that costing order may be perfectly adequate to determine the things it was meant to determine in the first place—that is, what subsidies should be paid to CN and CP for their losses on passenger services—it is not by any means adequate or appropriate to determine what should be charged to VIA Rail. I think the committee would feel very strongly about that.

The Leader of the Government said that the travel passes were a matter which, in some measure, was between CN and CP and their respective labour forces by virtue of negotiation. The committee understands that, but if CN and CP want to make some beneficial arrangements with their employees about travel at the expense of VIA Rail, then, surely, CN and CP should pay something towards that cost which they inflict for their own benefit because it helps them in their negotiations.

With reference to costs—and this is the last point I will try to make today, although probably not the last point after the committee has had time to consider this situation—we believe that there is a very substantial difference in the way the United States rail service, Amtrak, costs are computed as a result of its legislation and the way costs are computed with reference to VIA Rail by the CTC.

In support of this allegation, I would like, first, to make reference to a study on this very point carried out by the staff of the CTC and made available to the committee, and then read an extract from that report. On page 49 of the staff report of the Railway Transport Committee of the CTC, dated March 31, 1982, entitled "A Comparison of Amtrak and VIA Costing Approaches," the following statement appears:

To summarize this examination of the effects of using U.S. strictly avoidable costing in place of Canadian long-run variable costs, there would appear to be an annual saving to VIA of the order of \$9.5 million under Train Operations, \$11.3 to \$20 million under Maintenance of Way, and \$8.5 million under Station Services. In total, the savings to VIA would therefore be in the broad range of \$30-\$40 million. There is one further adjustment to be made before finalizing this range. As indicated earlier, Amtrak has been paying incentives to the contracting railways at a rate somewhat higher than that paid by VIA. If VIA were to adopt a similar rate of incentive payment to that made by Amtrak, this would increase costs by some \$5 million, reducing the range of savings from adopting the U.S. costing methodology to \$25-\$35 million.

VIA Rail's evidence on this point was to the effect that they believe that the estimate on annual savings is low. They place the figure at between \$50 million and \$55 million per year. That is part of the reason we suggest that the costing rules, as set out in the costing order referred to, are not consistent with the kind of costing that is applicable to the present situation with reference to VIA Rail.

Honourable senators, that is all I wish to say today. I should say that after consultation with the steering committee of the committee, I look forward, if the steering committee concurs, to asking the committee at some reasonable opportunity to consider carefully the statement made by the Leader of the Government, which I welcome and which I think is very positive and helpful, and to seeing what comments, if any, the committee might consider it necessary to make on that point.

On motion of Senator Smith, debate adjourned.

● (1730)

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday, 20th July, 1982, at 8 o'clock in the evening.

He said: Honourable senators, as you realize, rule 14A of the Rules of the Senate provides that:

If, during any adjournment of the Senate, the Speaker is satisfied that the public interest requires that the Senate meet at a time earlier than that set forth in the motion for such adjournment, the Speaker may call such a meeting—

In other words, the Senate is subject to recall. If this motion is adopted, then, when I move the adjournment at the end of the day we will not sit tomorrow but will return on the 20th, subject to recall.

I have moved this motion because I have been informed that we will not receive any more legislation this week and that it is unlikely that we will next week.

Motion agreed to.

● (1740)

ROYAL ASSENT

The Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the

Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to establish the Cooperative Energy Corporation and the Cooperative Energy Development Corporation

An Act to establish a national program for occupational training

An Act respecting young offenders and to repeal the Juvenile Delinquents Act

An Act to enact the Access to Information Act and the Privacy Act, to amend the Federal Court Act and the Canada Evidence Act, and to amend certain other Acts in consequence thereof

An Act respecting energy monitoring and to amend the Energy Supplies Emergency Act, 1979 and the Oil Substitution and Conservation Act

An Act respecting motor vehicle fuel consumption standards

An Act to amend the Petroleum Administration Act and to enact provisions related thereto

An Act to amend the Canada Business Corporations Act

An Act to amend the National Energy Board Act (No. 3)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, July 20, 1982, at 8 p.m.

THE SENATE

Tuesday, July 20, 1982

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

PRIVATE BILLS

E.G. KLEIN LIMITED—THE GRAND LODGE OF THE BENEVOLENT
AND PROTECTIVE ORDER OF ELKS OF THE DOMINION OF
CANADA—MESSAGES FROM COMMONS

The **Hon. the Speaker** informed the Senate that messages had been received from the House of Commons returning Bill S-26, to revive E.G. Klein Limited, and Bill S-27, to amend the act of incorporation of The Grand Lodge of the Benevolent and Protective Order of Elks of the Dominion of Canada, and acquainting the Senate that they had passed these bills without amendment.

[Translation]

HOLIDAYS ACT

BILL TO AMEND—FIRST READING

The **Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-201, to amend the Holidays Act.

Bill read first time.

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading next Thursday, July 22, 1982.

Motion agreed to.

[English]

HEALTH, WELFARE AND SCIENCE

REPORT OF COMMITTEE ON VETERANS AFFAIRS EXPENDITURES
IN SUPPLEMENTARY ESTIMATES (C) TABLED AND PRINTED AS
APPENDIX

Hon. M. Lorne Bonnell: Honourable senators, I have the honour to table the report of the Standing Senate Committee on Health, Welfare and Science on the expenditures pertaining to Veterans Affairs set out in the supplementary estimates (C), laid before Parliament for the fiscal year ending March 31, 1982. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(For text of report see appendix, p. 4648.)

PUBLIC SECTOR COMPENSATION RESTRAINT

NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE
STUDY

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and consider the subject-matter of the Bill C-124, intituled: "An Act respecting compensation in the public sector of Canada", in advance of the said bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

[Translation]

BORROWING AUTHORITY

NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE
STUDY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on National Finance be authorized to examine and consider the subject-matter of the Bill C-125, intituled: "An Act to provide supplementary borrowing authority", in advance of the said bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE
SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on National Finance have power to sit at 3.30 o'clock in the afternoon tomorrow, Wednesday, July 21, 1982, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

● (2010)

QUESTION PERIOD

[English]

THE SENATE

BILL TO AMEND THE HOLIDAYS ACT

Hon. Ann Elizabeth Bell: Honourable senators, I have a question for the Leader of the Government in the Senate regarding the leading article on the front page of the *Globe and Mail* of last Tuesday, July 13.

For those who have not seen the article, it is headed: "Renaming of July 1 a priority in Senate." The article, under the byline of Robert Sheppard, says, in part:

A spokesman for Senator Raymond Perrault, Government Leader in the Senate, said yesterday that although the bill—

That is, the bill to amend the Holidays Act.

—went through the Commons as a private member's bill, the Liberals intend to give it the same support in the Senate as they would Government legislation.

Some Hon. Senators: Shame.

Senator Bell: The article further states:

—the Government expects it will pass before Parliament recesses for the summer.

My question to the Leader of the Government is: Does this spokesman truly speak on behalf of the Leader of Her Majesty's Government in the Senate?

Hon. Raymond J. Perrault (Leader of the Government): I would remind the honourable senator that it is not in order during Question Period to inquire whether statements made in a newspaper are true. I have made no statement on the subject of the Canada Day bill and the proposed re-naming of the July 1 holiday, and I do not intend to make any comment on the subject at this time. In due course, there will be a debate on this subject in this chamber.

Senator Bell: Honourable senators, may I ask a supplementary question? Does this nameless, faceless, junior-grade éminence grise speak for the Leader of the Government in the Senate?

● (2015)

Senator Perrault: Honourable senators, the Leader of the Government in the Senate speaks for himself. Secondly, I do not believe it to be in order for any honourable senator to talk about "nameless, faceless, junior-grade people" when such persons, who have not been named or properly identified by the honourable senator, are not here to defend themselves.

Hon. Joseph-Philippe Guay: Honourable senators, I have a supplementary—

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, my question is directed to the Leader of the Government or to his deputy and is entirely unrelated to the previous question.

[Senator Frith.]

Hon. Maurice Lamontagne: There is a supplementary question.

Senator Flynn: If there is a supplementary question, I am happy to yield. Of course, I would not refuse Senator Guay anything.

Senator Guay: I thank the Leader of the Opposition.

I wonder whether the Leader of the Government in the Senate can indicate when we will be given an opportunity to vote on the changing of the name of Dominion Day to Canada Day. I would like to have such a change.

Senator Flynn: That is none of his business if it is a private bill.

Senator Guay: Honourable senators, my question is: When will that bill come to this house?

Senator Perrault: It was introduced in the Senate this evening, senator.

Senator Flynn: In case the honourable senator does not understand, I may tell him that the bill was placed on the Orders of the Day for second reading next Thursday. Perhaps he may be invited to sponsor it.

Senator Guay: Thank you; I would not mind that.

PARLIAMENT

SUMMER RECESS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, my question is directed either to the Leader of the Government in the Senate or his deputy. We have authorized the National Finance Committee to study the subject matter of Bill C-124 and Bill C-125 in the hope that perhaps Parliament will adjourn for the summer recess on Friday. Can the leader tell us whether that is hoping for too much? We hear so many rumours around here that it is difficult to make an assessment of the situation.

Hon. Maurice Lamontagne: Ask your boss.

Senator Flynn: Despite the concept that the government opens the session and the opposition closes it, I think that the closing of this session will depend on the government as well. In this very case it all depends on the concessions that the government may make.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I can inform the Leader of the Opposition that it might well be expecting too much to suppose that Parliament will adjourn for the summer recess on Friday. It is my understanding that conversations are being held today involving representatives of all other parties to determine how to deal with the remaining legislative proposals which the government and the opposition may wish to advance before the adjournment. Hopefully, a report can be brought to the chamber later this week.

ENERGY

NATIONAL ENERGY PROGRAM—IMPACT OF MODIFICATIONS

Hon. R. James Balfour: Honourable senators, may I address a question to the Minister of State for Economic Development? It has been reported that a discrepancy amounting to some \$600 million exists between the petroleum industry and the government concerning the impact of modifications to the National Energy Program tax régime which was recently announced. In light of the review of these estimates which I assume has taken place, would the minister indicate which estimate is correct—that of the government or that of the industry?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice and will come back with an explanation. I am afraid, however, that at this point in time the explanation will not reduce the matter down to who is correct. There may be some factors and assumptions in the calculations that are different.

I will endeavour to get a complete and detailed explanation so that my honourable friend can examine those assumptions as well.

Hon. Jacques Flynn (Leader of the Opposition): Nobody will be blamed.

HOUSING

UREA FORMALDEHYDE FOAM INSULATION

Hon. Nathan Nurgitz: Honourable senators, I have a brief question for the Leader of the Government in the Senate. Publicity has been given recently to a discovery made by a chemistry professor of the University of Manitoba related to the almost complete removal—a reduction of about 90 per cent—of the fumes caused by urea formaldehyde foam insulation. This injection process is estimated to cost approximately \$200 per house.

Having regard to the problem faced by many people in this country who are trying to remove that insulation, and having regard to the government proposal for far more expensive aid to be given to those people, I wonder if the Leader of the Government could indicate whether the federal government has offered either to fund further research or to investigate this discovery as a possible solution for what really is a national problem?

● (2020)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I read with interest the statements made by the eminent scientist from the University of Manitoba, who, I suggest, should be commended for his interest in providing the solution to a problem afflicting thousands in this country. As yet, I have no official government reaction to the report, but there is a good deal of interest on the part of the government in the claims made by this Manitoba scientist. I hope to have more information on the subject tomorrow.

Hon. Joseph-Philippe Guay: Manitobans always have good suggestions.

BRITISH COLUMBIA

APPOINTMENT OF CITIZENSHIP COURT JUDGE

Hon. Lowell Murray: Honourable senators, may I ask the Leader of the Government in the Senate a question concerning the vacancy in the Citizenship Court in British Columbia. I understand that the minister, in his capacity as chairman of the Liberal patronage committee for that province, is sitting on that appointment and causing a great deal of inconvenience to people who would normally appear before that court.

May I ask the minister if an early end is likely to the dispute between himself and his colleagues on the question of a suitable replacement?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the term “patronage committee” may be in common usage in the party of the official opposition. However, we have no such committee in the Liberal Party or on the government side in this place. There is no dispute of which I am aware involving an alleged Citizenship Court vacancy in British Columbia. Those judges who serve in that important capacity are doing excellent work in that province as they are in other provinces. If, indeed, a “patronage committee” to appoint citizenship court judges was established by the Clark government, I can give the assurance that it has been dissolved.

Hon. G. I. Smith: Honourable senators, perhaps I might ask the Honourable the Leader of the Government why he insists on making himself look so foolish over this matter. Why does he make such foolish assertions?

I should like also to ask whether it is true that any reluctance of any official of the Citizenship Court in Nova Scotia was the cause of, or contributed to, the celebration in Truro, Nova Scotia, of the holiday which I prefer to call Dominion Day on June 30, 1982, instead of July 1. Specifically, was it the reluctance of a judge of the Citizenship Court in Nova Scotia to conduct her affairs in conjunction with that celebration on July 1?

Senator Perrault: The question will be taken as notice. I have no answer to the ultimate query advanced by Honourable Senator Smith. I can say, however, with respect to his initial comments, that I suggest he knows very little about the Citizenship Court situation in British Columbia, and should tread warily in waters where there could be alligators.

Senator Smith: If the alligators are all blow and nothing else, like the honourable gentleman, I do not think I need to worry about alligators either in Nova Scotia or in British Columbia. If the honourable gentleman wishes to misinterpret what I said as having anything to do with British Columbia, that is his privilege. I was, however, talking about Nova Scotia, not about British Columbia.

Senator Perrault: You started by talking about British Columbia.

Senator Smith: I did not. You started with a bunch of nonsense about British Columbia.

Senator Perrault: Of course, this is the very point to which I referred. Senator Smith said that I spoke a bunch of nonsense about British Columbia. I happen to know a great deal about British Columbia, and the allegations made by Senator Murray are untrue. He is not in possession of the facts, and Senator Smith is equally ill-informed concerning this matter in British Columbia. There is no long-standing dispute with respect to the filling of a Citizenship Court vacancy in the province of British Columbia. I understand that because of a vacancy or a new position an earnest search is under way to determine whether or not there is a suitable candidate available for this very high position.

Senator Murray: In that respect, will the Leader of the Government undertake to consult his former colleague, the Honourable Robert Andras, who I understand is on the west coast and has a suitable candidate ready for appointment if the Leader of the Government will agree to that appointment?

Senator Perrault: Honourable senators, I can say without equivocation that the Honourable Robert Andras has not been in contact with my office, and, to the best of my knowledge, he has not been in contact with any other ministerial office in the province of British Columbia regarding this particular matter. The source of the honourable senator's questions must remain a profound mystery!

● (2025)

Senator Smith: Honourable senators, it seems that someone is determined to misunderstand either questions or answers, and rather than launch into a dissertation on which I think it is, I shall repeat my question. Is the honourable gentleman aware as to whether or not, in the town of Truro, Nova Scotia, with regard to the celebration of the holiday, which I prefer to call Dominion Day, on July 1, 1982, it was necessary to hold such a celebration on June 30 because of the reluctance of a judge of the Citizenship Court in Nova Scotia to perform on July 1?

Senator Perrault: Honourable senators, as I stated previously, the question will be taken as notice. I do not have the reply ready at my desk this evening.

Hon. Jacques Flynn (Leader of the Opposition): Surprise!

[Translation]

INTERNATIONAL TRADE

IMPORTATION OF JAPANESE AUTOMOBILES—CUSTOMS TREATMENT

Hon. Martial Asselin: Honourable senators, my question is directed to the Minister of State for Economic Development. I should appreciate it if, in his answer, the minister would clarify once and for all, for all the members of this Chamber—

Hon. Guy Charbonneau: Impossible!

Senator Asselin: —a conflict that seems to be becoming quite serious, namely, that between Canada and Japan. The

[Senator Perrault.]

Minister of State for International Trade has tried to reach an agreement with Japan regarding the access of Japanese cars to the Canadian market. Apparently, he failed to reach an agreement, and it seems that now Canada, through its customs officers, is using all kinds of unfair tactics to delay the delivery of Japanese cars to Canadian dealers.

It seems that these tactics are going to put thousands of Canadians out of work, because Japanese car dealerships employ Canadians. It seems that 16,000 cars are stuck in Vancouver as a result of the action taken by customs officers who are carrying out prolonged and excessive inspections.

By acting in this way, the minister is trying to achieve indirectly what he was unable to achieve directly. I feel that in the long run, this kind of action is going to lead to further problems in trade relations between Canada and Japan.

Is this matter going to be resolved shortly? Are any discussions taking place? Could the minister inform Canadians who make a living from Japanese industry that they can expect a solution soon or whether the government simply wants to let the situation deteriorate and thus further harm the job situation in Canada in this sector?

[English]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the discussions that took place among a number of officials, led by the minister responsible for international trade, have just concluded. I am of the opinion that we should at least wait long enough for the minister to make a report on the basis of what was involved in those discussions. I do not intend to anticipate what the minister will say, because I was not present at the meetings. Often, with such discussions, for a number of reasons it takes a few hours to articulate the results. I have a great deal of confidence in the negotiating ability of the minister. Therefore, I do not think it unreasonable to expect that there will be a positive response from the kind of activity he has been involved in during the last few days.

[Translation]

Senator Asselin: If I can take the minister at his word, I hope that this time, the Minister of State for International Trade will have better results than when he went to Japan two months ago with a strong delegation from the Department of External Affairs and a number of businessmen, to try to settle the issue. Apparently, the Japanese ministers would not even listen to his arguments, and he came back empty-handed. Are there any new developments in this area? Has anything new transpired that would help Japan and Canada reach an agreement? What has happened since then?

● (2030)

[English]

Senator Olson: The honourable senator is trying to do what was just suggested to me—that is, to call the score in the seventh inning instead of the ninth. I think my honourable friend understands, as he has been around long enough to know, that after such long and detailed negotiations with such a large group we should wait a few hours, if not a few days, for

a report from the minister directly involved. It does not seem to me necessary to explain to my honourable friend, who is knowledgeable and intelligent, all the reasons why the minister involved will probably need those few hours or perhaps, at most, a day or two to evaluate the conclusions reached during those discussions.

[Translation]

Senator Asselin: I have a supplementary for the Leader of the Government in the Senate, the political minister for British Columbia—not the minister responsible for patronage, just the political minister. According to the news on radio and television and reports in the press, there is some concern in British Columbia regarding dealers in Japanese cars who have been obliged to close their businesses. Could the Leader of the Government in the Senate inform us in a few words what the situation is for Canadians who make a living selling Japanese cars in British Columbia? What is the unemployment situation in this sector? We have a right to know all the facts.

[English]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as Senator Olson has stated so well—

Hon. Jacques Flynn (Leader of the Opposition): Of course, you have great confidence in him.

Senator Perrault: We are confident that a successful result will ensue from these negotiations. There has been a temporary inconvenience for dealers—

Senator Asselin: “Temporary”?

Senator Perrault: —across Canada, as well as for those involved in the transshipment of automobiles.

Senator Asselin: Tell us about the situation in your province.

Senator Perrault: We admit that. However, Canada is involved in an important two-way trade relationship with Japan. I have been informed that the current customs procedures adopted with respect to certain Japanese automobiles are almost identical to those procedures adopted on more than one occasion by the Japanese with respect to certain imports including automobiles, into that country. The procedures are not unusual, I have been informed, and they are not unprecedented.

Hon. Lowell Murray: Are they retaliatory?

Senator Perrault: We believe that it is very important to achieve a clear understanding with respect to our trade relationship, a relationship which has been excellent in past years, and one which we hope will be even more successful and mutually beneficial in the years to come.

Senator Asselin: Can the minister tell me whether the actions by the Canadian government in this matter are retaliatory?

Senator Perrault: The word “retaliatory” is not in our vocabulary.

Senator Flynn: Are you sure?

Senator Asselin: Then use your word.

Senator Perrault: Admittedly, the customs inspection process is longer and more detailed than has been the practice, but, as I have said, it is quite similar to inspection procedures in force in certain other countries, including Japan, under various circumstances.

Senator Flynn: As Senator Guay says, the deputy leader is the only one who can give adequate replies, so would the deputy leader confirm whether we have received an adequate reply?

Hon. Joseph-Philippe Guay: Hear, hear.

AIR CANADA

DISCOUNT FARES

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. First of all, I would like to say that the Department of Consumer and Corporate Affairs has finally done one thing right in telling the Canadian Transport Commission to keep its nose out of the discount fares offered by the airlines. Air Canada has a skybus fare or some type of weekday reduction in fares for different parts of Canada, but why is it that those fares apply only in the east as far as Halifax, while people in Newfoundland, where the need is the greatest, must pay regular fares?

● (2035)

Just to give you an example, the fare from Ottawa to Halifax is \$89 one way instead of \$135, and yet a person flying to St. John's, Newfoundland, has to pay the regular fare.

Would the leader ask the Minister of Transport or the Minister of Consumer and Corporate Affairs to look into that skulduggery?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I think it rather extreme to employ the word “skulduggery”. The allegations made by the honourable senator will be investigated. In any event, the question will be taken as notice.

Senator Marshall: Will you also take into consideration the fact that many Newfoundlanders find it necessary to go to Toronto and other parts of Canada to find employment? In view of the fact that their parents might want to visit them, would Air Canada show some national responsibility by including all parts of Canada in their reduction of air fares, and not come crying to the Canadian people all the time?

Senator Perrault: The honourable senator's remarks will be brought to the attention of the Minister of Transport who has the responsibility for Air Canada.

THE ECONOMY

INCREASE IN VALUE OF CANADIAN DOLLAR—DECREASE IN INFLATION RATE

Hon. Peter Bosa: Honourable senators, I should like to direct a question to the Minister of State for Economic Development.

Hon. Martial Asselin: Are you giving notice of a question?

Senator Bosa: No, this is a spontaneous question.

Some Hon. Senators: Oh, oh!

Senator Bosa: Would the honourable minister care to comment on the dramatic and aggressive climb of the Canadian dollar vis-à-vis the United States dollar?

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Asselin: That is a planted question.

Some Hon. Senators: Hear, hear.

Some Hon. Senators: Oh, oh!

Senator Bosa: My honourable friends do not want me to ask positive questions. They want to dwell only on negative questions.

An Hon. Senator: That's right.

Senator Bosa: Would the minister also care to comment on the decrease in the rate of inflation announced this morning in the statistics given for the month of June?

Senator Perrault: Hear, hear.

Some Hon. Senators: Oh, oh.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I came prepared to answer a question of that nature, but, quite frankly, although I appreciate its coming from Senator Bosa, I really expected it to come from Senator Murray. I had expected that he would want me to comment today on the fluctuation that is taking place with respect to the value of the Canadian dollar, because he was consistently asking that question about two or three weeks ago.

It is true that, although the Canadian dollar has been fluctuating, the net result of that fluctuation has been a steady upward movement towards 80 cents. The latest word I have had is that it now stands at 79.52 cents.

Senator Perrault: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): It is even up to 79.57 cents tonight, if you want to know.

Senator Olson: Inasmuch as Senator Murray did not ask the question, I am grateful to Senator Bosa for having done so.

Senator Bosa is also correct when he speaks about the inflation rate for June, as released today, showing a decline in the year-over-year inflation rate, it being down to 11.2 from 11.8 per cent in May. There are several aspects to this in which I am sure Senator Murray and Senator Flynn will be interested. One is that the Bank of Canada rate has moved downward. It is now at 16.17 per cent. The expectations in the market are that it will probably go down again this week. In the meantime there has been a lowering of the prime rate by two major American banks. The Manufacturers Bank and The First National have moved down from 16.5 to 16 per cent, and the Federal Reserve rate has moved from 12 to 11.5 per cent. I expect, therefore, that the opposition will be asking a number

of questions on this matter during the course of the week, because they are important questions.

Senator Bosa: May I put a supplementary question to the minister? I appreciate the minister's response and his quotation of the statistics, but, in addition to what he has already said, could he tell us to what he attributes this dramatic decline in the rate of inflation and the aggressive increase in the value of the Canadian dollar vis-à-vis the U.S. dollar?

Senator Flynn: He has already told you.

Senator Olson: Honourable senators, I did attribute it to a direct matter with respect to the prime rate, but I expect that, if you were going to look for the real reason behind all of these favourable changes—

An Hon. Senator: MacEachen's budget.

Senator Olson: —you would cite the budget and the demonstrated determination of this government, in spite of the opposition—

An Hon. Senator: American policy!

Senator Olson: —to lower the inflation rate in this country; and that, of course, is the primary, fundamental prerequisite for the lowering of interest rates and a lot of other things at the same time.

● (2040)

Hon. R. James Balfour: May I ask a supplementary question of the Minister of State for Economic Development? In light of the very encouraging comments he has made, will he amplify his remarks to the point of providing us with an estimate, say within one or two percentage points over the next six months and over the next 12 months, of what the rate of inflation will be at December 31, 1982 and at June 30, 1983, as well as an estimate of the value of the Canadian dollar on those dates?

Senator Olson: Honourable senators, to take that question seriously, of course, would require a great deal of explanation, insofar as inflation and price movements that affect our domestic prices are, in fact, beyond our borders and, therefore, are beyond our control, although not beyond our attempting to have some influence on them.

Insofar as the domestic market is concerned, and insofar as the federal government has the authority, without moving to price and wage controls in all of their forms, we have determined that by the beginning of 1983 we will have many factors in the inflationary calculation down to 6 per cent.

That is the target, and we have shown, I think rather firmly, that it is the government's determination to reach that level. Whether all the other factors or components of the CPI will get down to that level by that time, of course, is impossible to predict.

Certainly the government has shown leadership. The government intends to be firm in that leadership in getting those things which we have already announced down from wherever they were, or wherever they might have been, to the 6 per cent

level. That will have a very salutary effect on the inflation rate.

Senator Balfour: Is my honourable friend saying that the government has no number, even within two percentage points?

Senator Olson: Honourable senators, what my honourable friend knows very well is that we have set a good example. We have received a great deal of favourable response from the private sector and some of the other decision makers, such as the provincial governments, and so forth. We have not received as enthusiastic a response from other sectors. I am not complaining about that, because, quite frankly, things have moved rather significantly.

The level to which inflation, with all the components in the CPI, which I explained a minute ago, would respond to this depends largely on the Canadian public's response at all levels. That, of course, is something that cannot be scientifically measured to the point where one can give figures at this time as to what the inflation rate will be in six or 12 months, but I can say that the responses we have received so far have been satisfactory, and we hope that that will continue to be the case so that all sectors will join with us in getting to the target we have set for January 1, 1983.

BUDGETARY DEFICIT—CALCULATION OF ANNUAL INFLATION RATE

Hon. Lowell Murray: Honourable senators, speaking of examples that the government is setting for the country, will the minister state whether the government has in its possession any information from the Department of Finance, subsequent to the presentation of Mr. MacEachen's budget a while ago, indicating that the budgetary deficit for this fiscal year will be even higher than the amount forecast by the Minister of Finance a short time ago?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not have any information that would lead me to that conclusion. I suppose that it depends on the assumptions one makes and what some of those assumptions are relating to the level of economic activity in this country.

I think we have a mixed blessing, in that we have some automatic compensators in this country that are highly desirable to remove or diminish the distress that is involved in economic downturns, and, of course, that has a direct effect on budgetary deficits. On the other side of the ledger, it is also a fact that those automatic compensators also cut in to reduce the deficit rather significantly if there is an upswing in the economy. I think that that is something that Canada and Canadians, and particularly this party, which has been in government while a lot of these matters were put in place, consider of great value to this country.

● (2050)

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Murray: Honourable senators, my question is whether, in fact, the government and its advisers in the Department of Finance have been counting our mixed blessings and, whether, as a result of counting our mixed blessings, they are arriving at a deficit figure well in excess of \$20 billion for the budgetary deficit in this fiscal year. Perhaps it is closer to \$24 billion as a result of counting the mixed blessings to which the minister referred.

Hon. Martial Asselin: Shame!

Senator Olson: That is the kind of activity the opposition normally engages in, but I did answer that question in the first two sentences of my reply.

Hon. Jacques Flynn (Leader of the Opposition): Assuming that the minister is correct in his assumption and his hope that the rate of inflation will be around 6 per cent on January 1, 1983—

Senator Olson: I didn't say that.

Senator Flynn: You just said it. What did you say then?

Senator Olson: What I said was that that is the target for the federal government—

Senator Flynn: I know, but you said you would be close to the target.

Senator Olson: I said that for all of these areas, including salaries and wages and, to the extent that we have influence on them, prices, that is the target, and that is where we will be in that sector by January 1, 1983, but my honourable friend—

Senator Flynn: That is what I said.

Senator Olson: —knows that the CPI is not measured on government or government administered prices only.

Senator Flynn: I didn't say it was.

Senator Olson: He said that I had said that our target is to have all the component parts of the CPI down to 6 per cent or less by 1983, but I did not say that.

Senator Asselin: It is a very easy answer.

Senator Flynn: Assuming what you say is correct—

Senator Olson: It always is.

Senator Flynn: —would you say that the rate of unemployment will improve accordingly, or, if not, what will it be?

Senator Olson: One thing that this government is convinced of is that there is a proper scenario to being helpful in correcting the economic problems that we have. What we have consistently said is that inflation pressure needs to decrease first. We are firmly on the way to reaching that goal. We hope that following that we will have a reduction in interest rates which, obviously, is going to stimulate a lot of investment and the employment that goes with it. We do not know whether all of that will be in place because there is a bit of a time lag between each one, but certainly we are on the right track in providing or, at least, leading in doing things that will lead to the kind of economic activity that will lower unemployment rates very significantly.

Senator Asselin: That will be because of American policies.

Senator Flynn: Is the minister saying that we cannot expect any improvement in the unemployment situation until there is a drop in inflation and interest rates?

Senator Olson: Honourable senators, what I said was that—

Senator Flynn: What you said was—what?

Senator Olson: What I said was that inflation and interest rates and all related things that are involved leading to investment—

Senator Asselin: All hypotheses.

Senator Olson: —are extremely important—indeed, of major importance—but I could reiterate for my honourable friend if he has not already heard a number of direct employment—

Senator Flynn: If you have nothing else to say, I don't need any further reply.

Senator Olson: Well, I think if you asked the question seriously you are entitled to a serious reply.

Senator Flynn: I asked the question seriously and I expect a serious reply, not a repetition of vague, nonsensical things.

Senator Olson: I thought perhaps, from the way the question was put, that my honourable friend had not been made aware of all the other initiatives that have been taken to reduce unemployment, but if he already knows them, then I shall not repeat them.

Senator Murray: Give us a list of the mega-projects.

Hon. R. James Balfour: How about Alsands?

Senator Asselin: What about government expenditures?

Hon. Jack Marshall: If all these great things are happening, why are there 1,250,000 unemployed. Why is the country as degraded and deteriorated as it is? If everything is so great, where in hell are the jobs that you are going to produce?

Senator Olson: My honourable friend knows or, at least, he ought to know—

Senator Asselin: It is American policy.

Senator Olson: —that there are a number of actions in terms of economic activity that automatically follow other actions. My honourable friend probably knows that there is a tremendous amount of work to be done in economic development in all regions of this country.

Senator Flynn: It should have been done a long time ago.

Senator Asselin: The same old story.

Senator Olson: It is being impeded now by high—

Senator Flynn: Too little too late!

Senator Olson: —rates of interest and a lowering of the demand in the international market. We believe that some of the action that we have taken now is the most important action possible leading to recovery in that situation.

Senator Asselin: Do admit your errors sometime.

[Senator Olson.]

Senator Marshall: Who caused it?

Hon. C. William Doody: Honourable senators, may I ask a supplementary question? Could the minister tell us his estimation, as he goes through the scenario, of how many Canadians will be out of work? How many Canadians will be looking for jobs by the time he reaches the end of the scenario that he outlined for us, including the time lags between the battling of the inflation bit and then the downgrading of the interest rates, and then, eventually, the providing of jobs for Canadians? How many Canadians will be completely out of work by the time that happens?

Senator Olson: No, honourable senators, we do not need to get to the end of anything. When there is an improvement in those things that I have been talking about—when inflation starts to back off, which I think it is going to, and interest rates start to move down, there could be some gradual improvements starting very soon. We do not need to wait until 1983 or 1984.

Senator Asselin: When will it be?

Senator Doody: It seems to me that the minister said a few minutes ago that in order to take pressure off the inflation rate, and in order to take pressure off the economy, then this unemployment factor has to take a significant toll before the economy turns around. Is there a bottom line below which the government is not prepared to go in terms of unemployment in combatting inflation and interest rates? What is the expendable number in terms of unemployed Canadians?

Senator Olson: The opposition may have some number in mind. This government does not have one. Indeed, if it did have one, it would have been triggered a long time ago because several weeks or months ago this government took some positive action to ameliorate that situation.

Senator Asselin: There are more than a million unemployed people in this country.

Senator Flynn: If the minister is so confident about the efficacy of the measures taken by the government, would he tell us why he did not bring in these measures about two years ago?

Senator Olson: Honourable senators, I do not know if one wants to spend a great deal of time on—

Senator Flynn: Why not?

Senator Olson: —what was not done yesterday. I guess that is fun, but it is never very practical in my terms. Of course, there was a very different international economic situation two years ago and, indeed, there are some areas where there has been almost a 180-degree change in the requirements there.

Hon. G. I. Smith: Do you have any more nonsense to tell us?

Senator Olson: That's not nonsense, but fact.

Hon. Douglas D. Everett: Honourable senators, I have a question for the Minister of State for Economic Development. Is the minister aware that Dr. MacIntosh, President of the

Canadian Bankers' Association, and Dr. Thomas Courchene, Professor of Economics of Western University—two of the more eminent economists in this country—in testimony before the Standing Senate Committee on National Finance stated that if the consumer price index in Canada were constructed using the same methodology by which it is constructed in the United States the inflation rate in Canada—

Senator Flynn: That question has been asked and replied to before.

Senator Everett:—would be 3 to 4 per cent less than that shown at the present time? Has that fact been taken into account in the formulation of government policy?

Senator Olson: Honourable senators, I am aware that there is a significant difference between the calculation in Canada and in the United States. In one of my delayed answers that I will give in a few minutes in response to a question from Senator Bosa, I will have some explanation of that.

• (2100)

I was not aware that those two eminent gentlemen had, very recently, made those comments. However, I am certainly interested, and I will refer this to those people in government who make recommendations respecting the calculation of the inflation rate because I think that is useful information to have.

Senator Everett: I will be pleased to send the minister a copy of the report of the Standing Senate Committee on National Finance containing their comments.

Senator Doody: I would ask a supplementary question of the minister subsequent to Senator Everett's question.

If the inflation rate in Canada is, in fact, four percentage points lower than it really is in terms of the American rate, why then is the interest rate in Canada as high as it is in terms of the American rate? Surely, it should be proportionately lower. If that is so, how do we still explain the unemployment rate in Canada?

Senator Olson: The interest rate in Canada is as high as it is at the moment because, if we had a significantly lower interest rate—this, by the way, has been explained many times—than in the United States, we would have an exodus of capital from this country, which the government feels is undesirable.

Senator Doody: What the government is saying, in effect, is that the inflation rate in Canada is not four percentage points lower than the American rate, and that it is actually what it is.

Senator Olson: We are not saying that at all. That is a complete misinterpretation of what Senator Everett has said, although the honourable senator can speak for himself.

Senator Flynn: Let him speak for himself.

I have a question for Senator Everett as Chairman of the Standing Senate Committee on National Finance to which was referred the subject matter of Bill C-124.

If he is satisfied that our rate of inflation is only about 7 or 8 per cent, will he ask the minister, or whoever appears before the committee, whether we really require passage of Bill C-124

which has a target of only 6 per cent because we want to achieve that rate of inflation? In that event, this bill is not required, and I am quite sure that Senator Everett will want to make that point in committee.

Senator Everett: The honourable senator raises an interesting point. What I am saying, and what the witnesses said, including Dr. Courchene who is one of the leading economists in Canada and who, incidentally, was a Conservative candidate in the last election—

Senator Asselin: It does not matter.

Senator Everett: It does matter; he is not necessarily on the government's side.

Hon. Royce Frith (Deputy Leader of the Government): He may be a good economist in spite of that.

Senator Everett: The fact is that there is a statistical difference between the way the two consumer price indices are constructed.

The opposition often asks why our inflation rate is so much higher than the American inflation rate. The fact is that, if we constructed our consumer price index on the same basis, we would show it to be three or four percentage points less than what it is on the basis on which we do construct it.

Senator Flynn: Then we would not need all these measures.

Senator Everett: On the contrary, labour unions and others looking at the way we construct our CPI tend to demand higher rates of increases in pay. In fact, it was Dr. Courchene, appearing before the committee, who recommended that the government should act to restrain increases in the wages of its own employees. That was Dr. Courchene's own recommendation.

Senator Flynn: But the government says the inflation rate is 12 per cent; it should be brought down to 6 per cent, so what do you do with that?

Senator Marshall: What are the poverty-stricken going to do with that?

Senator Murray: I should like to ask Senator Everett, in his capacity as Chairman of the Standing Senate Committee on National Finance, what inferences he draws for public policy from the statements he has just quoted to the Senate.

The Chairman of the National Finance Committee, next to Gerald Bouey, is one of the most ardent defenders of the monetarist policies of the Bank of Canada. I would like to know what inferences he draws, in terms of monetary policy, with respect to government fiscal policy. Ought it to be more expansionist, if we accept the evidence the honourable chairman has just quoted to us?

Senator Everett: The inference I draw from those points is that the inflation rate in Canada is coming down a great deal faster than the opposition will admit.

Senator Perrault: You should be cheering.

Senator Everett: The government is being a great deal more successful in its policies than the opposition will admit.

Senator Flynn: If it is, it was because it was very high indeed.

Senator Perrault: Success just flattens the opposition

Senator Smith: I suppose you could bring it down by changing the method of calculation.

CANADA POST CORPORATION

DEFINITION OF "LETTER"

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I was looking for a suitable opportunity to change the subject and ask a question of the Leader of the Government in the Senate concerning the Post Office.

Under the statute that governs its operations, the Post Office is authorized to prepare a regulation which will define for us what a "letter" is in terms of the Post Office operation. The definition of "letter" is, of course, exceedingly important because, based on it the Post Office erected a monopoly of service.

Under the statute, the Post Office is instructed to solicit the views of the general public or anyone interested, and that it is proceeding to do. However, as far as I know, the statute says nothing about publicity.

Therefore, I have two questions to ask the Leader of the Government: First, will he undertake to make available to the general public the contents of the representations that are made to the Post Office in respect of the definition of "letter;" and, second, I would appreciate an undertaking from the government that, before the Governor in Council approves of this regulation, there will be a parliamentary opportunity to examine the definition proposed by the Post Office and to allow Parliament to have some expression of its view and its opinion in respect of what this definition of what is, in effect, a monopoly position really ought to be in the best interests of the Canadian people as a whole?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

NATIONAL DEFENCE

SUGGESTED CONVERSION OF MIRABEL AIRPORT TO CANADIAN FORCES BASE

Hon. Jack Marshall: Honourable senators, I should like to give notice of a question to the Leader of the Government in the Senate. It has to do with an excellent article in the *Montreal Gazette* which suggests that Mirabel Airport might be turned into a Canadian Forces base.

Would the Leader of the Government ascertain from the Minister of National Defence if that is a consideration which is being studied, and report back to the Senate?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

[Senator Perrault.]

THE BUDGET

ASSISTANCE TO WEST COAST FISHERMEN

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to a question raised on July 7 by Senator Williams related to federal assistance to west coast fishermen.

Since it is a fairly lengthy answer, if it is agreed I will file it with the *Hansard* reporters and have it taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Honourable senators will be happy to know that in the Budget of June 28, 1982, the federal government allocated \$400 million under the Small Business Investment Grant in order to reduce interest costs by up to 4 percentage points for two years on borrowings by small business, farmers and fishermen to finance new investments and research and development. (This grant will be adjusted in cases where, together with any other assistance available, the interest on the loan would be less than 12 per cent.)

Both small business corporations and unincorporated enterprises that carry on an active business in Canada are eligible under the program (inclusive of B.C. Indian fishermen).

Loans to small businesses by financial institutions will qualify for the new assistance program if they are used after June 28, 1982 and before March 31, 1983 for the following purposes:

- Financing purchases of new depreciated property to be used in active business in Canada.
- Financing expenditures on scientific research.

The total amount of eligible loans to a business or related group of businesses will be limited to \$500,000, and to qualify, loans must be for at least \$10,000.

THE ECONOMY

ALSANDS PROJECT—REFINERY CAPACITY IN EASTERN CANADA—GOVERNMENT ASSISTANCE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer in response to a question raised on July 6 by Senator Roblin relating to the proposed Montreal central heavy fuel oil upgrader.

I ask that this answer be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

The Carmont project has been under consideration by industry for some time. The advantages of such a project were noted in the October 1980 National Energy Program report. In the "National Energy Program: Update 1982" report, published on May 31 of this year, it was

further noted that the Government remains committed to consult with the industry to find the appropriate approach in light of present forecasts for petroleum product demand.

On June 29 of this year in order to improve the economic viability of the project, the Minister of Energy, Mines and Resources offered to recommend to his colleagues that a federal grant of \$200 million be made to the Carmont project, divided equally over a five-year period, starting in 1983.

The Carmont project originally had as participants, B.P. Canada, Gulf Canada, Petro-Canada, Shell Canada, Société québécoise d'initiatives pétrolières (SOQUIP) and Texaco Canada. Shell announced its withdrawal from the consortium on May 28. On June 30, after analyzing the results of Carmont's investigations, B.P. and Texaco decided not to continue their participation. Gulf, Petro-Canada, and SOQUIP decided to maintain their participation in Carmont for at least a further 60 days and the upgrader project is now being re-examined in the light of recent developments.

The advantages of upgrading Canada's excess supplies of heavy fuel oil have been well demonstrated as a means of making more efficient use of domestic oil and reducing oil import dependence.

ENERGY

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have another delayed answer in response to a question raised by Senator Doody on July 7 and July 9 relating to the existence of a consultant's report justifying the price that Petro-Canada paid for the purchase of Petrofina shares.

I am advised by the Department of Energy, Mines and Resources that the government has no knowledge of such a report. Any report that may have been obtained by Petro-Canada would be a matter of proprietary information.

Honourable senators, I have a another delayed answer in reply to a question raised on July 7 by Senator Balfour relating to the Canadian ownership charge. It is a quite lengthy reply so perhaps it can be incorporated in the record of today's proceedings.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

The amounts received in respect of the Canadian ownership charge are credited to the Canadian Ownership Account and the share purchase of, and property acquisition from, Petrofina are charged against it. When the purchase is completed, a decision will be taken concerning the Canadian ownership charge.

Expenditures can be made out of the Canadian Ownership Account to finance acquisitions on the authority of

the Governor-in-Council, subject to a procedure of negative or affirmative resolution*. Thus Parliament has authority to scrutinize expenditures from the Canadian Ownership Account through the means of negative or affirmative resolution.

*Bill C-103, Clause 39, section 65.27:

This section makes the decision to spend monies from the Canadian Ownership Account to increase Canadian public ownership of the oil and gas industry in Canada subject to a procedure of negative or affirmative resolution by Parliament.

This procedure is as follows:

—The Order subject to the procedure of negative/affirmative resolution is laid before Parliament not later than the fifteenth sitting day of Parliament after it is made.

—The Order come into force on the twentieth sitting day of Parliament after it has been laid before Parliament unless before that time a Motion to the effect that the Order be confirmed (affirmative resolution) or revoked (negative resolution) is filed with the Speaker of the House of Commons.

—A Motion for negative resolution can only be filed if no Motion for affirmative resolution has been filed. It requires the signature of not less than thirty Members of the House of Commons.

—A Motion for affirmative resolution is filed by a Minister.

—Where a Motion for affirmative resolution is filed, if the House does not adopt the Motion, the Order is revoked.

—Where a Motion for affirmative resolution is adopted by the House, the Senate will have an opportunity to look at the Order. If the Senate concurs with the House, the Order will come into force. If the Senate does not concur with the House, the Order is revoked.

Where a Motion for negative resolution is filed, if the House adopts the Motion, the Order is revoked.

—Where a Motion for negative resolution is filed, if the House does not adopt the Motion the Order comes into force on the fifth sitting day after the failure of the House to adopt the Motion unless before that day a Motion to the effect that the Order be revoked is filed with the Speaker of the Senate. The Motion must be signed by not less than fifteen Senators.

Where there is a dissolution or prorogation of Parliament, an Order that has been laid before Parliament, but that has not come into force, is revoked.

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have another delayed answer to a question raised on June 16 by Senator Roblin who asked for trade-related figures in relation to the volume of business Canada does with other countries, especially the United States.

It is a fairly long answer including some tables. If honourable senators agree, I would ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

In the table below, price indices are shown for the Canadian dollar in terms of the U.S. dollar, in terms of other Group of Ten currencies, and in terms of total Group of Ten currencies. These indices are geometrically weighted by 1971 bilateral trade shares. The Group of Ten includes Belgium, France, Germany, Italy, Japan, Netherlands, Sweden, the U.K. and the U.S.; Switzerland is also associated.

PRICES INDICES OF CANADIAN DOLLAR

(1971=100)

| Average for Period: | In U.S. | In Other G-10 | In Total G-10 |
|------------------------|------------|------------------|------------------|
| 1976 | 102.4 | 102.6 | 102.5 |
| 1977 | 95.0 | 92.8 | 94.5 |
| 1978 | 88.6 | 75.2 | 85.6 |
| 1979 | 86.2 | 69.5 | 82.4 |
| 1980 | 86.4 | 67.9 | 82.1 |
| 1981 | 84.2 | 75.7 | 82.3 |
| Jan. 1981 | 84.8 | 66.3 | 80.5 |
| Feb. 1981 | 84.2 | 69.0 | 80.8 |
| Mar. 1981 | 84.8 | 70.3 | 81.5 |
| Apr. 1981 | 84.8 | 72.3 | 82.0 |
| May 1981 | 84.1 | 74.9 | 82.1 |
| June 1981 | 83.9 | 77.5 | 82.5 |
| July 1981 | 83.4 | 80.0 | 82.6 |
| Aug. 1981 | 82.6 | 81.0 | 82.2 |
| Sept. 1981 | 84.1 | 80.5 | 83.3 |
| Oct. 1981 | 84.0 | 79.4 | 83.0 |
| Nov. 1981 | 85.0 | 78.4 | 83.6 |
| Dec. 1981 | 85.2 | 78.5 | 83.8 |
| Jan. 1982 | 84.7 | 79.4 | 83.5 |
| Feb. 1982 | 83.2 | 80.6 | 82.6 |
| Mar. 1982 | 82.7 | 81.8 | 82.6 |
| Apr. 1982 | 82.4 | 82.8 | 82.5 |
| May 1982 | 81.8 | 80.0 | 81.5 |
| June 1982 | 79.2 | 81.2 | 79.6 |

Over the first five months of 1982, the merchandise trade surplus, on balance of payments basis was \$6,163 million, more than double the \$2,700 million surplus for the same period of 1981. On an annual basis the surplus in the first five months would amount to a record \$14.8 billion compared to \$7.4 billion for the entire year 1981.

● (2110)

UNEMPLOYMENT—TRANSFER OF 300 JOBS TO UNITED STATES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have delayed answers in response to a number of questions raised on June 22 by Senator Charbonneau and Senator Godfrey relating to the transfer of any research and development activities of Ayerst, McKenna to the United States. The answer is three pages long and I ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Ayerst, McKenna and Harrison Ltd. was founded by Canadian businessmen in 1925. The company was sold to American Home Products Corporation, a U.S. company, in 1943, and has been a wholly-owned subsidiary of that company ever since.

Ayerst has carried on research since the early years of the company, and long before it was taken over in 1943, although its present facility at St. Laurent was established in 1944.

It has been suggested by some that section 41(4) of the Patent Act has lessened the incentive for pharmaceutical companies to do drug research in Canada. But drug companies, in assessing the potential costs and benefits of research, examine the possibilities for marketing the fruits of their research throughout the world. Canada itself accounts for only some 2 per cent of the world drug market and the level of patent protection available for Canadian inventions in the major foreign markets does not depend on the level of patent protection which Canada provides; rather it is determined according to the principle of national treatment, which means that Canadian inventions receive the same level of patent protection in foreign countries as is given to nationals of those countries. The impact of Canadian patent law on the global profitability of Canadian R&D is therefore minimal.

Bill C-102 was enacted in 1969 to curb the over-charging for drugs which had occurred prior to that time, and to stimulate competition in the Canadian drug market. The bill was preceded by several enquiries into drug prices which concluded that over-charging was, in fact, taking place largely because drug companies were shielded from effective competition by the high level of patent protection provided under the then existing law. These enquiries

canvassed a number of possible solutions, including the outright abolition of pharmaceutical patents. In the end the compulsory licensing solution, recommended by the parliamentary committee on drug prices (the Harley Committee) was chosen.

It should be noted that most other industrialized countries do have drug price restraint mechanisms in place, although they may not depend, as Canada's system does, on a free marketplace supported by licensing.

For the Canadian pharmaceutical industry profitability levels have been maintained relative to other industrial sectors. On the other hand, Canadian drug consumers have benefited substantially from compulsory licensing, both as private purchasers of drugs and through their participation in public medicare programs whose costs have been kept lower than would have been the case without compulsory licensing.

There are many reasons why Ayerst may have decided to close down its Montreal research operation. The decision could have been triggered by the high level of personal taxation imposed on its professional staff in Quebec, and by other difficulties in doing business there which have led other companies in other sectors to leave Montreal. It could also have resulted from the current economic recession which has led many companies to curtail "non-essential" expenditures. Such cost cutting tends to be especially severe for subsidiaries when their foreign parents move to restrict expenditures. You must remember that the law in question had been in force for some 13 years before the decision was taken.

Finally, in assessing the R & D environment in Canada one must remember the 150 per cent tax write-off under the Income Tax Act for incremental R & D. That more than compensates for the provisions of section 41.

ENERGY

JUNIOR OIL COMPANIES' PRODUCTION—PROPOSED PRICE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question raised on June 10 by Senator Charbonneau relating to the proposed price for the production of two junior oil companies. It, too, is a fairly long answer and I ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

"The National Energy Program: Update 1982" stipulates that the New Oil Reference Price (NORP) will be made available, as of January 1, 1983, on oil wells that have been suspended for a period of at least 3 years, provided the production from these wells qualifies for new oil royalties. The oil royalties qualification is determined by the province in which the oil well occurs.

Other measures announced in the NEP Update publication designed to improve the position of higher cost sources of oil include the following:

- New Oil Reference Price for existing tertiary recovery projects
- Earned depletion for tertiary recovery projects
- New Oil Reference Price for experimental projects
- Reduction in rate of PGRT for synthetic oil production from oil sands plants

These measures are set out on pages 74 and 75 of the Update publication.

Furthermore, since the September 1, 1981 energy agreement with Alberta, the Government of Canada has included the introduction of a Low Productivity Well Allowance for wells having a small production. These special measures, and the incentives announced in the NEP Update, are directed in particular to the small oil companies. They are additional to the 3 principal measures which will also be of particular assistance to small producers, namely the reduction in the rate of the Petroleum and Gas Revenue Tax (PGRT), the reduction of the Incremental Oil Revenue Tax (IORT), and the special price for oil discovered after 1973.

ECONOMIC DEVELOPMENT

LIAISON BETWEEN MINISTRY OF STATE AND FEDERAL-PROVINCIAL RELATIONS OFFICE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, this delayed answer is in response to a question raised on March 2 by Senator Murray, relating to the respective roles of liaison officers of the Federal-Provincial Relations Office and those of federal economic development co-ordinators in MSERD. It is a fairly long answer and I ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

The Coordinator is the senior federal government economic development official in the region and will:

- Help coordinate the activities of other government departments in the field;
- Promote cooperative and joint planning with the provincial government;
- Consult business, labour and municipal governments;
- Feed regional considerations into the Cabinet decision-making process; and
- Help transmit government policy back to the regions.

To facilitate this essential consultation, the Coordinator will serve as the chairman of an interdepartmental committee and will encourage departments to ensure that economic strategies, policies and programs are well understood throughout the region and are integrated right down

to the level at which they impact on individual communities.

Insofar as the role of the Liaison Officer reporting to the Federal-Provincial Relations Office is concerned, it is important to recall the broad objectives of FPRO:

- (a) to assist the Prime Minister in his overall responsibility for federal-provincial relations;
- (b) to provide Cabinet with greater assistance in examining federal-provincial issues of current and long-term concern; and
- (c) to assist in developing federal-provincial consultation on an increasing range of policy fronts.

In view of the increasing need to ensure that the full range of national policies and programs are sensitive to regional conditions and concerns as appropriate, and in order to fulfill the mandate of FPRO as set out above, the liaison officers of the Federal-Provincial Relations Office, now based in Ottawa, will be located in the provincial capitals before the end of this year.

NEWFOUNDLAND

DEVELOPMENT OF OFFSHORE RESOURCES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question raised on May 5 by Senator Marshall relating to the government's policy with regard to oil exploration off the shore of Newfoundland. Again, I ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

As honourable senators will recall, the Minister of Justice announced on May 19 that the federal government had filed a reference to the Supreme Court of Canada for an early decision on who owns the seabed resources in the Hibernia area offshore Newfoundland. The case is scheduled to be heard on November 29 of this year.

The prospects for Hibernia are very promising and close to commercial production but development will require heavy investment that can only come within an established regime. The major oil companies need a firm legal basis as to which level of government has jurisdiction.

In his May 19th letter, the Prime Minister suggested to the Premier of Newfoundland "that this issue (ownership) could be set aside for the purpose of negotiating an agreement on co-operation resource management and revenue sharing. I was convinced that our two governments should be able to reach an honourable agreement to which both would commit themselves regardless of the outcome of any court ruling on ownership."

THE ECONOMY

CALCULATION OF ANNUAL INFLATION RATE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have one other delayed answer in response to a question raised on May 26 by Senator Bosa, relating to the calculation of the inflation rate in Canada and in the United States. The answer is two pages long and outlines in some detail the differences as to how these indices are calculated. I ask that it, too, be taken as read.

The Hon. the Speaker: It is agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

In general, the consumer price index concept is similar in Canada and the U.S. There are, of course, some differences.

In Canada, the CPI basket of goods and services has just been updated in the April 1982 release to reflect 1978 expenditure patterns to replace the old 1974 patterns. Meanwhile, the U.S. CPI continues to make use of 1972 expenditure patterns to represent the relative importance of various components in the CPI.

| | Canada | U.S. |
|--------------------------|---------|---------|
| | 1978 | 1972 |
| | Weights | Weights |
| Food | 21.1 | 17.7 |
| Housing | 35.4 | 43.9 |
| Owned-Accommodation | 13.1 | 23.0 |
| Clothing | 9.5 | 5.8 |
| Transportation | 16.3 | 18.0 |
| Health and Personal Care | 3.7 | 5.0 |
| Other | 14.0 | 9.6 |

One of the major conceptual differences in the CPI between the countries is the treatment of the housing component or more particularly owned-accommodation costs. In the U.S., the index is constructed on the assumption that the purchase of a new house and the financing of a mortgage is carried out by owners every month. In comparison, the Canadian index is constructed on the more credible assumption that only a fraction of homeowners buy a house in a month and the mortgage interest costs in effect for a given month is a weighted average of rates over the past five years. The U.S. treatment of owned-accommodation costs is partly responsible for the large relative importance of housing costs and builds considerable volatility into the U.S. CPI.

There are a number of ways that the consumer price index has been used to measure the rate of inflation at annual rates and the suitability of the various measures depends on the questions they are intended to answer. In

Canada, the general focus appears to be on the year-over-year rate while in the U.S. the press often quotes the annualized month-to-month inflation rate.

The year-over-year rate is the measure of actual inflation over the course of the year. It is, in effect, a twelve-month cumulative rate. For example, in Canada, on a year-over-year basis the CPI increased 11.3 per cent between April 1981 and April 1982. Similarly, the U.S. CPI increased 6.6 per cent in April on a year-over-year basis. The seasonally adjusted month-to-month annual rate is a measure of what the year-over-year rate would be twelve months hence if the latest month's price change were to be obtained in each of the next twelve months. The presence of random and special factors and the magnification of these factors at annual rates makes this an inappropriate measure of annual inflation.

ENERGY

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a supplementary question arising out of one of the minister's replies respecting whether or not the government had any documents that were provided it by advisers or by others with respect to the purchase price of Petrofina. I understood the minister to say that the government did not have any such document. Then, however, he went on to leave the impression that Petro-Canada may have had some advice of that kind. I asked the minister whether Petro-Canada had been asked whether they had received that kind of information.

Hon. H. A. Olson (Minister of State for Economic Development): The honourable senator is quite right. The answer does not say whether or not they were asked. The answer does say, however, that any report that may have been obtained by Petro-Canada would be a matter of proprietary information. I can ask the Minister of Energy, Mines and Resources to put the question and to perhaps give some additional information, if that is available, on whether or not it would be within the bounds of propriety to release that information.

Senator Roblin: Honourable senators, that is the point that attracted my attention; namely, the minister's statement that this was proprietary information that was not likely to be made available to Parliament. I wonder if that is really the position that the honourable minister maintains. It seems to me that, if there is to be any degree of accountability of these crown corporations to Parliament, this might well be a case where some accounting is required.

After all, one of the largest financial adventures put in hand by any crown corporation was the purchase of Petrofina. Every consumer of gasoline in this country is paying for that purchase right now, to the tune of several cents per gallon in respect of every gallon of gasoline he buys. If we are to be told that information which bears on this point is proprietary, then what becomes of the doctrine of accountability to Parliament?

I ask my honourable friend whether he will give some consideration to this matter. It seems to me that if Petro-Canada check their records they will find that they have information as to what the value of Petrofina is. I think it is a matter of legitimate public interest to have that information, because the public has had to pay for it.

Senator Olson: Honourable senators, I could reaffirm the undertaking I gave a moment ago, and I could take into account what I suggest is the submission made by my honourable friend, but I do not think there is any point in repeating that I have already given an indication that I will make the inquiries.

Senator Roblin: I would like to take the question one step further. I appreciate the fact that the minister is now going to officially ask whether they have such information. My question, however, goes beyond that. I want to know if the minister is willing to produce it.

Senator Olson: My honourable friend will have to wait until I get a response regarding the other inquiries he has asked me to make.

Hon. C. William Doody: Honourable senators, I have a supplementary question. The original question which was asked months ago, at the time of the takeover of Petrofina, was based on the fact that the minister told us at that time that the price of the shares which was arrived at was based upon a consultant's report. At that time it appeared to me and to other members of the Senate that that report must have been available, at least to the ministers who made the decision to buy the shares at that price through Petro-Canada. Whether the shares were purchased through any other body does not matter to me; it still involves taxpayers' money.

The original question was: Would the minister make that report available to the Senate? The minister undertook then to inquire as to whether that document could be made available.

On three other occasions I asked the same question. It really boils down to the original question, which is: Will the minister make that document available to the Senate and, through the Senate, to the people of Canada, whose money is being used to buy these shares? If not, why not?

Senator Olson: Honourable senators, I do not think that this question raises anything different from what was raised by Senator Roblin. Therefore, the previous reply applies equally to this question.

REQUEST FOR ANSWERS

Hon. R. James Balfour: Honourable senators, I wonder whether the Minister of State for Economic Development would indicate to me when he expects to be in a position to reply to the question I put some time ago regarding the change in tax morality standards which evidently occurred between the time certain tax incentive measures were introduced by the Liberal government and the budget proposals of November 1981 and June 1982?

Hon. H. A. Olson (Minister of State for Economic Development): If the honourable senator will be kind enough to identify the date on which that question was asked, I will give him an undertaking that we will look into it. If he does not have that information available immediately, we can find it.

PUBLIC WORKS

NOVA SCOTIA—NORTH SYDNEY—DILAPIDATED STATE OF
FEDERAL BUILDING

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I rise in a spirit of freedom of information.

Hon. C. William Doody: Another first for him!

Hon. Duff Roblin (Deputy Leader of the Opposition): Watch out, there's a curve coming!

Senator Perrault: I have a delayed answer in response to a question asked by Senator Muir on June 9 and June 17, 1982, concerning the repair of the federal building in North Sydney, Nova Scotia.

The following projects are in the works program for the fiscal year 1982-83: installation of a paraplegic ramp; installation of a paraplegic washroom; refurbishing of the main floor to include painting and floor coverings; installation of an elevator; roof revitalization—and I would point out that, rather than referring to restoration, the word is “revitalization”; and parking lot repairs. The total estimate of expenditures is \$240,000, and the work is to commence subject to the availability of funds.

It is unknown at this time whether, in the future, buildings of this kind will be maintained by Public Works Canada or by Canada Post. However, in the interim, Public Works Canada will continue to maintain the buildings.

HOUSING

SUGGESTED GOVERNMENT GRANTS TO FIRST-TIME HOME
PURCHASERS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on June 15, 1982, concerning HUDAC recommendations of government grants to first-time home purchasers.

The Minister of Finance, in his budget of June 28, 1982, announced that \$3,000 federal grants would be made available to first-time buyers of homes, both old and new, and to all buyers of new homes. This follows, in large part, the HUDAC recommendations which were alluded to by Senator Marshall in his question. Further, I am happy to say that HUDAC is very pleased with the housing provisions contained in the June 28 budget, and that public announcements have been made by that organization to that effect.

Hon. Jack Marshall: Honourable senators, I have a supplementary question. In his answer, the honourable senator failed

[Senator Balfour.]

to mention that people have to have a down payment before they can get the \$3,000 grant. Where will they get a down payment today?

Senator Perrault: Honourable senators, the full details of the federal program will be made available imminently. I hope that that question can be answered during our Question Period within the next few days.

NATIONAL REVENUE

ALLEGED DELAY IN PROCESSING INCOME TAX RETURNS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Phillips on June 17, 1982, concerning an alleged delay in processing income tax returns.

There may have been a delay in Senator Phillips' case, but I can report that, as of the week ending June 25, 1982, 10,272,350 refund cheques, in the total dollar amount of \$5,006,183,647, have been printed and mailed. This is estimated to be about 93 per cent of the refunds that are expected to be made this year.

THE CONSTITUTION

PUBLICITY CAMPAIGN OF FEDERAL GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Asselin on October 27, 1981, concerning the constitutional information program in the province of Quebec.

The Minister of Justice, in a previous reply, indicated that the Canadian Unity Information Office had prepared the constitutional information campaign used in the province of Quebec. Senator Asselin then asked for the specific names of the officials who worked on the federal campaign.

As an experienced parliamentarian, Senator Asselin should know that it is the minister who shoulders the political responsibility for government actions carried out by many public servants. To bring the names of public servants working in the Canadian Unity Information Office into the political realm would be an abdication of responsibility by the Minister of Justice.

● (2120)

Hon. Duff Roblin (Deputy Leader of the Opposition): Why talk about ministerial responsibility? That's a thing of the past.

Senator Perrault: I therefore cannot supply the names of the public servants in response to Senator Asselin's original question.

Hon. Martial Asselin: We know who they are.

FEDERAL-PROVINCIAL RELATIONS

STATEMENTS BY LEADER OF GOVERNMENT IN THE SENATE
AND PRIME MINISTER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Nurgitz

on March 2, 1982, and by Senator Asselin on March 3, 1982, concerning co-operative federalism.

I think that the government's recent actions in the field of federal-provincial relations help define this government's attitude toward co-operative federalism. The consultative process arising from the recent budget is an example of this. Co-operative federalism in this case is a meaningful exchange of ideas between the private sector and labour, as well as provincial governments, taking into account these ideas in the formulation of national policy.

May I say that the conversations thus far have been very helpful, and very constructive, and there is no question at all but that a national consensus is developing in support of the program of restraint.

The constitutional conferences and constitutional committee hearings are also examples of the efforts of this government to achieve a degree of national consensus on issues.

In addition to this, honourable senators, many services at the federal level have been decentralized as well as given over to the provinces to be administered by them.

The degree of co-operation depends upon what is in the national interest. It is the primary responsibility of the federal government to uphold the national interest while taking account of both provincial and regional concerns in its policies.

This is what this government has endeavoured earnestly to do, namely, protect and serve the national interest while soliciting co-operation from provinces, the regions, the private sector, labour and other interest groups.

The explanation could go on much longer, but this, in capsule form, indicates the main lines of government policy.

Hon. Duff Roblin (Deputy Leader of the Opposition): Just file it. We have heard it before.

FOREIGN AFFAIRS

LAW OF THE SEA TREATY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on May 19, 1982, Senator Marshall asked a question concerning what pressure Canada put on the United States to sign the Law of the Sea Convention.

The Secretary of State for External Affairs, the Honourable Mark MacGuigan, expressed Canada's "profound disappointment" with President Reagan's announcement that the United States will not sign the Law of the Sea Convention. The President said in a statement on July 9 that the Convention failed to meet objectives relating to seabed mining which he had set out prior to the eleventh and final negotiating session in New York. In a note delivered to the United States embassy on July 14, the Department of External Affairs pointed out that the Convention will not be open for signature until December. In these circumstances, Canada is convinced that the United States announcement at this time could undermine the Convention.

The note underlines the importance Canada attaches to consultations with the United States and other western coun-

tries on matters affecting our mutual economic, political and security interests. The fact that the U.S.A. announcement was made without adequate consultations is a matter of further concern to Canada. Indications that the convention is gaining increasing acceptance, even among states which abstained when it was adopted in New York, demonstrate the importance and utility of continuing close consultations, in particular among allies, on this subject of crucial national and international interest.

Hon. Jack Marshall: Honourable senators, with regard to the note delivered on July 14 to the United States embassy, I should like to point out that in the voting at the Law of the Sea Conference there were 17 abstentions and four votes against. The important thing to note is that although those nations who voted against, or who abstained, appear small in numbers, they are nevertheless countries that produce more than 60 per cent of the world's GNP and provide more than 60 per cent of the contributions to the United Nations. Does the Honourable the Leader of the Government in the Senate not consider that the Secretary of State for External Affairs should be asked to comment further on those particularly important facts?

Senator Perrault: Honourable senators, the Secretary of State for External Affairs will be apprized of Senator Marshall's comment, and efforts will be made to provide further information on this point.

CANADA POST CORPORATION

REPORTED ANNUAL RATE INCREASES

Hon. Raymond J. Perrault (Leader of the Government): Last, honourable senators, but certainly not least, I come to a question asked by Senator Roblin on May 19, 1982, concerning information on federal expenditure growth for 1982-83.

Honourable senators, there are statistical tables in this reply. May I propose that the reply be incorporated in the record of today's proceedings?

That information was made available in the November 12, 1981, budget, but the figures have been updated in the June 28, 1982 budget. The requested information is provided in the table below. It should also be pointed out that the data treat both Canada Post and oil import/petroleum compensation on a perfectly consistent basis between years. For comparability, Canada Post is treated as if it were a crown corporation throughout. As has always been the case, the oil/petroleum compensation payments are net of revenue funds in the public accounts, while they are stated in gross terms in the national accounts.

(The table follows:)

| | 1981-82 | 1982-83 | % Change |
|--------------------------------|---------------|---------|-------------|
| | (\$ Millions) | | |
| November 1981 Budget | | | |
| Total Outlays | 68,300 | 76,300 | 11.7 |
| Program Outlays ⁽¹⁾ | 53,605 | 59,535 | 11.1 |

| | <u>1981-82</u> | <u>1982-83</u> | <u>% Change</u> |
|----------------------|----------------|----------------|---------------------|
| | (\$ Millions) | | |
| November 1981 Budget | | | |
| National Accounts | | | |
| Expenditure | 76,565 | 86,890 | 13.5 |
| GNP | 330,800 | 378,500 | 14.4 |
| June 1982 Budget | | | |
| Total Outlays | 68,035 | 78,800 | 15.8 |
| Program Outlays | 52,965 | 60,900 | 15.0 |
| National Accounts | | | |
| Expenditure | 75,378 | 90,600 | 20.2 |
| GNP | 331,300 | 358,900 | 8.3 |

⁽¹⁾Total Outlays excluding public debt charges.

RAILWAY ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Wednesday, July 7, the debate on the motion of Senator Frith for the second reading of Bill S-29, to amend the Railway Act.

Hon. G. I. Smith: Honourable senators, on the last occasion when this bill was before the Senate I made some remarks indicating that I was not able to give the unanimous consent that was being asked for at the time, and detailed my reasons for not doing so. Briefly, those reasons were that up to that time the province from which I come, and to which I think I have a responsibility, had not given me, although I had asked for it, any definite indication that it had no objection to this bill. In fact, I suggested that there might be objections.

I am now informed by the Government of Nova Scotia that in view of all the circumstances they do not intend to press further any objection, and consequently I am not prepared to oppose the bill, or in any way impede its progress.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I wish to inform the Senate that if Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Frith: Honourable senators, there are three points I would like to put on record with regard to this bill, and they address some of the concerns that have arisen during the debate and during discussion elsewhere.

First, there was the question of the position of the provinces. I can say, as I think I mentioned in my comments when introducing this bill on second reading, that it has been around for some time. It is generally thought to provide for a desirable correction which would facilitate, as honourable senators will remember, the financing of rolling stock for the railways.

Five provinces have been supporting such a bill as this since 1980. Ontario and Saskatchewan however, had concerns on

the ground of provincial jurisdiction with regard to property and civil rights. I have here, honourable senators, letters from both of those provinces in which they withdraw their concerns, and express as a reason for withdrawing them that they are convinced of the practical utility of this proposal.

Quebec, Prince Edward Island and Nova Scotia had made no formal response in connection with this bill, but I now have a formal response from Prince Edward Island. I have a document showing a response from Nova Scotia, and in addition to this we have the formal response of Nova Scotia delivered by Senator Smith this evening.

That, therefore, covers all of the provinces except Quebec. The position of Quebec is rather special, because Quebec has no provision for registry of such property, and has so far shown no interest in the bill from one point of view or the other. If we remember that aspect of the Quebec dimension, then, in effect, we have no objection from any of the provinces.

All of these considerations, honourable senators, I think, ought to be relevant with regard to whether there is any necessity for this bill to go to committee. I suggest that it is not necessary in that context.

Honourable senators, the second concern was in connection with ease of access to information from a central registry. On that point, the whole purpose of the amendment is to facilitate the gathering of information and to make it easier for provinces, or for anyone, who may be interested in acquiring such information, to get it from a central registry rather than having to check with every provincial registry.

The third concern, which was not raised in the Chamber, but which I think I should deal with for the satisfaction of honourable senators, concerns the question of collection of taxes. After consultation with experts in the Department of Finance and some private tax lawyers, no one has been able to identify a situation where a tax would be affected by this method of registration.

In the light of these considerations, honourable senators, I respectfully ask your support for second reading of this bill.

• (2130)

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, may I ask a question regarding the position of Quebec? Do I understand that a letter was sent to the Attorney General of Quebec about this bill? How were replies obtained from the other provinces?

Senator Frith: As I understand it, over this period of some two years responses were requested from all of the provinces.

Senator Flynn: By letter?

Senator Frith: I am not sure whether it was by way of letter, telex or telephone contact between the attorneys general, or those concerned in the provinces, and the Department of Transport. However, all the confirmations were in writing, but I am not sure whether they were requested to be in writing.

Senator Flynn: Since there was no response from Quebec, I am wondering what interpretation we should put on the silence.

Senator Frith: Honourable senators, no response has been received from Quebec, but for most types of transactions no registration procedures are available in that province, and it would appear that the Province of Quebec, unlike the other provinces, has not shown an interest in it for that reason. For example, Ontario and Saskatchewan for some time said they had reservations, and they only recently withdrew those reservations for that reason. We cannot force an answer from Quebec. This covers a period of some two years and, so far, Quebec has shown no interest in it. That is all I can say.

Senator Flynn: I agree with you.

Motion agreed to and bill read second time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Senator Frith moved that the bill be placed on the Order of the Day for third reading at the next sitting.

Motion agreed to.

INDIAN-INUIT WEEK BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, July 6, the debate on the motion of Senator Williams for second reading of Bill S-28, establishing Indian-Inuit Week and Inuit-Indian Day.

Hon. Robert Muir: Honourable senators, it gives me a great deal of pleasure and, indeed, it is a privilege to participate in the debate on second reading of Bill S-28. The motion for second reading was moved on July 6 by Senator Williams and was seconded by Senator Willie Adams.

I am sorry to delay honourable senators. We have had a rather extended Question Period, which I believe in some areas was quite fruitful and in others not so fruitful. In any event, before I proceed to give the gist of my remarks, which will not take too long—and I am sure, because of my ability to hold an audience, no honourable senator will wish to leave, of course—

Hon. Duff Roblin (Deputy Leader of the Opposition): No way!

Senator Muir: Hear, hear. I love to applaud myself; I'm so modest. In any event, I should like to pay tribute to Senator Guy Williams, a man who has served his own people and others, and also this institution, well.

Some Hon. Senators: Hear, hear.

Senator Muir: Senator Williams is an honorary Doctor of Laws of Simon Fraser University. He was President of the Native Brotherhood of British Columbia for 14 years. He has been chairman of the Fishermen's Co-op, and also—he will excuse me if I do not pronounce the name correctly—Ucluelet Fish Processing and Cold Storage. He is also a member of the Management Committee of the North Pacific Native Fishermen's Co-op, Port Simpson, B.C., and so on.

I give Senator Williams full marks and full credit for bringing forward Bill S-28.

I also wish to pay tribute to Senator Willie Adams. He was born at Fort Chimo; is Vice-President of the Rankin Inlet Hotel Association, a member of the Board of Directors of Panarctic Oils, Chairman of Rankin Hamlet, and so on. He has also distinguished himself in many and various ways, and did so by seconding the bill when it was introduced by Senator Williams.

I should like to read a little of the bill. Some honourable senators may ask, "Why is he reading it? It is all here. We know all about it." To those honourable senators I should say that I recently discovered that there are people who read Senate *Hansard*. There are people in the other place who read *Hansard*, but maybe there are more who read Senate *Hansard*. The bill says:

1. This Act may be cited as the Indian-Inuit Week Act.

2. Throughout Canada, in each and every year, the week beginning on Monday, Victoria Day, shall be kept and observed as "Indian-Inuit Week", and Sunday, the last day of Indian-Inuit Week, shall be kept and observed as "Inuit-Indian Day".

That may sound a little confusing. It did to me when Senator Williams read it on moving second reading. However, if honourable senators read it slowly, it will be understood quite clearly. The bill also says:

3. Indian-Inuit Week may also be called "Indian Week" or "Inuit Week", and Inuit-Indian Day may also be called "Inuit Day" or "Indian Day".

The Explanatory Note says:

The purpose of this bill is to designate a special week and day for the celebration, by Canada's first settlers, of their cultural heritage. This would also be an occasion for all Canadians to join with the Indians and Inuit in celebrating the Canadian mosaic.

Honourable senators, when Senator Williams moved second reading of this bill on July 6 he said:

Honourable senators, Bill S-28 is not new, particularly in this year of our Constitution newly brought over to Canada. There are senators in this Chamber who in 1966 took a principal part in the debate on the subject of celebrating an Indian Day. At that time the Honourable Robert Muir introduced a private member's bill in the other place. Another principal participant at that time was the Honourable Stanley Haidasz. Both are here with us today, and I am sure, in my heart, that they will again participate fully.

Well, I had planned on participating, and after an invitation like that, how could I resist?

Senator Williams, in the course of his remarks, outlined clearly the purpose of the bill. He spoke of the record of service of Indian veterans during the various wars in which Canada has been involved, and in this connection he paid tribute to those who had paid the supreme sacrifice during

those wars. As he said, they fought and died for their country. He then quoted a moving lament by the late Chief Dan George. Honourable senators can look that up, and those who have not yet read it should get busy and look it up tomorrow.

Finally, Senator Williams said:

As many of you know, I believe that when this house adjourns for the summer I shall be leaving you. I do not think the house will sit before my birthday, though if it does I will be thankful. So this is part of my farewell. I do not believe that for my part I could do anything greater than try to make Bill S-28 a reality for my people and my colleague's people.

At that point he was referring to Senator Adams. He continued:

I hope it will go down in history as part of what we all dreamed when the struggle was on to bring the Constitution to Canada.

Further on he said:

The place to get things done by the federal government is in Ottawa.

I repeat. He said:

The place to get things done by the federal government is in Ottawa.

I plead and ask each and every one of you on both sides of the Chamber to vote in favour of this bill.

I also appeal to honourable senators on both sides of the Chamber to vote in favour of this bill.

Senator Adams, in seconding the motion for second reading, said:

There are 24,000 Inuits scattered across Canada, without counting our friends in Alaska and Greenland. Though some of us live in Greenland and Alaska, we think of ourselves as being one people.

● (2140)

I was surprised that Senator Williams referred to something I had done so long ago, because I did not think that people read *Hansard*. Let me tell you a little story about that. While driving around Victoria County on Cape Breton Island, when a member of the House of Commons, I would stop at the various houses, whether they were Liberal, Conservative or NDP. Of course, the NDP were scarce in my riding and it is my hope that they will continue to be so. In any event, I would drive up the driveway and knock on the door of any house. Usually the people would invite me in for a cup of tea, even though they might not be voting for me. On many occasions, these people would not only ask questions about what was going on in the House of Commons and the Senate, but questions about recent legislation passed in Congress in Washington. It might be an old gentleman who was farming, fishing or working around at different jobs. Of course, he was subscribing to the *Congressional Record*. So there are people who read more than *Hansard*.

[Senator Muir.]

In any event, Senator Williams did his research well. On April 20, 1966 I moved the following motion in the other place:

That, in the opinion of this house, the government should take into consideration the advisability of appointing a day during the course of our centennial year as a "National Indian Day", to mark the presence among us of our first citizens and to recognize their outstanding contributions to our national life.

At that time I said that I did not want to say too much. Nor do I plan to say too much tonight. However, I do want to indicate that I endorse and support this bill wholeheartedly. The reason I said at that time in the other place that I would not take too long was because I wanted to give other members an opportunity to speak so that we could vote on the motion before the time limit on the debate was up.

There are probably not many throughout Canada who realize that several hundred thousands of Canadians are of Indian descent. In the years before and since nationhood, the Indians and Inuit, I feel, have been misused and abused by those of other origins who have had the responsibility of determining policies for our successive governments. There are those who would say that that is an old cliché, that it is great to get up and say these things and then sit down and forget about them. I am not saying what I have just said because it is something to say "that we are concerned about the Indians and Inuit and that we cry and bleed for them", and so on. I am not the type of person who would say such a thing if I did not mean it. I sincerely hold the views I have just expressed, and am expressing them now, regardless of the political stripe of the governments in power since Confederation.

Progress has been made and continues to be made, but it is not fast enough. It seems that at this stage in Canada's development—and we are really growing up—everyone wants to retain parts of their origin. For instance, the Scots love to dance around in their kilts. Then there are the Polish, Ukrainians, Italians and so on. I look at Senator Bosa and at other senators around me and think of what a wonderful thing it is that out of this meld and mix we have the best. But let us not forget the natives of this country who were here long before any of us and before our forefathers. I think we should pay these people every tribute and give them more recognition.

It has been my privilege since 1957—and I know that I look the same now as I did then, when I was first elected to the House of Commons—to be involved with the native peoples, particularly the Micmacs. Prior to being elected, I knew many of these people quite well and worked with them. The reservations were close by and I had many dealings with the Indian people. In fact, when I was a boy the reservation near the town of North Sydney was located on a hill. Senator Marshall, who came from Cape Breton but has since adopted Newfoundland—

Hon. Jack Marshall: But not from North Sydney.

Senator Muir: No, not North Sydney, but close to there. Glace Bay was your birthplace and your home.

Hon. George J. McIlraith: He was a Cape Bretoner.

Senator Muir: Yes, Senator McIlraith, he was and is a Cape Bretoner, and there is a difference even though there is a causeway there now. In any event, on that hill was the reservation, and the Indians lived in teepees.

What the native peoples have done for this country, for the people of this country and for themselves is exemplified by the fact that during World War I every eligible man of the Micmac tribe of Cape Breton Island volunteered to fight for his country in time of peril. Further, in World War II many of the Indian people from my constituency—I still have the habit of referring to “my constituency,” and it truly is my constituency, though, as many of you do, I receive letters from all over the nation. Of course, it is our job to act for all the regions of the country, but I cannot seem to lose the habit of referring to “my constituency.” In any event, I am glad to see that Senator Roblin and others agree with me. As Senator Williams said the other day, the Indians and Inuit served with distinction in our armed forces overseas.

It concerns me when I hear of the discrimination and neglect that these, our first people, have been forced to suffer during our years of nationhood. It is not uncommon to hear people say, “Indians are lazy and slovenly. They do not want to work and they drink more than other people.” I do not believe that at all. There are many places I could take you to in this country where you will find people of all races and nationalities who are lazy and slovenly and who drink more than they should. So let us not point our fingers and look down our noses, or should I say long noses, and condemn others for what they do. It is neither right nor fair. I have heard such things said by white people, and I always come to the defence of the Indian people. I condemn that line of thinking and I condemn those who say such things.

Senator Williams has gone further than I went in 1966. He has proposed a week, whereas I proposed a day. In either case this recognition will in no way eliminate the inequities which exist in our nation with regard to the Indians. But it would, I believe, pay honour and give recognition to the native peoples and focus public attention on the tremendous contributions which Indians and Inuit have made towards the development of our country. I am not merely suggesting that we have a national apple day or a national apple pie week or anything such as what exists over the border in this regard. I would not be surprised to learn that there is a national hair cut day or a national tobacco day in the United States. Too many such days ruin the meaning of the more important ones. I suggest that we have a truly national Indian and Inuit day and a week in which all the people of Canada recognize our Indian and Inuit brothers in a proper manner.

Senator Williams suggests that we have a week set aside in recognition of the Indians and Inuit. This recognition will not remedy the lack of housing or the problems which still exist with our native peoples, but we must all work together, including both the federal and provincial governments, to remedy some of the sad and unfortunate situations that still exist among our native peoples.

● (2150)

A host of people may ask, “Well, what did the natives contribute?” In fact, it is not generally well known that they have contributed much of significance. That is partly because there is a tendency on the part of the natives to hide their light under a bushel. A biblical scholar like Senator Macquarrie might find a more aphoristic quotation from the Douay version or the King James version or the Revised Standard version, but the fact is that they do hide their light under a bushel. Personally, I don’t think they should do that. I think they should shout from the rooftops what they have done and the significant contributions they have made.

Unfortunately, if one were to inquire of most Canadians their opinion of the status of the Indians and Inuit, they would probably indicate that according to their understanding the Indians and the Inuit are a drain on the federal treasury, and a problem they would like to eliminate, if only someone could suggest an easy solution that does not cost too much money or take too much time. That attitude is not in keeping with the facts. We need only look at the kind of men the Indian population of this nation has produced, but, as I have already said, some people would like to cover that up.

Some time ago I saw some figures that indicated that for every dollar spent on our native people it costs \$6 to administer it through the Department of Indian Affairs and Northern Development. I hope that is not correct, but I understood that to be official at the time. I would be the happiest person in the world if it turned out to be incorrect.

Let me just mention a few of the great natives of this nation. They have represented their people in all walks of life, including the Senate, the House of Commons and various provincial legislatures. For example, Senator Gladstone was a member of this Chamber, having once been an outstanding leader in Alberta. Mr. Frank Howard, about whom I will say more later, was the honourable member for Skeena in the House of Commons. In the British Columbia legislature we had Frank Calder. I am sure some present today will recall Dr. G. C. Monture, who was a distinguished civil servant and world authority on mineral resources development. You may also recall Jack Beaver, who was a nuclear engineer, and Leonard S. Marchand, who was a Cabinet minister.

I could go on and on, honourable senators, but let me just mention a few more of these great Canadians. Dr. Ahab Spence, a clergyman, was the first Indian to receive the degree of Doctor of Laws. There were well-known artists such as Gerald Tailfeathers and George Clutesi, and a great number of clergymen, lawyers, doctors, dentists, school teachers, nurses, stenographers and hairdressers as well as members of a variety of other trades and professions. There were even fishermen back home, coal miners, steel workers, lumbermen and garage workers. The natives have taken their place in all walks of life.

If I may just make an aside for a moment, I would ask if any of you have ever seen the paintings of Simon Brascoupé? I might as well put in a plug for him here. Simon is an Algonquin Indian from Maniwaki. If you want to see an

excellent exhibition of his paintings, go to the Den-Art Gallery on Bank Street. I am fortunate to have two pieces of his work. I am happy to have them because they are fantastically beautiful. There should be more of this type of work on a local level.

Another Indian I consider to be an artist of note is Lee Cremo. Many of you will wonder who Lee Cremo is. He has appeared at Shelburne. I am sure those senators who come from Ontario will know something about Shelburne, and the fact that there are fiddling contests that take place there. Lee Cremo has done very well. He is a composer and a fiddler. Someone else might call him a violinist, but to me he is a fiddler. I suppose the only difference between the two is your impression of what you hear. To some people, if it sounds nice, the music is from a violinist; to others it is from a fiddler. For me Lee Cremo is a great fiddler. He is a fantastic man and has done, and is still doing, a tremendous job.

Another great native is Noel Doucette, President of the Union of Nova Scotia Indians. At the present time he has four children at university. He works night and day not only to keep his family going—and he has a lot more than just those four—but to work for the Micmac people on the east coast and as President of the Union of Nova Scotia Indians. Another Indian who has done tremendous work on behalf of the Micmac people is Grand Chief Donald Marshall who has ministered to his people spiritually and in many other ways. We should be very proud of him. He has had a cross to bear in recent years and months, and I hope that will soon be remedied.

Honourable senators, is it not shocking that it is only a little over 20 years ago that the late Right Honourable John Diefenbaker's government gave the vote to the Indian people? Think about that. Twenty years is not that long ago. Did we not consider the natives to be people at that time? Surely they should have had the vote many years before that time, regardless of what government was in power. And yet some of us have looked askance at the southern part of this continent, wondering why the blacks should be treated so terribly, not being given the vote, and all that sort of thing. But can we really look askance at them, when we consider our own situation? We cannot afford to be snobbish, because we have not done too much to be proud of so far as the vote is concerned.

Honourable senators, there is a great deal more I could say in support of this measure, but let me just mention that during the debate which took place so many years ago Mr. Ian Watson, the member from Châteauguay-Huntington-Laprairie, spoke with approval of what I was doing. Following him, Frank Howard, the member from Skeena, who was later defeated, also supported what I was trying to do. In his comments Mr. Howard made the following statement:

The concept of a national Indian day perhaps had its origin among the native Indian peoples on March 4 and 5, 1965, when at a meeting of the Indian advisory committee to the Centennial Commission the idea was proposed by

Mr. Guy Williams who was then and is now the president of the Native Brotherhood of British Columbia.

Mr. Howard went on to say:

I think it is appropriate and coincidental that Mr. Williams is in Ottawa today and is in fact a guest of the House of Commons in the gallery together with three extremely attractive, young native Indian ladies.

So Senator Williams was keeping up to form by being in the gallery with the beautiful young ladies. In any event, I did not know, when I was proposing my motion, that Guy Williams was present in the gallery. So Senator Williams was, in a sense, a catalyst with respect to a national Indian Day and, later, a national Indian Week.

Further in his speech on that day, Mr. Howard mentioned the fact that people give lip service to the native peoples without really doing anything. Incidentally, little did I ever think I would be quoting Frank Howard, but this is what he had to say on that occasion:

This is not the time for parliament to be speaking with a forked tongue, as the saying goes amongst some native tribes;

In other words, let's not pay lip service by saying what we might do for the Indian people or what we might provide for them; let's not talk about it and then forget about it; let's do it.

● (2200)

Mr. Alex Patterson fully agreed with me and made a short speech so that it could come to a vote before the time was up.

Mr. Albert Bécharde then commended me on the motion I had made. He stated:

Mr. Speaker, first of all, I want to congratulate the mover of this notice of motion stressing the importance of the contribution of the Indians to the building of our country, since they were its first inhabitants.

We will celebrate next year the centennial of our country's confederation and the Centennial Commission, which is responsible for the preparation of the various programs and celebrations which will mark in 1967 the various events of that period of our history, wants to stress the importance of each of the ethnic groups which make up our country. That is why the Centennial Commission looks very favourably on this motion moved by the hon. member for Cape Breton North and Victoria (Mr. Muir).

He then went on to say that the National Indian Advisory Council was in favor of the motion:

The Indian National Advisory Council met again at the beginning of January 1966 in Ottawa and strongly recommended to the Indian Affairs Branch to create a National Indian Day.

Following that, as Senator Williams mentioned the other day, Senator Haidasz spoke, and those of you who have been in the other place know that there is a certain time limit on motions. Senator Haidasz rose and said:

—I welcome this opportunity to join with my colleagues in this house in expressing my tribute to the Indian people—

MR. MUIR (CAPE BRETON NORTH AND VICTORIA):
You can express it by voting.

I said that because the time was short.

I asked Senator Haidasz, following that exchange, whether he would allow it to come to a vote. Mr. Howard was shouting across the floor for the question, and Mr. Haidasz finished his remarks by stating:

However, Mr. Speaker, it is my opinion that this resolution should first of all be studied by the government and referred to the National Indian Advisory Board of Canada. May I call it six o'clock?

Bang went the motion.

He asked that the matter be referred to the National Indian Advisory Board, yet the Honourable Albert Bécharde had previously said that the National Indian Advisory Board of Canada had suggested it, recommended it and asked for it. However, that was the end of that.

Honourable senators, let us hope and pray that Bill S-28, sponsored by Senator Williams, receives the approval of this Chamber, because, as he has stated, it would be a great contribution for him to make before he retires. He will be retiring from this Chamber, but certainly not from his activities. I say that knowing him, and bearing in mind what I have read about him. The finest thing that this Chamber could do for Senator Williams would be to vote unanimously in favor of Bill S-28.

Senator Williams pleaded with the members of this Chamber—I plead with members of this Chamber—to pass this bill unanimously because it is a wonderful bill, a good bill, and a measure that should be passed.

The Indian Festival of Arts and Culture held on Victoria Island in Ottawa, just a stone's throw away, if one can throw a stone like Senator Marshall can, is a fine exhibition of work done by the native peoples. If one wants to see paintings, if one wants to see culture, if one wants to see something produced by the native people, one should go there. I invite all of you to visit that festival, which, by the way, is sponsored by the government.

In conclusion, honourable senators, I wish to say—and I am not boasting—that I did work with the Micmac over a long period of time, and still do. In 1977, on the occasion of my 20th anniversary as a member of Parliament, I was honoured

by the Micmac tribe. Senator John M. Macdonald had a lot to do with that. He has been close to me over the years and has been a dear friend. That function was organized for me. The Grand Chief of the Micmacs, Chief Donald Marshall, made me an Honorary Grand Chief of the Micmacs. That is something of which I am very proud.

• (2210)

You know, in political life we get a lot of brickbats and bouquets—mostly brickbats—but we look for them and we ask for them, and if we are not doing the right thing we deserve the brickbats. But isn't it nice to get a bouquet once in a while? I was a little worried about the Micmac name they gave me—Kobet. I do not believe I even have to spell that for our *Hansard* reporters because they are pretty good at certain languages and in translating them, but it is spelled K-o-b-e-t. I wondered what it meant and found out it means Chief Beaver. Whether I deserved it or not, I do not know.

This title of honorary grand chief has been bestowed on the Honourable Robert L. Stanfield and the former Lieutenant Governor of the Province of Nova Scotia, the late Honourable Harry McKeen, and I was the third one to receive it. Obviously, they do not toss these honours around. I am not saying I deserved it or anything else, but I was honoured, pleased and proud to receive that recognition. As an honorary grand chief, as a member of this Chamber and in honour of Senator Williams, Senator Adams and the native people across this country, I ask all honourable senators to give consideration to supporting this bill unanimously.

On motion of Senator Rowe, debate adjourned.

TRANSPORT AND COMMUNICATIONS

VIA RAIL CANADA INC.—INTERIM REPORT OF COMMITTEE— ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Interim Report of the Standing Senate Committee on Transport and Communications on passenger rail service provided by VIA Rail Canada Inc.—(*Honourable Senator Smith*).

Hon. G. I. Smith: Honourable senators, this order stands in my name. I plan to speak to it further but I do not feel I should do so this evening. However, if any other honourable senator wishes to speak to it, I shall be glad to yield.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 4675)

HEALTH, WELFARE AND SCIENCE

REPORT OF STANDING SENATE COMMITTEE ON VETERANS AFFAIRS
EXPENDITURES IN SUPPLEMENTARY ESTIMATES (C)

TUESDAY, July 20, 1982

The Standing Senate Committee on Health, Welfare, and Science which was "authorized to examine and report upon the expenditures pertaining to Veterans Affairs set out in the Supplementary Estimates (C), laid before Parliament for the fiscal year ending March 31, 1982", has, in obedience to its Order of Reference of November 26, 1981, examined the said matter and now reports as follows:

In the course of its study, your Committee held two meetings. At one meeting the Committee heard the Honourable W. Bennett Campbell, Minister of Veterans Affairs, and officials of his Department, the Pension Review Board and the Canadian Pension Commission. The Committee also heard officials of the National Council of Veterans Associations in Canada and of the Royal Canadian Legion. At these meetings the Committee examined various aspects of the administration of the Department of Veterans Affairs, particularly matters relating

to disability pensions and war allowances payable to veterans or to their widows and dependents.

Your Committee is concerned that a number of recommendations contained in its Report entitled: "They Served—We Care", tabled in the Senate on October 20, 1981, have not yet been implemented and, further, that the prospects for implementation of others are not as positive as would be desired. The recommendations which have been implemented, for example the phasing-in of proportionate pensions, were enacted by legislation which is not under the purview of the present Order of Reference.

It is your Committee's wish that, when the next estimates are tabled, the Senate will consider it advisable to refer them to your Committee so that the update of this examination may be carried out.

Respectfully submitted,

M. LORNE BONNELL,
Chairman.

THE SENATE

Wednesday, July 21, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[Translation]

NATIONAL HARBOURS

TRANSPORT AND COMMUNICATIONS COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Transport and Communications be authorized to examine and consider the subject-matter of Bill C-92, intituled: "An Act to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act in advance of the said bill coming before the Senate, or any matter relating thereto.

He said: Before leave is granted, honourable senators, I would like to explain my reasons for this motion.

[English]

Honourable senators, this motion is to refer the subject matter of Bill C-92, dealing with the ports authorities, to the Standing Senate Committee on Transport and Communications. This bill has had some publicity and has just been reported from the committee in the other place, I believe with some amendments.

It is not certain that we will receive the bill before we adjourn. However, in my judgment of the state of the legislative calendar in the other place, it is possible that next week this bill will receive third reading in the other place and will come to the Senate.

While I do not expect that Senator Smith will be launching forthwith on a pre-study of this bill, I am asking that he be given the authority to do so in the event that it is required.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[Translation]

CANAGREX CORPORATION

AGRICULTURE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(e), moved:

That the Standing Senate Committee on Agriculture be authorized to examine and consider the subject-matter of

Bill C-85, intituled: An Act to establish a corporation called Canagrex to promote, facilitate and engage in the export of agricultural and food products from Canada, in advance of the said bill coming before the Senate, or any matter relating thereto.

He said: Before leave is granted, honourable senators, the explanation in this case is more or less the same as for my previous motion, because this is one of three bills that are before the other place at the present time, namely, Bill C-92, to which I referred a few minutes ago, the present bill and Bill C-109 concerning urea formaldehyde foam insulation.

As far as the last bill is concerned, I intended to ask for leave to authorize the committee chaired by Senator Bonnell to make a preliminary study of this bill as well, but I think that for the time being this will not be necessary. However, there is still a possibility that we will receive the bill in the Senate next week. So, for the time being we are only concerned with authorizing the committee chaired by Senator Sparrow to give preliminary consideration to Bill C-85.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[Translation]

PARLIAMENT

SUMMER RECESS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Deputy Leader of the Government in the Senate, unless the leader himself would like to take the question.

We have just authorized preliminary or prior consideration of two bills, but I feel that, as things stand now, Parliament should be informed of the government's schedule of bills it wants passed. We are hearing new rumours every day. Yesterday I asked the same question but failed to get a satisfactory reply. Nevertheless, I feel the Senate has a right to ask the government to let us know, by tomorrow, how many bills are to be passed before the summer recess. They are adding a day here and a day there, and we have no idea what is going to happen. The preliminary consideration formula is being used, a procedure I feel is highly irregular, except in very specific cases. I think the Senate should be clearly informed as to the

government's intentions. This kind of exercise is getting to be a bit much.

● (1410)

[English]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in answer to the questions raised by Senator Flynn, I cannot close the door on the legislative program, although I agree with him that the more certain we can be of that program, the better. I think his questions are quite properly raised, and I will give all the information I have to the Senate.

I can safely say that the government will not wish to adjourn for the summer recess without passage of Bill C-124, dealing with government restraint, and Bill C-125, the borrowing authority bill.

I will pause there, honourable senators, because those are the two bills we can be quite firm about. As to the status of those two bills, I believe that notice of the application of Standing Order 75C may be given today in the other place with respect to Bill C-125. That would mean there will have been about five or six days of debate on second reading in the other place, after which I presume the bill will go to committee.

As for the Senate, the subject matter of Bill C-125, the borrowing authority bill, has been referred to the National Finance Committee. I believe that a meeting of that committee, with the minister as witness, has been scheduled for tomorrow. That is the state of play as far as Bill C-125 is concerned.

● (1415)

Bill C-124, dealing with restraint, is in committee at the present time. I am not sure whether it is getting clause-by-clause study now or will be getting it soon, but there is a chance that that bill will be reported from the committee by the middle of next week. I cannot say anything more definite, but that is my prediction as to what is going to happen in the other place. As to whether the government wants that bill passed, I can be much more firm and say that it does.

That leaves the other three bills I referred to. I believe the UFFI bill, as it is called is out of committee in the other place, along with the Canagrex bill. The ports bill may be out of committee next Tuesday or Wednesday.

There is only one other bill I have heard spoken about, and that is the one respecting deposit insurance, which has not yet been introduced in the other place. It is not controversial, as I understand it, but I shall be able to give more details about it tomorrow. I know nothing about it except that it is non-controversial. In any case, it is something that is in the mists of the future at this stage because it has not yet received first reading in the other place. I am only mentioning it because I undertook to give the Senate all the information I have.

The other bill is the one that amends the Holidays Act—the so-called Canada Day bill. That will probably be introduced on second reading tomorrow. We will have time next week to debate that and any other bills that we may receive.

[Senator Flynn.]

FOREIGN AFFAIRS

LEBANON—CURRENT SITUATION—SAFETY OF CANADIAN DIPLOMATS

Hon. Stanley Haidasz: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate.

In view of the suffering in Lebanon since the incursion of the Israeli armed forces, can the leader give us an up-to-date report on developments in that war-torn country, and also on the situation of Canadian diplomats in Beirut, which has been besieged by the Israeli armed forces for several weeks?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, we received confirmation today from the Canadian ambassador that the Israeli defence forces in Beirut have searched his car on more than one occasion in the past few days, despite his protest. Such searches constitute a serious violation of the Vienna Convention on Diplomatic Relations and will be protested to the Israeli authorities. We will request that they ensure that effective measures be taken to prevent the recurrence of such incidents.

There are one or two other recent reports, honourable senators, that may be of interest.

The Canadian government strongly supports the independence, sovereignty and territorial integrity of Lebanon, and shares the view that the restoration of peace and prosperity in Lebanon would be aided by the early withdrawal of all foreign forces except those that might be explicitly authorized by the Government of Lebanon.

There is also available a general statement provided to me by the Secretary of State for External Affairs on the Canadian position regarding the Palestinians.

The Canadian government recognizes that if there is to be a just peace in the Middle East, the legitimate rights and concerns of the Palestinians must be realized. We believe the Palestinians have a right to play a full part in negotiations to determine their future and the right to a homeland within a clearly defined territory, the West Bank and Gaza Strip.

The question of recognition of the Palestine Liberation Organization does not arise since it does not claim to be a government. Moreover, we do not regard the PLO as the Palestinians' sole legitimate representative. Of course, we acknowledge that it does represent an important element of Palestinian opinion.

Unlike the United States, which has placed certain prior conditions on any contacts it might have with the PLO, we have had contacts with the PLO over time, particularly in Beirut, and have maintained these during the present crisis. Cabinet ministers have not undertaken contacts with the PLO. We have not authorized the opening of any PLO mission or office in Canada.

● (1420)

Finally, a report has been provided by the department with respect to the status of the Canadian doctor known as Christopher Giannou who has figured in news stories in recent days.

The minister is aware of the reported statement by the Israeli press spokesman in Washington to the effect that Dr. Christopher Giannou, a Canadian, was suspected by the Israelis of belonging to a European terrorist organization, that he was arrested because of this, and that it was only because of strong pressure from Canada that Israel released him. The minister is also aware of the report that Dr. Giannou has denied any ties to terrorist groups.

At no time have the Israeli authorities indicated to us why Dr. Giannou was detained, and there was never any suggestion to us by them, either then or subsequently, that he was suspected of anything related to terrorist activities.

On June 20, Dr. Giannou was turned over to the Canadian embassy in Tel Aviv by the Israeli authorities after repeated requests by us for information on his whereabouts, and on any charges against him, as well as a request for immediate consular access to him. Our embassy obtained confirmation from the Israelis that Dr. Giannou had been released unconditionally. No mention was made of any charges.

We have instructed our embassy in Tel Aviv to seek an explanation of the remarks made by the Israeli spokesman who was quoted in the press.

LEBANON—MULTINATIONAL PEACEKEEPING FORCE—POSSIBLE CANADIAN PARTICIPATION

Hon. Stanley Haidasz: Honourable senators, I have a supplementary question. Is the Leader of the Government in a position this afternoon to inform this Chamber whether any diplomatic representations have been made to the Department of External Affairs to have Canadians take part in a United Nations peacekeeping force in Lebanon?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as to Canadian participation in a peacekeeping force, the last report I have from the minister indicates that it is premature to speculate what the Canadian government's reaction might be to a multinational force within or outside the U.N. or to Canadian participation in it, if invited. No invitation has yet been received. So far Canada has not been requested, either by the U.N. or any government, to participate in such a force.

That said, in support of a negotiated settlement, Canada would seriously consider any approach made to it based on its extensive experience with U.N. peacekeeping operations in the area. In so doing, we would wish to have a very clear indication of the force's mandate and how its activities would contribute to a longer term settlement.

It is not clear, from reports on current settlement efforts, what arrangements might be worked out regarding the withdrawal of foreign forces now in Lebanon and how a peacekeeping force would be employed.

Honourable senators, to complete this rather lengthy report, I have some information about U.N. assistance to Lebanon and our role there. A number of Canadian armed forces personnel and vehicles assigned to the U.N. disengagement observer force—known as UNDOF—are, over the next three

weeks, assisting in the transportation of U.N. relief supplies from Damascus to Beirut. There have been two convoys of supplies since June 21.

Canada has also provided an initial contribution of \$1 million to the Red Cross in support of their relief efforts in Lebanon.

The Secretary General has appointed a co-ordinator for relief efforts in Lebanon by various U.N. agencies. Canada is considering what further assistance it can provide to aid the victims of the conflict.

Hon. Heath Macquarrie: Honourable senators, I should like to ask a supplementary question on the subject that was opened so well by Senator Haidasz. Could the minister indicate if Canada is involved, by extending its good offices or in other ways, in any aspect of the efforts toward establishing a peaceful solution to the Lebanese situation?

In connection with the grievous situation which exists nearby, has there been any change in the directive of the Department of External Affairs with reference to Canadian nationals in Iraq? It seems to me that when I was in Basra there were a good many Canadians there.

Finally, we have all become aware of an interesting proposal by the Secretary General of the United Nations with regard to holding a summit of the veto-carrying powers of the United Nations. Provided we do not expect too much of summitry, this seems to be an interesting suggestion. Although Canada is not a member of this illustrious group, is the Canadian government expressing its view in favour of such an interesting avenue toward trying to solve a grievous situation which is not confined to the Middle East but is becoming worldwide?

● (1425)

Senator Perrault: Honourable senators, those are important questions, and they will be taken as notice.

THE ECONOMY

PRICE RESTRAINT IN FEDERAL PUBLIC SECTOR

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to draw to the attention of the Leader of the Government in the Senate a statement issued yesterday by the President of the Treasury Board concerning price restraint in the federal public sector. It indicates that all departments, agencies, crown corporations and their wholly owned subsidiaries, whether they be direct or indirect, as well as those established under the authority of a regulatory body will be affected. My question is: Would the minister be kind enough to give us a list of those bodies that are to come under this price restraint rule of 6 per cent so that we may have some information as to the scope of this policy?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, unless Senator Olson has some information on this point, the question will be taken as notice.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think the question will have to

be taken as notice in any event, although, as the President of the Treasury Board pointed out yesterday, it is intended that the extension of price restraint will be as wide as possible, including all departments, agencies, crown corporations and other organizations over which the federal government is able to exercise its influence without specific legislation respecting controls.

Senator Roblin: I agree with my honourable friend, that the policy is, indeed, very wide ranging. That is why I am anxious to establish what its boundaries are. The minister goes on, in the statement issued yesterday, to envisage the possibility that there might be revenue losses to people in connection with this policy. I would like to have some information on just what the minister means by that statement. The statement says that net revenue losses that might result from price restraint would be offset by expenditure reductions.

There are two aspects of that matter on which I would like my honourable friend to enlighten me, if he would. The first is, just how do we set about measuring net revenue losses? For example, Bell Canada is controlled by a federal regulatory agency, and I presume that it will be affected by the 6 per cent rule. I am anxious to know, if the government has not already drafted its policy regulations with regard to this matter—and I presume that it has, because the matter has been before us since the time of the budget last month—what the rule will be by which these losses will be measured.

Another example of a corporation which may come under this rule is Canada Post, and there is also the Canadian Grain Commission, which is trying to raise its rate above the 6 per cent level in order to cover its costs. Undoubtedly, the minister has given some thought to the implications of this policy, what these costs are and how they are to be measured.

My next question, I must admit in advance, has a large element of guess work in it, but I presume that some estimates have been made by the government as to what the costs of this policy will be to those upon whom it is imposed, because it is going to become a very important topic later on, since, according to this statement, it is bound to involve a considerable amount of money to cover the shortfall. Off hand, it occurs to me that if it is possible to reduce expenditures on that account, then, surely to heavens, it is possible to reduce them right now on account of the deficit. So I would like a statement from the minister on that topic.

I would also ask, if he cannot cover it by expenditure reductions, what will be the policy of the government then. Will it allow these prices to rise, or will it seek to make them good from the consolidated fund?

● (1430)

Senator Olson: Honourable senators, I think Senator Roblin has himself partly answered the series of questions he asked. I am not sure if the document he is referring to is the same as the one I have, but the second page of mine says quite clearly that the government intends to implement its price restraint policy in a manner consistent with containment of the federal

deficit. I think that is rather important. The document also refers to net revenue losses, because, obviously, there may be some losses on the expenditure side, but with the 6 and 5 per cent restraints there will also be some savings.

In those circumstances, the question that must be assessed is whether or not the net loss of revenue will exceed the net savings involved, consistent with the overall deficit position.

This statement also mentions that any exceptional circumstances that could require deviation from the stipulated price limits would have to be explicitly considered and approved by Cabinet. Therefore, if there are some losses that would obviously add to the deficit, the federal Cabinet would look at those. There might be some cases where that would be justified. I think it is fair to say that they would be rare. Certainly, we hope that it would rarely happen. In other cases there might be offsets by expenditure reductions to take care of net losses in other not directly related areas.

The point the President of the Treasury Board is attempting to make is that, even though there are some losses involved, these price restraints should not be regarded as having the effect of significantly increasing the deficit.

Senator Roblin: Obviously, the minister and I were reading from the same paper because he quoted the excerpt which I had already mentioned in my remarks. I take it, therefore, from what the minister has said in quoting with approval the sentence, "Net revenue losses that might result from price restraints will be offset by expenditure reductions", that he is giving there the explicit policy of the government, and, therefore, if net losses are experienced they will be financed by expenditure reductions by the government. I would like the minister to tell me if I have understood him correctly.

Senator Olson: I think what my friend is trying to do is more or less eliminate the other paragraph I referred to, which says that any exceptional circumstances which might require deviation from the stipulated price limits would have to be explicitly considered and approved by Cabinet. If he is attempting to say that the one paragraph he has read should stand absolutely alone with no qualifications or exceptions, then it would be necessary to leave out the paragraph I have just referred to again, and we do not intend to do that.

Senator Roblin: I do not think my honourable friend and I are on any different ground on that. I simply interpret "net revenue losses" to mean what it plainly seems to mean in the English language, which would take care of the exceptions he has referred to in the previous paragraph. I think he would probably agree that that is not an unfair interpretation.

I have another question, however. What publicity does the government intend to give to any Cabinet decisions which approve of deviations from the 6 per cent rule on account of exceptional circumstances?

Senator Olson: I am not sure that we intend to spend a great deal of money on advertising or on publicity—

Hon. Jacques Flynn (Leader of the Opposition): Oh, come on. That is not the kind of thing Senator Roblin was referring to.

[Senator Olson.]

Hon. Jack Marshall: What is the extra \$4 billion for?

Senator Olson: —and in that respect we will certainly provide the information to the news media, and I am sure, or I hope, they will do their job well and communicate it to at least the people who will be affected. Then, of course, we will obviously have to send out some notices to people more directly affected. However, we would like all these decisions to be as widely known as possible, and perhaps even the opposition would help us out in that respect.

Senator Flynn: Don't worry about that.

● (1435)

Senator Roblin: I am prepared to help my honourable friend. If he will give me a Cabinet statement defining "exceptional circumstances," I will undertake to ask him any questions that might appear to be appropriate so that he can explain the thing satisfactorily to the Senate and, no doubt, to the country.

I am taking from that that the minister is assuring us that when this special Cabinet committee is set up under the President of the Treasury Board, and it makes a decision regarding what are "exceptional circumstances," the full details of those exceptional circumstances will be given to the Senate and the public in the cheapest and most economical way—which is a statement by the minister.

Senator Olson: I think that that is another way of saying what I said a few minutes ago.

Senator Roblin: We will hold you to that.

Hon. Lowell Murray: Honourable senators, may I ask the Minister of State for Economic Development whether it is the intention of the government to apply the six per cent guideline to such crown corporations as Air Canada and Canadian National Railways, in view of the fact that those two bodies set fares and tariffs; and, if so, how the government proposes to apply the guidelines to those corporations?

Is it the position of the government that it can require those two crown corporations to comply with the six per cent guideline in respect of fares and tariffs?

Senator Olson: The answer to the first part of the question is yes. With respect to the other part of the question concerning the legality of that, I shall obtain a report for my honourable friend. That report will not be just for him, but for the thousands of people living in the country who are also curious about this.

Senator Murray: May I ask the minister whether the government has obtained, or is in the process of obtaining, any voluntary undertaking from crown corporations such as Canadian National Railways or Air Canada with respect to their fares and tariffs?

Senator Olson: Whether or not a formal notice or letter has been sent to them requesting their co-operation, if that is the right word—

Senator Flynn: I doubt that it is.

Senator Olson: It does not matter whether my honourable friend doubts it or not. I am sure that those crown corporations are fully aware of the fact that they are crown corporations and that the government intends to apply the guidelines to all federal crown corporations.

Senator Murray: In view of the fact that both those crown corporations are in competition with companies in the private sector, is it the intention of the government to try to exact compliance with the guidelines from their competitors, such as CP Rail and CP Air?

Senator Olson: Honourable senators, my honourable friend has raised a more complex question than perhaps he even realizes, because, for example, there are some situations—and I suppose that Canadian National Railways and CP Rail are examples of this—where, for a long period of time, a common labour union has represented the employees of both organizations because the employees are involved in almost identical activities. Collective bargaining, in the past, has in fact applied to both companies.

Senator Murray: I am more interested in the fares, tariffs and rates charged by those corporations. The problem of collective bargaining is a separate problem. I should like to know the position of the government with regard to the tariffs and fares charged by those crown corporations, and the position of the government with respect to the tariffs and fares charged by their private sector competitors.

Senator Olson: That is why I said a minute ago that the question is more complex than even my honourable friend realizes it to be.

I shall obtain a report for my honourable friend regarding the schedules, fares, tariffs, and so forth, to which he referred. Those schedules, fares and tariffs also come under the jurisdiction of certain regulatory bodies, such as the CTC, and we do not have complete details of the application of the guidelines at this point in time.

Senator Marshall: Honourable senators, I can cite a specific example. Reports in the news media today indicate that Air Canada and CP Air will eliminate reduced air fares that they have been advertising now that they have found themselves in the position of being forced back to regular fares. That means quite a difference in cost.

Would the guidelines force those corporations to retain those reduced fares which they advertised in good faith? Could they be forced to keep the fares at the level they are at now?

Senator Olson: I shall have to look into that, although I can say that I am not sure that the policy is to maintain the low fares that they have been offering. It seems to me that the guidelines would probably be more applicable to regularly scheduled air fares that are announced from time to time.

● (1440)

WAGE AND PRICE RESTRAINT—PROVINCIAL CO-OPERATION

Hon. Ernest C. Manning: Honourable senators, may I ask the minister if he can tell this Chamber if there are negotia-

tions going on between the Government of Canada and the provincial governments to the end of getting the provincial regulatory bodies to apply the same guidelines as have been announced by the federal government? I think the minister will agree we do have a considerable number of utilities that are regulated by provincial boards, and if they follow a different set of guidelines from the ones under federal jurisdiction, obviously it will create some rather serious problems. Are steps being taken to get uniformity by provincial, as well as federal, regulatory bodies, and, if so, what is the status of that effort?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is a fact that the federal government is keenly interested in having the support, co-operation or concurrence—or whatever other term is appropriate—of provincial governments, and many of their regulatory agencies in respect to following the guidelines insofar as it is possible. I think it goes even one step beyond that, in that we would also welcome the support of municipal governments in applying the guidelines to wages and prices under their control.

In reply to the question: "Are there negotiations going on?" I do not believe I can say that there are formal negotiations in meetings that have been called specifically for that purpose. However, we are certainly hopeful that the meeting that was held between the Prime Minister and the first ministers of the provinces will lead to as wide an acceptance of those guidelines as possible. However, if there are further meetings of a more formal nature called in the near future, I shall advise the Senate.

GRAIN

WHEAT PRODUCTION

Hon. Peter Bosa: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board, but, in his absence, I wonder if I could put the question to the jovial and informative Minister of State for Economic Development.

Hon. Jack Marshall: Who said he was jovial?

Hon. C. William Doody: The minister does not recognize who you are speaking to.

Senator Bosa: Oh, yes, he does.

It was announced yesterday that 3 million tonnes of wheat have been sold to Brazil for a total of \$700 million, I think. What is the situation on the prairies now? Are we producing to capacity? Are we asking farmers out west to produce more wheat so that we can meet these gigantic sales that have been made recently?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the most recent crop reports coming from western Canada indicate that almost all of the grain-growing area in western Canada is, in fact, experiencing near ideal growth conditions. It would appear at this point in time that we again have the prospect of a record-breaking crop, which will be in excess of the record-breaking crop of last

year. That is further supported by the fact that a record-breaking number of acres were seeded, so the prospects are excellent. If this crop is harvested, the sale to Brazil, along with a number of others that the minister directly responsible has announced, will indeed tax our delivery capability to the limit. I do not have the information with me, but the Canadian Wheat Board is setting a target of something over 27 million tonnes of delivery for 1982-83. If they are able to achieve that target, all records will be broken.

THE ECONOMY

CALCULATION OF ANNUAL INFLATION RATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Minister of State for Economic Development. In reply to a question posed by Senator Everett yesterday about the United States method of calculating the inflation rate which, if used in Canada, would show our rate to be 3 to 4 per cent less than that shown at the present time, the minister said, as reported at page 4633 of *Debates of the Senate*:

I was not aware that those two eminent gentlemen—

He was referring to the two eminent economists who testified before the Standing Senate Committee on National Finance.

—had, very recently, made those comments. However, I am certainly interested, and I will refer this to those people in government who make recommendations respecting the calculation of the inflation rate because I think that is useful information to have.

Yet, a little later on, at page 4638, the minister in replying to a question by the also very jovial Senator Bosa, mentioned figures concerning both rates of calculation in the United States and Canada, and said:

In comparison, the Canadian index is constructed on the more credible assumption that only a fraction of homeowners buy a house—

Later in that answer at page 4639, dealing again with the rate of calculating inflation, the minister said:

The presence of random and special factors and the magnification of these factors at annual rates makes this an inappropriate measure of annual inflation.

That is referring to the U.S. method of calculation.

I should like to know which the minister favours, the method used in Canada or the method suggested by Senator Everett, which he found so interesting last evening, just to deny its value a few moments later.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is not necessary to completely agree with a change in the formula that is used in calculating the CPI to be interested in comments that other people may make about it. If my honourable friend would look at all of those statements he has just now read, he will see that there is no contradiction in any of them.

[Senator Manning.]

Senator Flynn: In any case, does the minister still think we have the right formula, or that possibly Senator Everett's suggestion is worth retaining?

Senator Olson: The point that my honourable friend misses, and it is unfortunate that he does miss it—

Senator Flynn: I didn't miss the contradiction any way.

Senator Olson: —is that there are some differences in calculating the CPI between the two countries and, therefore, to take in a figure of 11.2 per cent, which is the latest one—it was 11.8 per cent last month—and to compare that to what it is in the United States, whether it is 6.8 or 7.2 per cent, is not completely fair. That is the point that my honourable friend should take into account. If he will carefully read the reply that I gave to Senator Bosa, he will also note that the method and pattern of spending that goes into the CPI has been updated more recently in Canada than it has in the United States. For example, we are using what I hope is a typical pattern set up in 1978; the United States, I believe, are still using a consumer spending pattern that was calculated in 1972. My honourable friend knows that there are changes in the patterns of consumer spending from time to time. Therefore, you have to make adjustments or you get out of touch with reality. In his party that may not be an unusual thing, but on this side we try to keep up with the real world.

● (1450)

Senator Flynn: You never reply directly to a question.

Senator Olson: Honourable senators, I think that is unfair. I made a very explicit and accurate reply to the matter raised.

Senator Flynn: Explicit for you is not explicit for me.

Hon. Douglas D. Everett: Honourable senators, I rise on a point of privilege. The Leader of the Opposition has stated that I recommended one mode—

Senator Flynn: I did not say that.

Senator Everett: "Suggested" was the word used. In any event, if the Leader of the Opposition says that he did not say that, then I accept it. However, for clarification, I was saying that the two methods of arriving at the CPI are statistically different.

In his answer yesterday, the Minister of State for Economic Development gave some of the reasons why it was different. One of the salient reasons is that we construct our CPI on a year-over-year basis; the Americans do it on a monthly basis to the twelfth power. I think it is simple to accept the fact that that makes a significant difference when inflation rates are moving.

Senator Flynn: We all understand that.

Senator Everett: I am somewhat mystified as to why the opposition keeps asking, "Why is our inflation rate not as low as the American inflation rate?"

All I did was mention the report of the Standing Senate Committee on National Finance which spoke of the evidence given by the president of the Canadian Bankers' Association

and Professor Courchene. Their evidence was that if we constructed our CPI on the same basis as the Americans did, our CPI would be lower.

It is important that we understand that, because time and time again critics of the government get up and say, "Look at what the Americans have done; look at what they are doing; we are not doing as well." All that those witnesses were saying, all that the report was saying, all that I was saying yesterday, and all that the minister is saying is that we are doing much better than we appear to be doing because of the difference in the way we construct our indices.

Hon. Raymond J. Perrault (Leader of the Government): Spread the good news.

Senator Flynn: That is the argument, but the minister in his reply said that we are doing the right thing in calculating the rate as we do, and that it is not correct to use the American formula.

Everyone is in agreement that our rate of inflation is much higher than it is in the United States; that is all there is to it. If you say, "It is not as high as we claim," that is something else, but it is still too high.

Senator Everett: In answer to that, we believe our method of constructing the index is a more accurate reflection of what is going on than the method used by the Americans.

Senator Flynn: You are so wise!

Senator Everett: That is not the argument. The argument is that people keep saying, "Why are we not doing as well as the Americans?" The answer is that if we constructed our CPI using their method, we would appear to be doing considerably better than we are.

Hon. Lowell Murray: Honourable senators, in view of the interest of the Chairman of the Standing Senate Committee on National Finance in different methods of calculating consumer price indices, may I ask him whether he would consider calling before his committee representatives of Statistics Canada who, according to reports, have recently presented a very interesting study to the federal Cabinet, apparently drawing a distinction between price increases in the private sector and the government sector in Canada and, apparently, showing that the price increases in the government sector, including those companies regulated by government, are much higher than those in the Canadian private sector.

Senator Everett: Honourable senators, I would not particularly want to reply to the second part of the question. However, in response to the first part, I think that how we construct our consumer price index might, at some point, be a worthy investigation for the committee. Indeed, that recommendation was made by Dr. MacIntosh, the president of the Canadian Bankers' Association, we probably could consider that matter as a committee.

Senator Murray: I would ask the Minister of State for Economic Development whether the government accepts the calculations put forward by Statistics Canada to the Cabinet some time ago to the effect that inflation is running at a much

higher rate in the government sector than in the private sector and that, in fact, the rate of inflation has fallen in the private sector and risen in the government sector.

Senator Olson: Honourable senators, I would have to look into that matter. I was unaware that that kind of matter was put to the government for them to either accept or deny.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would ask the minister if it is not a fact that the Honourable Jean-Jacques Blais made a presentation to Cabinet with respect to the Statistics Canada information, which indicated that the rate of inflation in the private sector was about half of what it was in the sector under government control. Was this not a factor in inducing the government to come down with its proposal to regulate costs of the government sector to the 6 per cent level?

Senator Olson: Honourable senators, I will take that question as notice because my honourable friend knows very well that, while he can ask the questions, I cannot answer as to what goes on at Cabinet meetings.

Senator Roblin: If my honourable friend cannot answer that, can he tell me whether these matters were factors that were taken into account in establishing government policy?

Senator Olson: Honourable senators, I have already said that I will take that question as notice.

UNEMPLOYMENT INSURANCE

EXPENDITURES FROM FUND—DEFICIT—POSSIBLE INCREASE IN CONTRIBUTIONS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wish to pose a question to the Minister of State for Economic Development concerning the unemployment insurance fund.

A piece of information which apparently emerged from the Public Accounts Committee of the other place indicates that the expenditures under the unemployment insurance fund will be some \$7 billion this year. Would my honourable friend tell me if that is the estimate of the government with respect to that item?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice.

I have that press report before me and, if my honourable friend wishes to know if that is a somewhat more formal estimate by the government, I will look into the matter.

Senator Roblin: While my honourable friend is checking that, there are a couple of other points he might examine for me.

I notice that the Auditor General has not made an audit of the unemployment insurance fund for some years—that is, since 1978—and is not scheduled to make one before 1984. In view of the fact that one of the problems with the unemployment insurance fund is that illegal or unapproved payments—that is payments beyond what the statute provides—amounted to some quarter of a billion dollars in 1978—

[Senator Murray.]

Hon. W. M. Benidickson: Did the article state “under” or “over”?

Senator Roblin: It was established in 1978 that it was over a quarter of a billion dollars—\$280 million, to be precise. It is a matter of some concern.

The reason I think it is a matter of some concern is, if the deficit is about \$2 million—a figure which my honourable friend gave us a little while ago—that constitutes a 40 per cent increase if applied to the payroll tax which is now imposed to support the unemployment insurance fund. I want to know how the government intends to finance that.

This is not a matter of idle curiosity. I know the minister has told us that we have to wait for some budgetary pronouncements, but employers and employees have to make their plans. If there is to be a 40 per cent increase in this payroll tax, they have to know about it, and the sooner they know about it the better.

I ask my honourable friend to give some consideration to giving us a date on which we might expect to hear what the policy of the government is respecting this large deficit.

Senator Olson: Honourable senators, I also read that the Auditor General had not made a complete, in-depth audit of the Unemployment Insurance Commission accounts for some time and that he does not plan to do so for one or two years.

However, I do not think my honourable friend would want to leave the wrong impression, in that, even though the Auditor General has not done an in-depth audit of those accounts, internal audits do take place in that department, and other departments, which are also not subject to the in-depth audit of the Auditor General. In fact, internal audits are going on in these departments all the time.

● (1500)

Concerning the amount of the deficit, yes, I will try to get that information and will try to give a date so that not only my honourable friend but the other people who have to make plans on that basis will be informed. I think that it is fair to say, however, that Parliament has already passed some rules with respect to taking care of deficits in the unemployment insurance fund. Of course, the government is obliged to abide by those rules, which provide that, over a period of time, those deficits are to be financed from within the earnings or the fees schedule of the commission.

Senator Roblin: If my honourable friend means what I think he means, he has just told me that the payroll tax will be responsible for making up that deficit, according to the current law. I would remind him that the law on this subject has been changed in just about each of the past two or three years, and can be changed again. Is he really certain that that is the way the law stands now; that the deficit will be paid for through the payroll tax and not through the consolidated revenue fund?

Senator Olson: Honourable senators, I think that I should be very careful about trying to give legal opinion—

Hon. Jacques Flynn (Leader of the Opposition): You certainly should.

Senator Olson:—so I am not going to do so. I am well aware that, if there are insufficient funds within the commission, the consolidated revenue fund is obliged to make payments—and to make good the payments, if that is the right word—to those people whose applications meet the criteria set down for approval of applications. I believe, however, that there are one or two applicable sections within the law that has been passed by Parliament, which I will not go into any further than to say that Parliament has, through those sections, more or less instructed the commission, if that is the right word, or the government, if that is the right word, to adjust the fees to make sure that there is a self-financing portion of that obligation.

Senator Roblin: I think that my honourable friend is confirming my fear, if I can express it that way, that the government does possess the power to raise the payroll tax rates on both employers and employees. I gather that he is saying that the current policy of the government is that that is the way the deficit will be financed. I am not going to hold him to that, but I do appreciate the fact that he will give us a statement—I hope, a timely statement—as to what the whole thing really will amount to when the bill has to be paid.

I just point out to my honourable friend that, although I am sure there is an internal audit, the Auditor General is reported as having said that there is still “a high incidence of error.” That concerns me, because if we are going to contemplate increasing the payroll tax, it will be wise to assure the people who have to pay it that their money is being properly spent, insofar as it is humanly possible to control.

Senator Olson: Honourable senators, I accept that. On the first point that my honourable friend was making, however, it is not a matter of whether or not the government has the power to change the fees in the unemployment insurance fund. The point I was trying to make—and I will check it out—is that I think that Parliament has given the government some instructions with respect to how to deal with deficits in the unemployment insurance fund.

Senator Roblin: We are going around in circles. My honourable friend continues to tell me that the payroll tax will be used to support the deficit, and I think he is right.

Senator Olson: My honourable friend should not ask questions if he has read the law and has made an interpretation that satisfies him.

Senator Roblin: The honourable minister has undertaken to tell us what the government's interpretation is. That is really what counts—not my interpretation—and I look forward to hearing it.

FINANCE

GOVERNMENT BONDS—RATE OF INTEREST

Hon. Daniel A. Lang: Honourable senators, I have a question for the Minister of State for Economic Development. It deals with an article which appeared in the *Globe and Mail* this morning with respect to the recent government bond

offering. I must say that I am not prone to Senator Bosa's faults, but it is interesting to note—and I do not know whether this is good news or bad news—that the 16 per cent issue traded as high as \$100.60, that the other issue traded at \$100.25 in the aftermarket, and that the securities sold out quickly and began trading at sizable premiums. That may or may not be good news for Canadians, and I would like the comments of my honourable colleague in that regard.

Is the government trying to lead general interest rates higher than those in the market place, or is this, perhaps, happening inadvertently? Has the government's credit slipped on the market, requiring it to offer these attractive rates, or, as is suggested in the *Globe and Mail* article, are our government rates tied inevitably to U.S. interest rates? That last question arises from this statement in the *Globe and Mail*:

The issues moved well because of the news late Monday of a discount rate cut in the United States. In addition, short term U.S. interest rates continued to fall, causing bond prices to rally.

I am interested in knowing whether we are that closely tied to the U.S. economy with respect to our federal bond issues.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think that all offerings of bonds, whether they be government bonds or any others, are tied to the market's response. As my honourable friend is aware, the market in Canada and the United States, insofar as the movement of capital is concerned, is very open. Therefore, it is not a matter of whether government bonds are tied to U.S. interest rates. There exists a very open field where investors may, if they so wish, purchase Canadian bonds or U.S. bonds or move their money from one country to another. The market place, at least in that field, is open almost to the extent that the border hardly exists, at least with respect to movement.

I suppose that it could therefore be argued that some changes took place in the entire North American market. I think it coincidental that, at the same time, one of those changes was that the rate in the United States moved down a little in response to the Federal Reserve moving down slightly, either the day before or perhaps the same day that those bonds went on the market. Perhaps that occurrence caused the bonds to look a little more attractive at the rate at which they were offered. Thus arises the explanation as to why they traded at over 100 per cent of face value shortly after they were put on the market.

I do not think, however, that it is fair to make the explanation that, somehow, government bonds are tied to the United States interest rates, any more than all offerings of securities are judged by the market, almost without restriction in North America. The changes in prices are a reflection of that fact.

NATIONAL DEFENCE

SENATE SUBCOMMITTEE REPORT—IMPLEMENTATION OF RECOMMENDATIONS

Hon. Jack Marshall: Honourable senators, I direct my question to the Leader of the Government in the Senate. It has

to do with today's release of the Minister of National Defence in response to the report of the Senate Subcommittee on National Defence.

It is heartening to note that the minister agrees with many of our recommendations—most particularly, that he seems to agree with the production of a white paper, which he refers to as a policy review.

I wonder whether we could get something more specific from the minister as to when such a white paper or review will be carried out, and as to the implementation of some of the recommendations, which he indicates is now taking place. Could we have a list of the specific recommendations that are being implemented and some more precise information as to what is being done about them?

I should also like explained to me one of the paragraphs of his release wherein, although he indicates that he agrees with the subcommittee, he seems to give the impression that perhaps he just means "maybe." The release indicates that the government is in fact wrestling with the question of how to create and maintain modern Canadian forces that are sustainable in combat in a way that permits the maintenance of an overall balance of capabilities at a cost that is affordable in the prevailing economic conditions. Perhaps the minister could clarify whether that means "yes," "no" or "maybe," in response to the need for an effective modern Canadian force.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. At the same time, I would draw to the attention of the Honourable Senator Marshall that the other day, on behalf of the minister, I did reply to a number of questions raised by the Senate Subcommittee on National Defence. I hope that Senator Marshall will review the response which was made at that time.

● (1510)

AIR CANADA

CANCELLATION OF SCHEDULED FLIGHTS

Hon. Douglas D. Everett: Honourable senators, I have a question for the Leader of the Government in the Senate.

It is my understanding that Air Canada, due to lack of traffic, is cancelling flights listed in its published schedules, thus inconveniencing travellers. Could the Leader of the Government in the Senate ascertain whether this is a fact, and whether Air Canada has a legal right to do this?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

RAILWAY ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill S-29, to amend the Railway Act.

[Senator Marshall]

He said: Honourable senators, when I closed the debate on second reading of Bill S-29 I made some comments about the position of the provinces, and confessed that I had no firm position from Quebec, although all other provinces had withdrawn any objection they had had to the adoption of this bill.

I can now answer Senator Flynn's question with regard to the kind of invitation issued to Quebec to respond on this matter, and whether this was done in writing. The answer is that it was. Other than that there is no change. There has not been a determination of Quebec's position. No answer has been received from Quebec, and as I said during the debate on second reading, honourable senators, that has to be taken in the context of a totally different system, applying under the Civil Code, as opposed to the common law, which is addressed by this bill.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I am satisfied with this reply, to the effect that Quebec was informed of this bill, or that it was informed of the intention to present this bill, some years ago, and did not reply. It is therefore within the competence of Parliament to bring forward this amendment to the Railway Act, with regard to central registration. This is an area which is within the competence of this Parliament.

However, there are certain provisions in the Civil Code and elsewhere, also, with regard to the registration of some of the details described in section 86, as it is now and as it is proposed to amend it. I merely want to say, especially with regard to the registration of a mortgage or conditional sale rights on rolling stock, that there is in the Civil Code a chapter, Chapter IV, entitled, "Of Commercial Pledge" containing sections 1979e, 1979f, 1979g, 1979h, 1979i, 1979j and 1979k, which provide for the registration, under Quebec law, in the registry office, of a deed.

Section 1979e provides:

A person carrying on a commercial business may pledge, as security for a loan which he contracts, for a term not exceeding ten years, machinery and equipment pertaining to his business, while retaining possession thereof.

I think that would be a case that would be covered in part by this legislation, but I doubt that it creates any conflict.

On the whole, I want to make it clear that if there was no objection by the Quebec government, we must assume that it does not create any problem or conflict of a practical nature.

Senator Frith: Honourable senators, so that it is on the record for anyone who might be interested, and to confirm what Senator Flynn has said, there is an article by John F. Varcoe, published in the *Canadian Business Law Journal*, entitled "Finance Leasing and Analysis", which confirms what

Senator Flynn has said and refers to the deed procedure he has mentioned.

Motion agreed to and bill read third time and passed.

INDIAN-INUIT WEEK BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Williams for the second reading of Bill S-28, establishing Indian-Inuit Week and Inuit-Indian Day.

Hon. Frederick W. Rowe: Honourable senators, I regret that I was unavoidably absent when, the week before last, Senator Williams introduced this bill and Senator Adams spoke in seconding it. I regret it for two reasons. First, naturally, as a Canadian and as one who has always been deeply interested in the aboriginal history of Canada, I would have liked to be here to hear them in person. Then, as it happens, Senator Williams and I have a very close relationship, because, along with Senator Michel Fournier, on December 9, 1971, the two of us, never having met before, arrived in the ante-room of this Chamber to be inducted into the Senate.

I was very happy that Senator Fournier was one of our party, and particularly happy, I think I can say in all fairness, that Senator Williams was too. He came from the extreme west of our great nation, and I came from the extreme east of it. It was a case of the twain meeting right there.

Actually, we had met before, though vicariously, if I may use the word, and not in actuality. When I was in the Newfoundland government as Minister of Resources, the then Mr. Guy Williams was one of a group of western entrepreneurs who made very substantial investments in the resources of my province of Newfoundland, and we did have some dealings then.

It therefore gives me great pleasure now, especially since Senator Williams' term of office is approaching its end, to say a few words in respect of the bill and also in appreciation of Senator Williams himself.

I do not know how many Canadians are aware of the fact—I know his fellow senators are—that we have in Senator Williams one of the most distinguished Canadians living today. Senator Williams has been a leading businessman and entrepreneur in British Columbia, western Canada and elsewhere, and his great contributions to the Canadian economy and Canadian culture have been recognized repeatedly. He was for 14 years chairman of the Native Brotherhood. He was for some six years chairman of the Fishermen's Co-operative of British Columbia, and subsequently, its honorary chairman. He was also chairman and honorary chairman of Ucluelet Fish Processing and Cold Storage, one of the well-known enterprises in western Canada. Senator Williams, above all, has been a great Canadian.

I was very happy, on reading the *Hansard* report of his introduction of the bill, to see that Senator Williams testified to the fact that the Indian people of the west, in particular, and of Canada, generally, have, in his view, made substantial

progress in recent years, presumably as a result of the enlightened policies that have been adopted by the Government of Canada and by the several provinces concerned. I appreciated hearing that from one who has no axe to grind at this time and who has had a vast experience both within the confines of his own culture and of Canadian culture as a whole.

● (1520)

Senator Williams has introduced a bill which I find most intriguing. It seeks to recognize the Inuit and Indian cultures in Canada in a special way by naming a week and a day in their honour. I had never given much thought to this, and no doubt very few other honourable senators had, until Senator Williams introduced the subject. To be honest, I do not know what all the implications are—and I am sure that my friend, Senator Williams, would expect me to be honest. I do not know whether there are any implications of which I am not aware, but on the surface it would appear to be singularly appropriate for Senator Williams to introduce such a measure. I assume that the matter will be looked into and that all of its implications will be examined. If there are no serious objections raised from any particular source, then it seems to me that the legislation could have a clear passage.

I am not sure whether Senator Williams will find it possible to attend the sittings of the Senate when we resume in the fall, because I believe his term expires on October 7, and there is some doubt as to whether the Senate will be sitting at that time. I wish to take advantage of this opportunity to say that I regard it as a great honour to be associated with such a distinguished senator as Senator Williams. I know that I express the hope and desire of all of his colleagues in the Senate in wishing him continued success, happiness and longevity.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in order to give other honourable senators an opportunity to speak on this order, I propose to move the adjournment of the debate. I do not wish to participate in the debate at this time.

On motion of Senator Frith, debate adjourned.

TRANSPORT AND COMMUNICATIONS

VIA RAIL CANADA INC.—INTERIM REPORT OF COMMITTEE— DEBATE CONCLUDED

The Senate resumed from Wednesday, July 7, 1982, the debate on the consideration of the Interim Report of the Standing Senate Committee on Transport and Communications on passenger rail service provided by VIA Rail Canada Inc.

Hon. G. I. Smith: Honourable senators, it will be recalled that on July 7, after the report was submitted to the house and after I had begun to make some remarks on it, the Leader of the Government conveyed to the house the response of the Minister of Transport to the 12 recommendations made by the committee. At the time I replied in some measure to the

minister's response, and I should now like to make a few more comments. I propose to preface them by saying that I am sure the committee appreciates the quick response of the minister to its 12 recommendations, and, it would be fair to say, appreciates the fact that he seemed willing to accept, in substantial measure, those 12 recommendations. It seems to me that his quick and favourable response indicates not only the reasonableness of the minister but also the reasonableness and well documented nature of the committee's recommendations. I am sure the committee appreciates that quick response, as does its chairman.

I should like to express my gratitude to the members of the committee for the long and arduous study they made of this subject, which was referred to them in October 1981, and to thank them for their attendance at the many meetings and their interest and participation in the conduct of those meetings.

I should like also to offer my thanks to the staff who helped the committee so much. I should first like to mention Mrs. Aline Pritchard, who was clerk of the committee until her retirement in December 1981; then Mr. Eric Innes, who acted as clerk of the committee for some months until a new clerk, Mr. André Reny, was appointed. Their help was invaluable to me and, I am sure, to the committee, as was that of Mr. Jack Silverstone, of the Research Branch of the Parliamentary Library. I wish also to express my gratitude to the staff of interpreters and to *Hansard*. We certainly kept them busy, and they were most diligent, helpful and cheerful in their attendance and assistance.

I would not suggest that, at my very best, my speech would likely be exciting or interesting, but today it may be even less exciting, because to make the points I wish to make—and I shall not try to deal with all of the recommendations—will entail a good deal of quoting from the committee proceedings, and, in particular, from two issues.

I shall begin this part of my remarks by making reference to certain responses by the minister to some of the recommendations. I propose to begin with his response to the second recommendation, namely, that public hearings on proposed service cancellations be held before the cancellation is made, in such place and in such measure as to give the public full opportunity to make its views known.

The substance of the minister's response was that a public hearing on service cancellation was not held in the particular instance that occasioned the appointment of the committee because it was a matter of exceptionally urgent policy and it was necessary to make a decision quickly so that there would not be a great lapse of time before the decision became effective.

● (1530)

The committee did not accept that as sufficient reason for not having the hearings provided for in the statute held by the Canadian Transport Commission. Attention is drawn by the minister to the fact that the Canadian Transport Commission public hearing process is still in place and continues to be used

[Senator Smith.]

extensively, and he makes reference to hearings which are either being held now or are planned for the immediate future. We are certainly glad to know that, if problems arise in rail passenger service, public hearings will be held, but we would like to place the emphasis on the fact that the information elicited at these hearings, together with the recommendations of the Canadian Transport Commission, should be taken well into consideration before decisions are made, and should be taken into consideration in making such decisions.

The third recommendation was that there should be a legislative framework for VIA Rail. The report sets out many reasons why that should be so. The minister, I am glad to say, recognizes that need and has indicated that he is prepared to release a discussion paper on the subject as soon as feasible. But I should like to emphasize that a proper legislative framework under which VIA can operate, and in particular which will regulate its relationship to the government, to the Canadian Transport Commission and to Canadian National and Canadian Pacific Railways, is a matter of urgency. While I certainly very warmly commend the minister for getting on with the discussion paper so that all concerned will have a chance to make contributions to the legislation, I do emphasize, from the point of view of VIA and therefore from the point of view of the public, the necessity of speeding up the matter, consistent with proper consultation and paying reasonable attention to that consultation.

The fourth recommendation had to do with fixed price contracts, which the committee felt would be advantageous for VIA to be able to negotiate with CN and CP for services provided to VIA by those railways. The minister says, and I agree with him, that some progress has been made in the contractual negotiations between VIA and the two railways to achieve this, or to achieve it to some degree; but I must emphasize that, without the legislative framework and the right not only to negotiate but to insist on certain things being placed in the hands of VIA, VIA has not much to negotiate with. It is really pretty much a prisoner of CN and CP in respect of the services provided by those two railways. It cannot go out and get the same services anywhere else. CN and CP own the tracks and much of the equipment used by VIA, and if VIA does not like what CN and CP are charging for services rendered it cannot simply go somewhere else to get such services, but is forced to accept their charges. Without a legislative framework under which to operate, VIA will remain in that position, although it does seem that CN and CP have perhaps realized that in due course VIA will have that right and it will be well for them to negotiate on a more equitable basis with VIA now.

The fifth recommendation had to do with the question of the audit of railway charges to VIA Rail. It is on this matter that, in a moment, I must turn to the printed proceedings to get, through the words of the witnesses and the questioners, the exact picture which seems actually to exist in this respect and to demonstrate what the committee feels is a deficiency in the audit system. The response of the minister indicated that there was to be some speeding up of the kind of audit carried out by

the CTC of charges made by CN and CP. That, of course, is a good thing, because the delay has indeed been most substantial and contrary to the best interests of VIA and, therefore, contrary to the interests of the public and of the taxpayer. That is so because, as all honourable senators know, the loss which VIA incurs must be met from the public treasury and, therefore, to the extent to which the loss of VIA can be reduced, the charge borne by the taxpayer can be reduced. The effect of an inefficient or insufficient audit may well be to allow the railways to have the financial advantage of charging too much for the services they render while the cost which they should bear is borne by the taxpayer. So it is not merely a question of an audit between VIA and the two railways, and involving nobody else but those three parties; it is a question of an audit which involves very substantially the taxpayers of the country.

Indeed, just to take an example which I mentioned the other day—and I am not saying that the figures I shall use in a moment are necessarily accurate, but they do illustrate the situation—a study by the Canadian Transport Commission of the methods used to calculate the charges made to VIA, as compared to the methods used to make charges to the American railway passenger system, Amtrak, shows that, if the American system were applied to VIA, VIA would be saved something in the neighbourhood of \$25 million, \$30 million, or, some people say, even \$50 million per year. I would remind honourable senators that the \$25 million to \$30 million is a figure given to the committee by the CTC itself, and not by VIA. That simply means that if the method of calculation used with reference to Amtrak had been used in reference to VIA, the taxpayers of Canada would have paid \$25 million to \$30 million less annually to pick up the losses sustained by VIA.

Moreover, on the question of the audit, it is clear from the evidence that the audit is one of limited scope. It is an audit which CTC makes to ensure that the charges of the CP and CN to VIA are of a nature authorized either by statute or by regulation, but it does not determine if sufficient and proper service has been given for the money paid.

That brings me to the point where I would like to quote from the proceedings to honourable senators. I shall first make reference to issue No. 20 of the proceedings of the Standing Senate Committee on Transport and Communications of Thursday, December 10, 1981. I shall refer to pages 18, 19 and 20 thereof.

● (1540)

A question asked by a member of the committee reads as follows:

The question of management function was raised in terms of the audit. The audit itself, the CTC audit, is it simply an audit to check the arithmetic on the invoices? Is it simply an audit to check the number of miles of track and the day's use of stations, and so forth? It appeared that this was, more or less, the type of audit that does not show value for money. Does it demonstrate the need of a particular service to VIA, or does it simply show a charge to VIA from CN or CP for a service? The question was

raised whether, to determine this, it was a management function or an audit function.

I should like to ask you whose function it is. Surely, the objectives of VIA's management must be quite different from the objectives of the management of CN and CP in terms of their passing the cost on to others. VIA Rail's management appears to be pretty much at the mercy of the management decisions taken by CN and CP in terms of passing these costs on, and if the CTC is to be the auditors, surely it must be the responsibility of CTC to interpret if the management decisions of CN and CP are strictly in the interest of these two companies, or if the decisions are in the interest of VIA. How does VIA Rail get some protection in this matter if not through the audit system?

The answer by a senior financial official of the CTC was as follows:

I think your earlier comments, Senator . . . were substantially correct, that we are doing an audit of the arithmetic, the invoices, and so forth. The audit process is a little more complicated than that, though, because we are also trying to disentangle common costs, which are not easily disentangled, such as roadway maintenance costs, in order to determine the proportions of this that should be assigned to the passenger service. It is because we have these lengthy calculations, based, among other things, on statistical regression analysis, that makes it take so long to complete the audit.

I think the second point you made, that we are not doing a value-for-money audit in the full sense of the word, is perhaps fair comment. I think that in my response earlier . . . I was recognizing that this is, perhaps, a hazy area, and I think we should go back to consider this in conjunction with Transport Canada to try to clarify this area that you have quite correctly identified.

The senator said:

So the answer is that there really is no protection for VIA from the management decisions of CN and CP. VIA is completely at the mercy of those decisions.

Then we received the following answer from a senior official of the CTC:

I should like to make a comment here. We assume that Frank Roberts knows something about railroading, the costs of railroading and the management of railroading because he has had years and years of experience in it. I think that the point should be made that there should be some ability on the part of the management of VIA Rail itself to know whether it is being taken or whether it is not being taken in connection with charges.

It is difficult for me to say anything more than that about it, but surely there should be some managerial skill involved in VIA Rail itself to protect their own interest. They do negotiate the contracts.

Then there was a further question by a member of the committee, which was as follows:

No matter how much expertise the management of VIA has, it would appear to me that unless they are in a position to have somebody—themselves, I am sure, they would like to have, but certainly an outside independent auditing agency—look at the process by which management of CN and CP come to their charging decisions, the amount of expertise Frank Roberts has is irrelevant. VIA is not in a position of saying: “We do not like the charges of CN and CP; we are going across the street to buy from another supplier tomorrow.” They will have to use that system whether they think the charges are fair or not. Obviously, they will try to get the cheapest rates they can, but unless somebody is in a position to say that they are getting value for money, or are not getting value for money, they are very much at the mercy of the management decisions of the two companies which are their only source of equipment or supply and on whom they depend in a way for their existence. They are completely locked in, as a senator has said.

It would seem to me that one of the basic and most important functions of the CTC audit would be to see that VIA, and through VIA, the people who use the service, get value for their money.

I should now like to refer to the proceedings of March 4, 1982, issue No. 23, beginning at page 29. There was the following question put to one of the senior officials of the CTC, who was again a witness before the committee:

I recall that one of the questions raised at a previous meeting of this committee—and I think you were here at the time—was whether your audit actually examined the billings to determine whether there was good value given for the charges actually made for the various items charged to VIA by the railways. Do you have any comment on that?

The answer was as follows:

Yes, Mr. Chairman, this question was indeed raised earlier. The audit essentially is a fiduciary type of audit ensuring that what the railways were charging VIA are costs that have been actually incurred. It is not a management-type audit, a comprehensive-type audit, to try to determine the efficiency and effectiveness of VIA's operations.

In other words, as we go into the question of examining charges made for back-shopping and general equipment repairs, we will certify that the charges were made, that the work was carried out, and we check time sheets and so forth to make sure of that. We are not, however, certifying that the work was necessary for the effective operation of VIA, which I think is essentially the concept that you are advancing.

If we were to do that, we would effectively be doing a management audit of VIA itself, and we do not appear to have any mandate to do that.

The question was asked:

Do you know whether anybody is actually doing that?

[Senator Smith.]

The witness answered:

I am not aware of that. In the course of our investigations in the United States, we visited the U.S. General Office of Accounting, and they do in fact comprehensive audits of Amtrack, examining the efficiency and effectiveness of management. I am not aware that this has been done in respect of VIA as yet, but I could be incorrect in that statement.

Another question was asked:

Under the law as it now stands, are you saying that no one is empowered or has the authority to do that, except, of course, VIA itself?

The answer was as follows:

I am not absolutely sure on that, but, if we were to do that, we would need, presumably, a direction from the Minister of Transport to do that type of audit, and this is not the direction we have at the moment. In addition, we have never done that type of audit. That does not mean that we would not necessarily have the ability to be able to undertake that. I am not sure that we have the resources, but I believe we would probably have the competence.

In another reply he said:

—if you are asking whether I think a comprehensive audit of the management type of that nature is necessary, I believe yes, that it is necessary in every type of organization. We in the Canadian Transport Commission have been subjected to this type of audit by the Auditor General, and while we may not have liked it, and we may have disagreed with some of his findings, I believe that, in principle, comprehensive audits are necessary, yes.

Then there was a further response by the senior legal counsel of the CTC which was as follows:

Mr. Chairman, may I add that I believe that the Government of Canada can pass regulations with respect to VIA that could include a power to conduct such a management audit of VIA by the Government of Canada or an agent acting on its behalf, since VIA is essentially dependent upon the public treasury for any shortfall. I do not know of any such regulations that have been passed, but I certainly would agree that I do not think that at the moment the Canadian Transport Commission enjoys any power to conduct such an audit.

In those very words it must be clear to all who read the proceedings or who listened to the testimony that the kind of audit the Canadian Transport Commission carries out and, presumably, the only audit it is authorized to carry out, of charges made by CN and CP has nothing whatever to do with value received for money expended by VIA. Therefore, it has nothing to do with value received by the public for the money it is compelled to pay to meet the losses sustained by VIA.

• (1550)

It seems to us, then, that whatever one may say about other phases of the relationship between VIA, the government, the

public, and the other two main railways, it is absolutely essential that the kind of audit which deals with the value of service obtained for the money spent is the kind of audit that must be established legislatively, so that there can be no doubt about the competence of the CTC, or whoever may be authorized by legislation to carry it out. That is the only way to ensure that the money which VIA—and therefore the public—is forced to pay to CN and CP does not simply go to augment the profits of CN and CP. That would simply be another way of paying a sort of subsidy to them in relation to rail passenger service, which they do not even carry out.

I have emphasized this question of the audit because of its importance, and because it is rather clear from the response of the minister, which was given to us by the Leader of the Government the other day, that the actual nature of the audit was not fully dealt with by that response. It is important that

the audit be taken very carefully into consideration in the matter of the legislation which is either under consideration now or will be under consideration when the minister issues the discussion paper which he mentioned in his response.

I thank honourable senators for their patience in listening to what must have been my rather dull attempt to deal with this extremely important question. Once again, I wish to express the view that, if VIA Rail is given the proper legislative framework within which to work, as well as reasonable sympathy and attention by all concerned, it can do what I think must be done as the country develops—that is, provide a good and reliable rail passenger transportation system for all major parts of the country.

The Hon. the Speaker: As no other honourable senator wishes to participate, this order is considered debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, July 22, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving budgets of the following committees:

Banking, Trade and Commerce;

Foreign Affairs.

(*For text of reports, see today's Minutes of the Proceedings of the Senate.*)

[Translation]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Tuesday next, July 27, 1982, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I think the Deputy Leader of the Government should let us know whether he has any information on the summer recess for this session, which started two years and three months ago. We do not know when we are going to adjourn for the summer, and it is already the end of July. Furthermore—

[English]

Hon. W. M. Benidickson: Well, you are in the best position to answer that question.

Senator Flynn: Senator Benidickson, may grumble, but surely he must realize what has happened. The government is guilty of gross mismanagement. Bills C-124 and C-125 have just been introduced, and they arise out of a budget brought in to cover up a previous disaster.

Senator Benidickson: I meant no offence, but only that you would probably be the most knowledgeable. I was not complaining with respect to the question.

Senator Flynn: If you accept what I just told you as proof of what you said, that is fine with me.

The other point I want to make to the deputy leader is that there is no legislation before the Senate, with the exception of two private bills, namely, the Canada Day bill—I understand that the deputy leader will confirm that that is not a government bill, and that the government is not considering it as such—and the bill introduced by Senator Williams concerning Indian-Inuit Week and Inuit-Indian Day. We have no assurance that the bills that were referred to yesterday, namely, and more specifically, Bill C-124 and Bill C-125, will reach us next week.

As the situation is today, Bill C-124 is in committee, and my information is that it is going to be in committee all of next week. With regard to Bill C-125, the government has indicated that it will move a motion for time allocation, which would cause the vote on second reading to be taken on Monday night. Therefore the bill, following the vote on second reading, will go to committee. I understand it is going to a standing committee and not a committee of the whole. One way or the other it does not seem that the bill will reach us until late next week, if then.

• (1410)

My suggestion is that we should adjourn until some time the following week, subject, of course, to recall. If the Deputy Leader of the Government hears that there is agreement in the other place to adjourn for the summer, we could always be recalled. That would give Senator Denis an opportunity to take a few days of rest.

Hon. Azellus Denis: You and your funny jokes—we need plenty of rest from them.

Senator Flynn: When I make jokes I try to make them funny, but you never do.

Senator Denis: Hard worker!

Senator Flynn: Seriously, I was hoping that in the end Senator Denis would smile, because he knows how to smile occasionally. When he is rested he can smile.

Senator Denis: Very funny!

Senator Flynn: You have tried very often to be funny, but without success. Why are you jealous?

Senator Denis: You are either phony or funny. You have a choice.

Senator Flynn: *Hansard* will show that Senator Denis intervened in the debate.

Hon. Raymond J. Perrault (Leader of the Government): Oh, oh!

Senator Denis: Keep on joking.

Senator Flynn: Keep on intervening.

That is one of the best interventions and contributions that Senator Denis has made for months. Senator Denis does know how to smile.

My question is: Why should we come back next week rather than the week after in view of the situation in the other place?

Senator Frith: Honourable senators, following what I said yesterday as the reason for our returning next week, the situation respecting the two main bills arising out of the June budget—that is, Bill C-124 and C-125—is essentially the same as it was at that time and as described by Senator Flynn, except that I know that negotiations are taking place in the other place, and I am advised by colleagues in the Cabinet that those negotiations look promising. Therefore, there is quite a good chance that we could get both of those bills next week. Even in that event, of course, we could be recalled.

However, the situation regarding Bill C-201, to amend the Holidays Act, is not precisely as described by Senator Flynn. It is a private member's public bill, and the motion for second reading will be moved later today by Senator Bird. The government is supporting that private member's bill and wants it passed in its present form before the summer adjournment. I wish that to be very clear and unambiguous. The government is supporting this private member's public bill and wishes it passed in its present form before the summer adjournment. I am not giving an opinion; I am making a statement of the government's position. When we reach the debate stage, I am sure that Senator McIlraith, Senator Murray—

An Hon. Senator: Senator Doody.

Senator Frith:—Senator Doody, Senator Marshall, Senator Lang—anyone else?

An Hon. Senator: Senator Everett.

Senator Frith: Senator Everett, Senator Hicks—keep them coming.

An Hon. Senator: Senator Manning.

Senator Frith: Senator Manning—

Senator Flynn: Senator Denis.

Senator Frith:—Senator McGrand, Senator Roblin, Senator Smith, Senator Walker—

Hon. Martial Asselin: Dispense.

Hon. Douglas D. Everett: Question.

Hon. Jack Marshall: Senator Graham.

Senator Frith: So now I want to thank each one of those honourable senators, whose names I have just mentioned, for demonstrating why we have to sit next week.

Some Hon. Senators: Oh, oh!

● (1415)

Hon. George J. McIlraith: Honourable senators, I ask the deputy leader whether he will consider his position. We are not

being brought back to deal with public business that is of a very important nature. The present indication from the Deputy Leader of the Government is that there are negotiations in progress which will lead us to knowing when we might expect those two budget bills. If that is so, why are we being brought back on the possibility of an agreement being reached, rather than using the other very good and former frequently used practice in this place of adjourning to a date in the future with the sure and certain knowledge that if any agreement is reached indicating that either bill is, or both are, to be sent here we will be recalled to deal with them at that time. Surely the remarks of the Deputy Leader of the Government indicate the very reason why we should use the other practice that we so frequently use with respect to adjournments.

Senator Marshall: Now, that is common sense.

Senator Frith: Honourable senators, as to the likelihood of an agreement on Bill C-124 and Bill C-125, my position and the position of the government is that it is a good thing for the Senate to be here ready to deal with those bills and, if we are here, it will hasten the adjournment.

As to the other question of whether the Holidays Act amending bill is a matter of public business, I think Senator McIlraith knows that it is a private member's public bill. I can only say that I do not share Senator McIlraith's apparent opinion that this is not a matter of public business. I think that—

Senator McIlraith: Government business.

Senator Frith: That is different. You did not say that; you said "public." It seems to me that it is also a matter of public business that there has been some considerable discussion about the amount of time that was given to debating that bill in the other place.

I believe the Senate should be here for the first reason—that is, to deal with Bills C-124 and C-125, if necessary—and, therefore, with the possibility of an adjournment earlier than now looks possible, and so that all honourable senators have a full opportunity to debate Bill C-201.

Senator Flynn: There is nothing in it.

Senator Frith: I think we should debate it next week. I simply want to make my position clear. I do not expect everybody to agree, but is the position, and that is why we are asking that the Senate reconvene next week. I believe there is plenty of public business for us to deal with next week.

Senator Flynn: Would you call us back for Bill S-28, which is also a matter of public interest?

Senator Frith: Not that bill alone.

Senator Perrault: Honourable senators, the Deputy Leader of the Government has stated the position of the government extremely well. I would point out that there are a number of other important measures now before Parliament.

Senator Asselin: Name them.

Senator Perrault: For example, there is the urea formaldehyde bill, which will affect thousands of people in the province

of Quebec and across the country, the ports legislation and the legislation regarding Canagrex. There are a number of important measures. The Senate has authorized pre-studies of certain of these bills. There is work to be done by the committees next week. There is the possibility, as a result of a very amicable meeting held this morning, of certain legislation coming to us next week. I suggest that the problems in the country today certainly warrant—

Senator Flynn: A change in government.

Senator Perrault: —having the Senate sitting next week to deal with important legislation. I do not want any honourable senator to be under the illusion that the only reason for sitting next week is that we shall then be able to debate the motion for the second reading of Bill C-201, because there is the potential for much more legislation than, in addition to the pre-studies which have been authorized by the Senate.

● (1420)

Senator McIlraith: Honourable senators, I should like to direct to the Deputy Leader of the Government a question arising out of his remarks about the private member's public bill concerning the July 1 holiday. Why is the government so anxious to have this bill passed now—what is the urgency—bearing in mind that next July 1 is something like eleven and one-third months away?

Senator Marshall: Good point.

Senator McIlraith: Surely we should deal with legislation according to the importance of its subject matter, with decency and dignity and without undue haste.

Some Hon. Senators: Hear, hear.

Senator Frith: Honourable senators, in answer to that question, which is a good one, I would say that the position will be made clear during the debate on the bill.

Hon. Duff Roblin (Deputy Leader of the Opposition): They are all good questions.

Senator Frith: Frankly, I doubt that this is the right time for me to enter into a discussion on that, because, first, this is not the time to enter into debate on that bill, and, second, the question is important for that debate. As I understood the question, it was why the bill should be passed in its present form at this time, when, as Senator McIlraith says, the next time the date concerned will arrive is over 11 months away.

I suggest that it would be more appropriate for me to give an answer to that question during the debate on the bill than to give it at this time.

Hon. G. I. Smith: Especially if you do not have an answer.

Senator Frith: I do have one.

Senator Smith: This gives you time to think it up.

Senator Frith: No, that is not so, although I don't blame you for saying so, because, in your place, I would take that shot, too, but it just does not happen to be true.

[Senator Perrault.]

Hon. H. A. Olson (Minister of State for Economic Development): That has never bothered Senator Smith before.

Senator Frith: On the non-debatable motion for adjournment which we are talking about—

Senator Flynn: No, this is debatable.

Senator Frith: All right. In any event, it is appropriate for us to discuss why we are asking honourable senators to come back, and I have no quarrel with the fact that that question has been raised or that honourable senators have intervened on the subject.

Senator Roblin: Well, of course not; it is debatable.

Senator Frith: I admit that, if that helps. In any event, there it is.

Hon. David Walker: The honourable senator is now talking with his hands while he is sitting in his place. I suggest that he look in the gallery. He will see the greatest of all senators sitting there.

Some Hon. Senators: Hear, hear.

Senator Walker: Ask him what he thinks. He has already expressed his views in the press.

Senator Marshall: Bring him downstairs.

Senator Walker: Who are you, Senator Frith, to make a pronouncement on the greatest trick ever perpetrated in the House of Commons? It was shocking.

Senator Frith: I beg your pardon?

Senator Walker: Can't you hear me? I'll come over and talk directly to you.

Senator Olson: Stay in your place.

Senator Walker: I'll look after myself.

Senator Olson: I'll take care of you.

Senator Walker: I thought that if I came over and stood on your side and addressed my remarks directly to you, you might hear me better, Senator Frith, and I want to make sure you hear me because this is an important issue.

My people came to Canada to fight in the War of 1812. One of them was an officer in Brock's army. We feel very deeply about this matter. Whatever your correspondence might be, mine is overwhelmingly in favour of having this matter properly decided and adjudicated. It is almost criminal to take rules of Parliament and abort them in the way it was done in the House of Commons.

I realize you are not responsible for that. You were not there. In fact, there was not even a quorum. Only 13 members were present. No step was taken to correct that situation and the bill went through. Imagine—thirteen out of a house of 282.

Some Hon. Senators: Shame!

Senator Walker: It is shocking. There was no opportunity for members to express themselves because they were not there ready to express themselves.

That action was probably planned. It looks as if it was. A trick was played and the House of Commons put the thing through. Now it seems that you propose to continue the trickery by putting it through the Senate—dragooning your own side in order to put it through the Senate.

Senator Frith: Honourable senators, I rise on a point of order. Let me say at once that I am looking forward to hearing Senator Walker's intervention in the debate on this bill, but the matter concerning us now is a motion to adjourn until Tuesday next at 8 o'clock in the evening.

I certainly do not want Senator Walker to feel that we are not all anxiously awaiting the elaboration of what he has already said concerning his position on Bill C-201. However, at the moment I believe he is entering into debate on that bill rather than talking on the adjournment motion.

Senator Walker: I do not intend to do that, but I do intend to make it quite clear that we have between now and the end of the week to go into and decide this question of Bill C-201. So why not do that today? Why not do it now? Why wait until we are not here? Why wait until you will have an opportunity to pull another trick on us?

An. Hon. Senator: No one is pulling any tricks.

Senator Walker: As far as my friend with the whiskers is concerned, my friend on the other side, nobody needs to pay any attention to him.

● (1425)

Senator Frith: I would be interested in the reaction of honourable senators to Senator Walker's suggestion.

An Hon. Senator: Let us have a vote on it.

Senator Frith: I can withdraw my motion and we shall sit tomorrow at 2 o'clock. Then, if everyone has had a chance to debate it, we shall come back again on Monday, Tuesday, or whenever.

Senator Flynn: You cannot withdraw your motion.

Senator Frith: Unless I get leave—

Senator Flynn: You have not been given leave.

Senator Frith: Senator Flynn will have noticed that I prefaced this intervention by saying that I would be interested in hearing senators' views on this subject—which, of course, is asking for leave. If leave is not granted, my motion stands and we shall vote on it.

Senator Olson: If we defeat the motion, then we shall come back tomorrow.

Senator Everett: The deputy leader has stated that he wishes to have the fullest possible debate on Bill C-201. Would he agree that we could possibly debate it next week and vote on it the following week?

Senator Frith: I think that and many other possibilities exist. It would be acceptable to vote on it next week, providing every senator who wants to speak on it has an opportunity to do so. I hope we will have more than one speaker per day on the bill so that we can give everyone a full opportunity to

participate. As I have already said, it would be desirable that as many senators as possible have an opportunity to speak on it.

Senator Everett: The deputy leader has said that he hopes it will be voted on next week. I am asking him if it is his feeling that it could be debated next week and voted upon the following week. Is that a possibility within his schedule?

Senator Frith: Yes, that is a possibility.

Hon. George van Rогgen: I ask the Leader of the Government in the Senate if the government leadership is agreed that this bill will be referred to committee for proper consideration and the taking of evidence.

In answer to some correspondence I told people interested in this matter that I was sure that, when the bill came to the Senate, it would be properly dealt with in committee, where representations could be made both pro and con. I hope I have not been incorrect in stating that in my correspondence.

Senator Perrault: Honourable senators, I would not attempt to anticipate the actions or the will of the Senate. We should await the second reading debate and then determine, in discussions with the Leader of the Opposition, whether it is appropriate to refer the bill to committee.

Senator Roblin: It will certainly go to committee; there is no doubt about that.

Motion agreed to.

HOLIDAYS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Florence B. Bird moved the second reading of Bill C-201, to amend the Holidays Act.

She said: Honourable senators, Bill C-201 proposes to change the official title of the July 1 holiday from "Dominion Day" to "Canada Day".

● (1430)

At the outset, let us understand clearly what this bill does not purport to do. It proposes no changes in our form of government. It proposes no change in the name of our country.

I am sure many of you have read a recent letter to the *Globe and Mail* by our former colleague, the Honourable Eugene Forsey. He is a recognized authority on the Constitution, and he is distressed about this bill. He says that in the Constitution Act, 1982, "Dominion" is clearly set forth as the official title of our country. He goes on to say that it would be impossible to change it without a constitutional amendment. As usual, he is quite right.

Furthermore, Canada is, of course, a constitutional monarchy, and that fact is also entrenched in our Constitution.

What we are talking about today is our national day, and whether it should be officially designated as "Canada Day". This change would not, of course, require an amendment to the Constitution. It is something that Parliament has the

power to do and should do as a public symbol of our evolution from colony to nation.

Honourable senators, history is not a stagnant pool. Canada's history is like the St. Lawrence River, which is fed by the Great Lakes, by the Gatineau, by the Rideau, by the Saguenay, and by many other lakes and streams. It keeps on moving along, ever changing, ever growing in depth and power. Over the years, many changes have taken place in Canada's political history.

All of us know that in 1867, a former French colony, La Nouvelle France, had become part of a British colony that joined two other British colonies in a union of four provinces called the Dominion of Canada. The name was chosen, at the insistence of the British Foreign Office, in preference to the word "Kingdom" that our Fathers of Confederation had used in their draft of the bill. The Dominion of Canada was a British dominion, authorized by the British North America Act, an act of the Parliament of Britain.

In those days, Canada was still in what might be called an adolescent stage of nationhood. Its final Court of Appeal was at Westminster; it could not change its Constitution without the permission of the British Parliament; its foreign policy was designed by the British Foreign Office; and Britain was responsible for its defence. Later the title "Dominion" was adopted by other federations of British colonies—by Australia, New Zealand and South Africa. As history flowed on, Canada and the others came of age.

Hon. Martial Asselin: What about Newfoundland?

Senator Bird: Yes, of course, as well as the other provinces.

In 1931, the Statute of Westminster, another act of the Parliament of Britain, made Britain and the Dominions equal in status as members of the Commonwealth.

Up until this year, however, Canada was the only one of the Dominions which still, by its own choice, had to go to Westminster in order to change its Constitution. In 1982 an act of the Parliament of Britain made Canada a completely independent country.

There have also been changes in names and titles in order to conform with the changes in Canada's political status.

When George V assumed the Throne he was styled: "George the Fifth, by the Grace of God, of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, King, Defender of the Faith, Emperor of India." No royal style and title mentions "the British Dominions Beyond the Seas" prior to the Royal Proclamation of November 4, 1901. What it did was to sanction a convention that had been accepted after 1867 as the description of not only Canada but the other Dominions also.

The present title of the monarch owes its wording to the Commonwealth Conference of 1952 where, among other things, the Commonwealth's heads of state "recognized that the present titles are not in accord with current constitutional relations within the Commonwealth". The form they proposed in 1952 allowed each country in the Commonwealth to use a form suited to its own particular circumstances, for its own

purposes and which included an appropriate territorial designation, but which, in addition, kept as its common element a description of the sovereign as "Queen of Her other Realms and Territories and Head of the Commonwealth".

The form proposed for Canada was "Elizabeth the Second, by the Grace of God of the United Kingdom, Canada and Her other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith". It was adopted by the Parliament of Canada in 1953 when Bill 102, respecting the Royal Style and Titles, was assented to.

● (1435)

Bill C-201 is, therefore, following a precedent with regard to changes in titles that was established 29 years ago, when Parliament changed the title of the sovereign.

Honourable senators, changing the name of our national day cannot, in any way, deprive us of the great heritage that has come to us from Britain. It is one of the great rivers that flows into the stream of our history. It is like the blood in our veins.

Canada's form of parliamentary government was inspired by the mother of parliaments. The common law used in nine of the provinces and in both territories is based on the common law of England. The rights of *habeas corpus*, of trial by jury, of freedom of speech, have come to us from Britain. We are still a monarchy and the monarchy is entrenched in our Constitution.

All this bill does is recognizing the fact that on July 1 we will be celebrating the national day of Canada as a completely independent country.

In his letter, the Honourable Eugene Forsey says that the official French translation of "dominion" is "puissance," which means "power".

[Translation]

For a long time now the people of Quebec have been celebrating Canada Day, not Dominion Day. I believe they are quite right.

[English]

Who on earth would want to wave a flag and cheer on "puissance" or "power" day? I remind honourable senators that the title of our national anthem is "O Canada," not "O Dominion"—and not "O Puissance," and that the oath that most of us took in this house was an oath of allegiance to the Queen of Canada, not to the Queen of the British Dominion beyond the Seas. I would also remind honourable senators that the statute passed by the Parliament at Westminster, which gave validity to the Constitution Act, 1982, is entitled: "The Canada Act."

I ask you, honourable senators: Do you think that the men who fought in two world wars were fighting for dominion—

Hon. Jack Marshall: Yes.

Senator Bird: —or for puissance, or do you think they were fighting for Canada? Those men wore proudly the word "Canada" on their shoulder patches.

Some Hon. Senators: Hear, hear!

Senator Bird: I think, honourable senators, that those who died had the word "Canada" engraved on their hearts.

Honourable senators, our sister dominion, Australia, calls its national day "Australia Day." Perhaps the people of the antipodes had less of an inferiority complex than we had because they severed their last legal tie to Britain—though not, of course, to the Commonwealth—earlier than we did. Now, at last, in the year 1982, we have achieved full nationhood. The days of our so-called inferiority complex are over. We know our own identity.

Honourable senators, Canada is a great country, a beautiful country. People have come from every corner of the earth to build and to defend this country. We are proud of our achievement. We are proud of Canada, and on July 1 we should know our gratitude to this great country, and the love that we have for it, by celebrating Canada Day.

Hon. George J. McIlraith: Honourable senators, I wish to speak on this bill, and I am prepared either to do so now or to adjourn the debate, whichever honourable senators wish.

Some Hon. Senators: Proceed.

Senator McIlraith: Honourable senators, I am very interested in this bill. Its sponsor in the Senate is really sponsoring a private member's bill that has come to us from the other place. It is a private member's bill proposing to amend a public bill—namely, the Holidays Act. The purport of the amendment is what the honourable senator dealt with in an able, eloquent, literary style which, with great deference, is completely irrelevant to the points I wish to raise in the debate by way of objection to the bill.

In other words, honourable senators, "Dominion Day" has been the correctly identified designation of the holiday we have celebrated as our national holiday since Confederation. I want to deal with that at some length a little later on in my remarks, but what is proposed in this bill is the change of that designation to "Canada Day". It may well be that we have developed to that point in our history where "Canada Day" would be a better designation for that date. At the very outset of my remarks, I want to make it clear that I have no objection whatever to the designation of the July 1 national holiday as "Canada Day".

● (1440)

I am grateful to the sponsor of the bill who spoke with much greater eloquence than I can on it, and I thank her for her references to our constitutional development through the years. I hope that, as a lively and energetic country, we will continue to develop for many years to come, but the very point I wish to make arises out of that. I think we should do it in a way that will make us an even greater country in the decades ahead than we have been in the more than a century that has passed since 1867. We did not achieve the status, or the progressive improvements in our status, that the sponsor mentioned, by conducting ourselves in the way we are seeking to conduct ourselves with regard to this proposed change by means of this private member's bill. Canadians can be rightfully proud of the manner in which we achieved that status.

If the honourable senator will take the time to recall the Imperial Conferences of 1926 through 1930, culminating in

the Statute of Westminster, which was the final confirmation of our full and complete independence, and to read the debates of both houses of Parliament on the Statute of Westminster, she will come to realize the importance of proceeding correctly in such matters.

In the recent debate on the Constitution assertions were made on that subject that are not historically correct, and we started out with a procedure on the Constitution address that was not in keeping with the best traditions of this country. We started out with a procedure that was found by the courts—

Senator Asselin: You voted in favour of it.

Senator McIlraith: The honourable senator is quite wrong. We started out in a way that was not in keeping with the tradition of conduct of the Parliament of this country in either house. By virtue of debate and pointing out the errors in that method of proceeding, we were able to get the matter referred to the Supreme Court of Canada and our procedures set on a correct course with the provinces being consulted. The litigation launched by the provinces was allowed to be heard by the Supreme Court of Canada. After the Supreme Court had delivered its judgments, whether one like them or not, the government consulted with the provinces before legislating in the area having to do with the sovereignty of the provinces, and amendments were made to the Constitution Bill. The importance of that was that, in the final analysis, we did proceed correctly, although there are many views on the procedure we initially adopted before ultimately adopting the one that allowed us to achieve that final result. I am one of those who believe that that is why our Constitution will be respected.

I want to make my position clear as to what is wrong with this bill. Frankly, I think it is a horrible little bill. Technically, there are many things wrong with it, but, theoretically, those could be corrected in committee.

There are many people in this country, whose ancestors were here in 1830s, and who took part in a rebellion to achieve self-government. There was very real feeling abroad. There are Canadians whose ancestors were in that struggle, and who, through that struggle, achieved a lot of reform.

I could describe what happened following the 1837 episode and the British Commission that came to investigate the trouble in the colony and the changes resulting in the Act of Union between Upper and Lower Canada, and so on. I could describe the history of the Rebellion Losses Bill of 1849 resulting from the rebellion in Montreal when the Parliament Buildings were burned, and what that meant by way of achievement of responsible government in Lord Elgin's day. The people had more say in governing themselves by making their government, which was still a colonial government, more answerable to them than it had been to that time.

These developments culminated in the four provinces—New Brunswick, Nova Scotia, Upper Canada and Lower Canada—coming together. After three years or so of eloquent debate and discussion, these intelligent, far-sighted gentlemen succeeded in arriving at a set of resolutions to form a country. What was it they succeeded in doing? By the statute called the

British North America Act, they succeeded in having the imperial authority relinquish its control and government of the colonies. What did they do with that power when they relinquished it? They did not just throw it into the air and abdicate. Through the B.N.A. Act they provided that those colonists should henceforth govern themselves and have dominion over themselves through their federal Parliament, as set out in section 17 of that act, and through their provincial legislatures.

That was what the Dominion was all about. To celebrate that great day of achieving the right of self-government—something that surely all people in Parliament today value and respect—they called the national day, July 1, which was the day the measure came into effect, Dominion Day. Those far-sighted people who had fought to bring us to that point in the struggle for self-government, and their successors, have, through all those decades, celebrated as Dominion Day the day upon which they achieved the right to govern themselves. Certainly, our great national holiday, brought about in that way, is worthy of better handling than it is sought to give it here today.

If each one of you will take the trouble to recall how you have celebrated July 1 in the past, I think you will agree with me that on that day there were three obvious things. First, no matter what form the celebration took, or whether you were in a town, a village or a city, it was a happy holiday. The people celebrating it were a happy people, with dignity and pride in themselves. Secondly, there was quite a bit of emotional feeling about the day. You did not have to be very bright to discern that. Thirdly, they were proud of their country. That is the history of Dominion Day.

● (1450)

A long time has passed since 1867. Canada has welcomed many tens of thousands of immigrants who have come here to become citizens of Canada and share their lives with us. It may well be that we ought to change the name of this holiday to Canada Day, and I have no objection whatever to that.

Let us just see, however, what we are being asked to do. Before July 9 there were two bills on this subject before the other house. What were those two bills? One of them was Bill C-37, introduced in the House of Commons by the Secretary of State of Canada for first reading in this session some two years ago. Why it was not proceeded with I do not know. As a matter of fact, it is none of my business. Neither do I know why the session has lasted so long since then.

Bill C-37 seeks to change the name of the July 1 holiday from Dominion Day to Canada Day. It has that much in common with the private member's bill that is before us today. In addition to the mere change of name there are some consequential amendments that provide for certain things that are required to be done in order to make the change in name effective, and to obviate the litigation that may follow if such changes are not carried out in, for instance, the Bills of Exchange Act. If any of you have been confronted with the more technical aspects of that legislation, dealing with notes and drafts, you will at once see the significance of such provisions. There are other provisions of lesser consequence dealing with changes to the Labour Code, the Interpretation

Act, and so on. In other words, Bill C-37 was a bill that was properly drafted for the purpose of dealing with the subject matter contained therein.

Now we come to the present inadequate bill, and although I do not have the date of the first reading, there is no doubt that it was presented only very recently as a private member's bill in the other place. Whether it is proper to introduce a private member's bill when there is a public bill on the order paper at the same time, dealing with the same subject, is a point that I do not propose to argue now, although I have done so, and I believe successfully, in the past.

However that may be, as a part of the Parliament of Canada we have a responsibility. We are being asked to deal with legislation here that is of great emotional interest to all of our population. The matter is quite important and is of national significance. With this in mind, it would be just as well to look at the record of proceedings in the other place, and that we are entitled to do. *House of Commons Debates* for Friday, July 9, 1982, at page 19201, deals with private members' hour. It is entitled, "Private Members' Public Bills." Just above that title, you will see the figure "(1600)". That refers to the time of day. Remember that this is the official report of the proceedings of the House of Commons, so we must take cognizance of that fact. The Deputy Speaker dealt first with the other orders on the order paper. Then this bill was brought forward, and Mr. Hal Herbert (Vaudreuil) moved that Bill C-201, to amend the Holidays Act, be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

The Deputy Speaker then asked if it was the pleasure of the house to adopt the motion. There was a discussion on a point of order as to whether or not they wished to deal with the bill in Committee of the Whole, which is exclusively their business. The bill was then called, was given second reading—

Senator Benidickson: The Deputy Speaker put the question?

Senator McIlraith: Yes. The motion was agreed to and he put the question. Then it went into Committee of the Whole. In Committee of the Whole, the clauses and the preamble were called in the usual order and were agreed to. Then the bill was read the third time and passed.

After this there followed a discussion as to whether or not they could say that the clock read 5 o'clock, that being the hour for adjournment. That discussion was very brief, but I just want to get the exact language here. There was some discussion about giving up the right to do other business in the next fifty-five minutes of the private members' hour. Then the discussion as to time, and so on, took place. They then agreed that the house would adjourn. After agreement that the house would adjourn, the house did so in fact and the official report says:

At 4.05 p.m. the House adjourned without question put, pursuant to standing order.

I ask each one of you if you seriously think that a proposition of as much significance to the people of Canada as this one should be rushed through by us in the dying days of a

session, which most of us thought would end some two weeks ago, without anybody who may have ideas on this subject being heard either here or in the other place? I even wonder if we should deal with this inadequate bill at all. I suggest, however, and I suggest this most firmly to the government, that they consider proceeding in a different way. I suggest that they proceed in what I would regard as a more—I hardly know what adjective to use—dignified way—and I am trying to be gentle in using only that word, I suggest that they have a minister of the Crown present to the House of Commons or to the Senate the government bill which deals with this subject properly. I would hope that it would be to the Senate, because that is where I think it should originate, since either money nor expenditures are involved. Then, once it is given second reading, a committee of the Senate should hear any associations or individuals who may wish to be heard on the matter, after which the bill could be reported out of committee and, if desired, passed.

I spoke a moment ago about our expectations with regard to the adjournment of this session, and I have mentioned in my remarks how long it has already gone on. I think any objective person would agree that it has been much too long. In any event, we are at the point where we are seeking adjournment of this much-too-long session, in the reasonable expectation that a new session will commence—I cannot say when, but probably, early in October. Then, not this bill but a properly drafted bill should be presented to the Senate. I am sure it could be dealt with expeditiously. It could be sent to committee, and the committee could hear such bodies as may wish to be heard. There may be none, but I have learned that it is important that public bodies be heard if they wish to make representations to Parliament, and that the committee procedure is the way to do it. The bill could then be reported back to the Senate, passed and sent to the other place, where they have already indicated by their vote on this bill that they would adopt such a bill without any loss of time.

● (1500)

I respectfully suggest that our best procedure now is not necessarily to defeat the bill—although I will not accept it in its present form because I do not think it is worthy of the occasion. To me, it just does not dignify the occasion sufficiently when dealing with our great national holiday. Rather, we should not call it again for debate, but should let it die on the Order Paper. Then, in the new session, the government should bring forward the correct bill and let us deal with it quickly.

I may not have made myself clear, in connection with some earlier questions today on procedure, when I tried to get from the Deputy Leader of the Government an answer as to whether or not there had been real consideration of the matter by the government. I suspect not, and that it merely considered the question of having the name changed.

As I have already indicated, we have eleven and one-third months in which to deal with such a bill with decency and dignity, and I ask the minister of the Crown now present in the Senate, and the three who have just left the chamber, to take

up with the government the question of proceeding in the way I have indicated, or in some other way that would do justice to the occasion.

Honourable senators, I wish to thank you for hearing me so patiently on this subject, but I feel strongly that it is one that deserves our careful attention.

Hon. Robert Muir: Would the distinguished senator permit a question for clarification and my edification? I listened carefully to what he said.

I should point out that according to *House of Commons Debates* for Friday, July 9, 1982:

MR. HAL HERBERT (VAUDREUIL) moved that Bill C-201, to amend the Holidays Act, be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

That motion was agreed to—that is, that the bill should be referred to that committee.

Would the honourable senator explain to me why the bill is now before the Senate and is not before the committee that is referred to in the Commons motion? Is that not what they voted on, that it be referred to a committee?

Senator McIlraith: In answer to the honourable senator's question, I am not sure that I can be helpful. I do not wish to get into a discussion of the internal procedure in the other place—I do not consider it proper to do so here—but may I draw the honourable senator's attention to part of the debate in the other place? It is reported as follows:

MR. SMITH: I rise on a point of order. Perhaps we could seek the unanimous consent of the House to see if this matter could be dealt with in Committee of the Whole so that we could deal with all stages of this bill today, as it seems to be meeting with the approval of the House.

MR. DEPUTY SPEAKER: I started to declare that the motion was carried. The hon. member's point of order is a little premature, the Chair will now entertain the Parliamentary Secretary to the Privy Council (Mr. Smith) on his point of order.

MR. SMITH: Mr. Speaker, perhaps we could see whether the House would be disposed to give unanimous consent to this bill being dealt with in Committee of the Whole today.

MR. DEPUTY SPEAKER: Is there unanimous consent that the bill be considered in Committee of the Whole?

Is the hon. member for Mission-Port Moody (Mr. Rose) rising?

MR. ROSE: I am not rising, Mr. Speaker.

MR. DEPUTY SPEAKER: Is there unanimous consent?

SOME HON. MEMBERS: Agreed.

Motion agreed to, bill read the second time and the House went into committee thereon—Mr. Francis in the chair.

I believe that is the answer to the honourable senator's question. I believe it is clear.

Senator Muir: I know what the answer was, but I thought it was a good try.

Hon. Ernest C. Manning: Honourable senators, having regard to the seriousness of the conditions that prevail in our country today, I find it hard to believe that Parliament is being asked to deal with a bill of this kind at this time. A little over a year and a half ago, when Canada was slipping into the depression conditions that we now face, the public affairs of the country almost came to a standstill for months because of the government's obsession to proceed with its constitutional proposal. I am not minimizing the importance of that subject one iota, but, as I have said in this house before, it was an issue about which there was no significant public interest or demand, and yet the country was divided as it was never been divided before by the interjection of the constitutional issue at a time when the government's attention should have been directed to far more serious conditions that were developing and with which Canadians as a whole were deeply concerned.

After going through that exercise, with the hard feelings and alienation created by it, now that we are in the crisis situation which arose out of what was developing in the country at that time, we find that Parliament has to deal with an issue which has relationship to that former matter, which is highly emotional, and which, again, is the type of thing that creates serious divisions and alienation among Canadians. To me, it is almost unbelievable that the government would ask Parliament to proceed with this matter at this time.

Again, I am not minimizing the importance of this subject. As Senator McIlraith has rightly pointed out, this is a matter of statute and importance, but it is in a different realm altogether from the day-to-day economic worries of millions of Canadians. I am quite certain that the last thing that is on the minds of the 1,300,000 Canadians who are out of jobs, wondering how they are going to make the next mortgage payment, how they are going to provide for the education of their children and preserve their businesses, is whether July 1 should be called Canada Day, Dominion Day or anything else.

Honourable senators, I honestly feel—and I hope that you share this feeling—that the situation in this country today is so serious that under no circumstances should we be interjecting, in this house or the other place, issues which will again divide and alienate hundreds of thousands of our people, when it is so totally unnecessary.

Some Hon. Senators: Hear, hear.

Senator Manning: In times like these the public have the right to expect their government to set aside irrelevant matters and to concentrate on steps to deal with the great concerns that are in the minds of almost every Canadian today. As a symbolic gesture in that direction the government could at least let this bill die on the Order Paper. It is unfortunate that it ever appeared on the Order Paper, but the least the government can now do is indicate its intention to concentrate on matters that are more urgent and important in the minds of

the public, by letting the bill die on the Order Paper to be dealt with at a later time, in the manner which has been so clearly and ably outlined by Senator McIlraith.

• (1510)

If the government is unwilling to do that, then I appeal to honourable senators to defeat this bill for two reasons. The first one, dealt with so very ably by the Honourable Senator McIlraith, is that an issue of this kind should be dealt with in a dignified and appropriate manner. The form and manner in which this bill came to this house is objectionable, to say the least, and certainly should be beneath the dignity of Parliament when dealing with an issue of this kind. On previous occasions the government has proposed government bills to do this very thing. I think the record will show that they were not proceeded with in the other place because opposition to them was such that the government wisely did not want to make an issue out of the legislation. In this case, as has been outlined, the matter was sneaked through the other house without debate, with less than a quorum in the house, and it now turns up on the Order Paper of this chamber for sober second thought.

Anything of this importance coming to us in this manner should be rejected out of hand as being beneath the dignity of this assembly.

If this matter of changing the name of Dominion Day is of such tremendous importance and is something the public of Canada is clamouring for, there would have been no problem for the government to introduce a bill and have it passed through the house with overwhelming support. They knew that could not be done, which in itself is proof that this is not the kind of issue on which the public is either united or, under present conditions, is even deeply interested in. So, for that reason, the form of the bill and particularly the manner in which it came to this house, I suggest that it should be rejected. I agree completely with what was said by the speaker who preceded me, that if the bill is to be dealt with at all it should be dealt with in an appropriate and proper manner.

There is a second important reason why this bill should not be proceeded with. That is, while it serves no constructive purpose or meets no urgent national need, it wipes out one more part of Canada's heritage by abolishing, Dominion Day and all that name implies to millions of Canadians, and replaces it with a name that has absolutely no historic significance. I do not know of another country on earth—and this has been pointed out by others—that names its national birthday after itself. Has anybody ever heard of "France Day", "England Day", "Scotland Day"—

Hon. Maurice Lamontagne: What about "Australia Day"?

Senator Manning: —or "United States Day"? These names do not convey anything like what is conveyed in the historic name "Dominion Day," which was not forced on this country or even suggested to it by Great Britain, but was a suggestion that originated in Canada and met with immediate approval by the Fathers of Confederation—and very appropriately so.

One may ask, "What real difference does it make anyway?" We have to recognize that to many Canadians it would make a lot of difference. There are those who still cherish the heritage of the past in this country. Many, perhaps the majority who feel that way, are persons who were pioneers or are sons and daughters of those identified with the opening up of this country and whose memories go back to the early days of Canada's history. Heritage means a lot to those people, and why shouldn't it?

Those people will deeply resent what they will perceive, rightly or wrongly, as one more step by this government in a long series of deliberate steps to chip away at all those things which pertain to the rich heritage of this country's past. You may say that is not what they are doing, but I say to you, honourable senators, that you can travel across this country and everywhere you go, particularly in western Canada, you will find a very firm belief that this government has followed a persistent course of whittling away at almost everything that pertains to the rich heritage that we knew in this country in earlier days.

I say especially to the government: You have nothing worthwhile to gain by this action, but you have much to lose. If you are really concerned for the unity and future solidarity of this country, then do not go on doing these things which alienate and antagonize so many people. You can use your overwhelming majority to steamroller this ill-conceived bill into law, but what will you accomplish by doing so? You will have achieved nothing constructive and worthwhile. You will have angered and alienated another large group of Canadians who already deeply resent the government's sordid record in actions of this kind. I can tell you, whether you believe it or not, that in my part of western Canada, at least, the fires of separatism are burning over wide areas of the region, and ill-advised and unnecessary actions of this kind are the very thing that will further fan those flames in a conflagration that can do irreparable damage to this country. I am not so sure that some of those flames are not already almost out of control.

Honourable senators, at a time when the government itself is appealing to Canadians to unite to face our economic crisis—as has been done in this house, in the other place and publicly—why take such a foolish step that will further impair the national unity we so much need if we are going to

successfully come to grips with the serious problems confronting us as a people today? If the government must have a Canada Day—and I do not think anybody will quarrel too much with that—let it pick any day it likes, identify it with the new Constitution if it feels that is what should be done, call it "Canada Day," "Trudeau Day," "Liberal Day" or anything it likes, but do not destroy the rich heritage that attaches in the minds of millions of Canadians to Dominion Day, which has been the official birthday of this country since it was born.

I appeal to the government, for these reasons, not to take this foolish step and, therefore, let the bill die on the Order Paper—or else let us defeat it.

Hon Charles McElman: May I ask a question of the honourable senator?

Senator Manning: Yes.

Senator McElman: Throughout his discourse, the honourable senator kept wondering why the government did not do this and did not do that, as though he were talking about a government bill. Is he not aware that this is a private member's bill, and would he stop the process of Parliament on a private member's bill?

Senator Manning: I am quite aware that we are dealing with a private member's bill, but I agree with Senator McElman, that this kind of bill should be introduced by a minister of the Crown, as the first one was two years ago. I think that is a far more appropriate way.

● (1520)

Senator McElman: My question is related to the fact that the senator seemed to be blaming the government for this bill at this stage of events; that it should not be before Parliament; that the government should not have it placed before Parliament. Is he not aware that the government had nothing to do with the introduction of this bill?

Senator Manning: Honourable senators, I am quite sure my honourable friend knows as well as I do that, if the government had not been behind it, this bill would never have been passed through the House of Commons by any private member.

Some Hon. Senators: Hear, hear.

On motion of Senator Macquarrie, debate adjourned.

The Senate adjourned until Tuesday, July 27, 1982, at 8 p.m.

THE SENATE

Tuesday, July 27, 1982

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

THE LATE HON. JOHN J. CONNOLLY, P.C.

TRIBUTES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there are times in Parliament when mere words are inadequate for the occasion; this is such a time.

The death of the great John Connolly inspires many thoughts in all of us because John, and his life and work, touched the lives of so many parliamentarians—indeed, thousands of people both inside and outside Parliament in such a positive, beneficial and sensitive manner.

All of us have our own private recollections of John Connolly. Some served in Parliament with him longer than others; some knew him in different ways from others. Some will recall him as a parliamentary leader with a deep respect for the parliamentary system and its traditions—a reverence and respect which transcended all partisan considerations. He was a scholar. He had an enormous knowledge of the history and the operation of Parliament, and he possessed a great concern for the preservation of the integrity of Parliament, its traditions and rules.

Some knew John Connolly as a philosopher-politician whose vision, interest and concern went beyond his own party in Parliament to encompass the entire parliamentary system. Some knew the John Connolly who inspired hundreds of people across this country to contribute to the parliamentary system, either to work for some political party or to dedicate a life to Parliament.

One of the speeches that he made before he died was to a group of young people. In this speech he recalled that he had taken it upon himself to have installed permanent lighting at night on the Laurier tomb in the Notre Dame Cemetery, close to the school where he was speaking. He said that he believed that that light on the Laurier tomb at night, for the thousands, perhaps millions, of people who would pass there in the course of time, would become a symbol and a beacon of the great Canadianism which Laurier inspired, but John Connolly was the type of man who would have supported a beacon on the tomb of Sir John A. Macdonald or on any other monument honouring those who had served this nation with dedication and distinction. His was not just a narrow, partisan concern.

Others will recall John Connolly, the architect of many election campaigns—more of them successful than not. Many of us in our party have our own memories of those campaigns. Undoubtedly, several volumes could be filled with stories

arising from campaigns in which John Connolly played a major role.

Some honourable senators will recall John Connolly's considerable achievements in his chosen profession of law. His co-religionists will remember his steadfast and abiding faith, and his work and support for the church he loved. His was a faith which encompassed the differences which exist among the various denominations, creeds and religions in our nation.

Some will carry memories of John Connolly, the graduate of Notre Dame who loved sports—the man who rejoiced with every Expo or Blue Jay or Notre Dame victory and suffered with every loss; the man who enjoyed, along with the late Mike Pearson, an afternoon in the sunshine at the ballpark, eating peanuts and rooting for the home team, unfailingly a good sport—a good winner and a good but reluctant loser, in both sports and politics.

Everyone will recall the infinite number of kind and considerate acts that he performed for all peoples of every background and station in life, from the newest employee on Parliament Hill to heads of state.

● (2010)

Honourable senators will be interested to know that in the last week of his life Senator Connolly was active still on behalf of those who needed help. One of his last painful telephone calls was an inquiry on behalf of one of the workers at the hospital, asking if some information could be obtained so that that employee could be helped with a personal difficulty.

The fact is that we in Canada have lost more than an able, eloquent and dedicated parliamentarian; we have lost a very great friend and we mourn his passing. Together with all honourable senators, I join in extending profound condolences to his wife, Ida, and to his sons, Peter and John, and their wives and families.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I am deeply saddened, as we all are, by the death of John Connolly. Only a short time ago—it was on October 31 of last year—he left the Senate after deciding to retire at the age of 75. He left us in apparent good health, and we were very glad that he would be able to look forward to, not necessarily a more restful life but a life in which he would have more time for his favorite pastimes. Unfortunately, he was struck by illness a few months ago, and we have known for some time that he would be unable to overcome the problems caused by his illness.

When he left this House, at the beginning of November last year, we mentioned his very considerable professional career—he was a member of the Bar of both Ontario and Quebec and

had acquired an excellent legal reputation—and also his political career. We also touched on his admirable qualities as a human being. He was a gentleman in the classical sense of the word, with an abiding interest in every aspect of human life—his professional concerns, politics, sports, literature, religion—in fact, he was a typical seventeenth century gentleman. He was also a gentle man and extremely good company. I know this personally, since I had the same responsibilities that I have now when he was Leader of the Government in the Senate. I remember that immediately after I was appointed, he took it upon himself to come to my office to discuss the business of the Senate. I mentioned that it was actually up to me to go and see him, but he said, no, he wanted to have a talk in my office. From that moment on, we became fast friends, and this never changed. Later, on various trips, we had an opportunity to discuss many other subjects aside from matters concerning the Senate or politics in general. His wife Ida and my own wife were also present on these trips, and these are among the memories I cherish most.

With his family, I mourn his passing, and I am saddened by the thought that he did not have a chance to enjoy his well-deserved retirement for more than a few months.

[English]

I want to assure his charming wife, Ida, and his sons, and all other members of the family, of my deepest condolences, which are, of course, those of all of us on this side.

• (2015)

Hon. George J. McIlraith: Honourable senators, it is with much sadness that I rise to add a few words of appreciation for the great service given by my erstwhile deskmate, the late Senator John Connolly, to the Senate and to Parliament. For the last half century, or perhaps a little longer, we were thrown together in one capacity or another, whether as fellow practitioners of the law in Ottawa; whether it was when he was executive assistant to the Honourable Angus Macdonald, the then Minister of National Defence for Naval Services, and I was a private member in the House of Commons; whether it was later when he came to this House and was appointed Leader of the Government, and, of course, Minister without Portfolio, and when I was a minister in the Pearson government and, for a few years, government house leader; whether it was later on when we were together in the Senate sitting at either adjoining desks or the same desk; or whether it was during the 20 years when we lived next door to each other.

In one way or another I have had the privilege and opportunity to know him, to work with him and to discuss many aspects of public affairs with him. I must say that during all that time he remained always the same person. He was always true to himself and sought to serve the public interest, as he saw it. I can tell honourable senators that when he was Leader of the Government in the Senate and I was in the other place as a minister of the Crown, I know, from my own personal knowledge—and remember that for two and a half years I was government house leader—how well and ably the interests of the Senate were presented and how much that contributed to the general well-being of the work of Parliament.

I want to acknowledge and place on record that appreciation of his service. Whether it was his natural good manners and dignity, whether it was his full appreciation of our Canadian system of government—which is based largely on convention and an understanding of the importance of convention and tradition in the functioning of Parliament—or whatever the cause, he always sought to conduct himself and the business of the institution of Parliament in full recognition of such factors.

I shall miss him greatly. His sensitivity in dealing with other parliamentarians and with matters pertaining to Parliament is something I shall always remember. I speak of him with some emotion for that reason.

Honourable senators, I wish to add my sense of loss at his passing from us, and to express my condolences and sympathy to his wife, his two sons and his two brothers.

[Translation]

Hon. Paul C. Lafond: Honourable senators, like Senator McIlraith and a few other members of this House, I had the pleasure of knowing Senator Connolly before his appointment to the Senate and, of course, before I became a senator myself.

We had the opportunity to be involved together in numerous undertakings, not always of a political nature but often so.

• (2020)

[English]

When the Leader of the Government referred to the flood-lighting of the Laurier monument, I was reminded once again that this was a favourite and very secret plot that John and I carried out for a couple of months before we could bring it to a successful conclusion. I have been thinking quite a bit, much more than usual, about John over the past several months. I was worried about his physical problems, though I had no worries at any time about his moral problems.

I think we should remember John Connolly for one word which he uttered at all times, a word with which we in this Chamber are all familiar, the word “concern”. I might even be tempted to try to imitate his stance and his words: “Now, this is my concern; I am concerned about this; the Senate should be concerned about this; or the government should be concerned about this.” “Concern” was John’s watchword. His concern was not only with issues or peoples, but with individuals. In a jocular fashion, he would often try to dissimulate, but anyone, regardless of station, who had a problem could seek out John in this building—where he could be found almost daily for nearly 30 years—or in any other institution he was associated with, and John would talk to that person, draw out the problem and try to solve it, and most of the time he did solve it.

God created man with full freedom of thought, full freedom of judgement and full freedom of action. I am not privy to God’s criteria for man, but in my view, resulting from my association with John Connolly these many years, he was as close to the man I think God would envisage as anyone I have ever known.

Hon. David Walker: Honourable senators, when I think of John Connolly, whom I have known intimately during the

twenty years I have been here, I think of his unsurpassed kindness, humility and ability.

● (2025)

I do not think we appreciate that Senator Connolly was probably the best educated man in the Senate. He graduated from the University of Ottawa, from Queen's University, and from that famous university, Notre Dame. He then came back to Canada, after earning Ph.D. and LL.D. degrees, and studied law at the University of Montreal. He was subsequently called to the Quebec Bar and became a lawyer in the province of Quebec, and to the Ontario Bar. He earned his degrees and did not gather honorary ones. That is the way he conducted his entire life.

I have never seen another Liberal leader in this place for whom I have had as much respect. He was tremendous. He had personality. He had character. He got things done the way he wanted them done, in a kindly way without upsetting people. The hostility which sometimes prevails here did not apply to John. You could not even feel nasty when he was around.

He was a kindly, good man and deserved all the success he achieved. He also deserved the wonderful life he had, and when I think back on his achievements I realize that they were monumental.

I think it was because he was such a good executive and such a good administrator, in addition to his proverbial good nature, that he was able to achieve his mastery over the Senate. I think of how well he did during the war and how he took hold of the Department of National Defence and became the executive assistant to the Minister of National Defence for Naval Services. For five years he slogged away at that job and did it magnificently. I think, too, of the other contributions he made as a Cabinet minister, all of them outstanding.

My memory of John Connolly will not be that he was an outstanding man, as he certainly was, but that he was a kindly, good and enlightened human being who was devoted to his family, Ida and their two fine sons. He was completely devoted to them, and they to him. Finally, I think of him as a great, devout Roman Catholic.

Hon. David A. Croll: Honourable senators, it was on the fourth day of November last that I rose in this chamber to pay tribute to Senator John Connolly for his 28 years of service in the Senate. We all wished him many happy years in retirement. We little realized how short that time was to be.

It was on the occasion of his seventy-fifth birthday that he retired, a distinguished jurist and parliamentarian. He had served his country in many different capacities, both in war and in peace. His record of achievements is already well known to senators and I will not repeat it.

John Connolly and I had been friends for more than 40 years. I was first attracted to him when I found that he could listen and consider what one had to say. He was an excellent listener.

He loved Canada and its institutions. His contribution to the Senate was outstanding. He believed in the Senate and rose to

[Senator Walker.]

its defence vigorously, logically and effectively. His approach to the Senate made it sensitive to the public domain. He displayed great responsibility and patience when he was Leader of the Government in the Senate. He had an acute sense of humour, loved sports, especially the Notre Dame football team, and could discuss baseball with the late Mike Pearson, which took some doing.

● (2030)

He stepped on few toes and ruffled few feathers. He was a man of broad vision and stood tall in Ottawa, which made him even taller across the country.

During his many years in public life his advice was sought by leaders. His life was always useful. He had tolerance and humility, was a man of wisdom, reason and wit, a man immensely involved in the working of society, a true democrat, a man for all seasons, a truly civilized man. I lament his passing and express my deepest sympathy to his wife and family.

Hon. Daniel A. Lang: Honourable senators, the year is 1671, from Milton:

Nothing is here for tears, nothing to wail

Or knock the breast; no weakness, no contempt,

Dispraise or blame; nothing but well and fair,

And what may quiet us in a death so noble.

And one hundred years earlier, from Shakespeare:

Good-night, sweet prince.

Hon. Richard A. Donahoe: Honourable senators, I rise with some hesitation, because you may wonder why I, a relatively new member of this body should speak about the late John Connolly.

I knew John Connolly before I came to this place. He and I first met when we were mourning the death of the late Honourable Angus L. Macdonald, his former minister, and through the years that followed I met him frequently.

I do not rise to pay him an ordinary tribute, because beautiful tributes have already been paid to him this evening, tributes which I heartily endorse. I wish to speak about something which has not been brought to the attention of the Senate this evening, and which is of direct interest to those concerned with the passing of John Connolly.

My memory is not as good as it was, but some years ago I came to Ottawa representing my native province at a conference of ministers who were endeavouring to deal with the Constitution of Canada. The Minister of Justice at that time was the Honourable Guy Favreau. His predecessor was the Honourable Davie Fulton. The Honourable Davie Fulton and the Honourable Guy Favreau were good men to have working on the Constitution of Canada.

As a result of that conference a proposal was made regarding the Constitution of Canada. That proposal was called the Fulton-Favreau formula, and had met with the approval of the representatives of all the provinces. At a later date one of the provinces had a change of heart and withdrew its approval of the Fulton-Favreau formula. At that time, unanimous consent

was necessary, so the Fulton-Favreau formula was not proceeded with, but it was an excellent formula. I do not wish to be contentious at a time like this, but, in my opinion, that formula would have stood the rest of Canada in good stead had it been adopted. As I say, it was called the Fulton-Favreau formula, but, in my opinion, it should have been called the Fulton-Connolly formula, because the late Senator John Connolly was associated with Guy Favreau at that conference. He, among others, was chairman of that conference, but of all the chairmen who were effective, of all the chairmen who sought to bring about unanimity, of all the chairmen who really made us feel that we were proud to be Canadians, John Connolly was *the* one. He was the man to whom the major portion of the credit for the success of the Fulton-Favreau formula should have gone. As a young man representing my province, I had that experience of seeing him in action—an experience I have never forgotten. Years later I met him in this body, and he showered me with kindness. He sent me samples of his literary works.

• (2035)

John Connolly was everything that has been said about him this evening. Of all the persons who have graced this chamber and will no longer grace it, the one who will be missed the most, and who perhaps made the greatest contribution to it, is Senator John Connolly. All of us feel a deep sense of loss at his passing, and in our sorrow we extend our heartfelt sympathy to his wife, his children and the other members of his family.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I was associated with Senator John Connolly for about 25 years, mostly in the world of politics, but not entirely. During that time he gave unerringly good advice and played a warm-hearted, avuncular role to Senator Davey, Senator Lang and me. He sponsored me in the Senate, but I do not think that we should allow that to mar our otherwise excellent memory of him!

The testimony to his faith, and the way he lived his faith, is that although he spent his life in politics—a field of conflict and controversy—he made only friends and assured his place in history and, I believe, beyond. The loss is ours, but an occasion like this is one on which not just to mourn a death but also to honour a life, and that is what honourable senators have been doing so eloquently this evening. The only regret I have is that he did not stay longer so that he and, more importantly, we could continue to enjoy the fruits of his exemplary life.

[Translation]

The Hon. the Speaker: Honourable senators, I am sure you do not expect me to repeat the speeches that have just been delivered. I consider that they were altogether quite fitting. I had known Senator Connolly not only in the Senate but also as a member of the Cabinet when I was sworn in the Privy Council in 1965. He did me great favours, for it was not easy for a newcomer to find his way through the tortuous maze of Parliament and the public administration. John Connolly was indeed one of those who made it a lot easier for me to understand a little how the entire operation worked. He was a

very learned man. He was good, humane, intelligent and strong.

The last time I saw him he was seriously ill in hospital and suffering great pain. He said to me, "I have never been so sick, but it does not matter, we will continue to fight for the things in which we sincerely believe".

I wrote a letter to Mrs. Connolly and sent a copy to each of you. I said that the sentiments expressed were shared by honourable senators on both sides of the House, regardless of the political affiliations or convictions of each honourable senator, and that we all agreed that John Connolly was a great man who made a generous contribution to our country.

Honourable senators, do you agree that the letter I wrote to Mrs. Connolly be reproduced in *Hansard* as being part of the tributes paid to our friend John Connolly?

Hon. Senators: Agreed.

(The text of the letter follows:)

Speaker of the Senate
OTTAWA, K1A 0A4

July 27, 1982

Mrs. John J. Connolly
281 Roger Road
Ottawa, Ontario
K1H 5C5

Dear Mrs. Connolly:

It was with shock and disbelief that I received the news about John.

We had all been following the course of his courageous battle the last few weeks and had hopes that our prayers for recovery might be answered.

There may have been, I must confess, an element of selfishness in that hope in view of the inestimable assistance John had been to the Senate and myself both before and after his recent retirement.

We had warned him back in October that we wouldn't let him get away easily and he was quick to accept that challenge.

He was good enough to ease the burden of my own office by taking over some speech-making duties and had continued in his well-known role as a learned and respected spokesman for the Senate.

He was in a unique position to fulfil that role because of the esteem in which he was held by all Parliamentarians, from both Houses and all political persuasions.

Everyone looked forward to his occasional visits back to these corridors and his confreres took unabashed advantage of these opportunities to "ambush" John for his invaluable advice.

I confess to being among these offenders, as were my staff—who often saved themselves hours of research with one phone call to "Senator John".

Indeed, John always had a special rapport with Senate employees, treating them with a respect that was both appreciated and returned in kind.

Senator Connolly will be deeply missed by all of us and we share acutely your own sense of loss.

Please accept, and extend to your family, our heartfelt condolences in this hour of bereavement.

Mere words are so inadequate at such a time but it is hoped that you and yours will take some comfort in knowing that Senator Connolly is one Canadian whose memory will stay with us and strengthen us always.

I am at your complete disposal, Mrs. Connolly, if there is any way in which I might be of assistance.

JEAN MARCHAND

● (2040)

[English]

RAILWAY ACT

BILL TO AMEND—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-29, to amend the Railway Act, and acquainting the Senate that they had passed this bill without amendment.

[Translation]

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1982-83

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-125, to provide supplementary borrowing authority.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) moved, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[English]

SMALL BUSINESSES LOANS ACT

BILL TO AMEND (NO. 3)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-122, to amend the Small Businesses Loans Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Raymond J. Perrault (Leader of the Government) moved, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

[The Hon. the Speaker.]

[Translation]

NATIONAL HARBOURS BOARD ACT GOVERNMENT HARBOURS AND PIERS ACT HARBOUR COMMISSIONS ACT CANADA SHIPPING ACT FISHING AND RECREATIONAL HARBOURS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-92, to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) moved, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on National Finance have power to sit at 3.30 o'clock in the afternoon tomorrow, Wednesday, July 28, 1982, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Some Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[English]

TRANSPORT

QUEBEC AIRPORT—STAFFING OF CONTROL TOWER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have one question for the Minister of Transport, which I am quite sure the Leader of the Government will convey to him.

It relates to the situation at the Quebec airport which, apparently, indicates there is a lack of personnel in the control tower, the result being that for several hours last Sunday it was impossible for aircraft normally stationed at Quebec to

land at that airport. Furthermore, a Wardair Boeing 747, scheduled to leave at midnight, had to conduct its departure in a rather delicate way since there was no one in the control tower at that time.

I have been told that there is a lack of control tower personnel, and I should like the Leader of the Government to find out exactly what the situation is at that airport—

Hon. Martial Asselin: It is a labour problem.

Senator Flynn:—and try to remedy this problem.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am pleased to give the assurance that the question will be taken as notice and immediate inquiries made into the situation.

THE ECONOMY

GOVERNMENT RESTRAINT POLICY

Hon. Duff Roblin (Deputy Leader of the Opposition): I would ask the Leader of the Government or the Minister of State for Economic Development to explain to the Senate the policy of the government respecting an aspect of the 6 per cent price ceiling. I am not talking about wages; I am talking about the price ceiling.

A statement was made by the President of the Treasury Board on July 20 explaining the government's policy, the final sentence of which reads as follows:

Net revenue losses that might result from price restraint would be offset by expenditure reductions.

Honourable senators, the first part of the statement deals with the government's intention that prices which come within its purview will be expected to be restrained to the 6 per cent world we are going to live in, and that it would be the firm policy of the government to see that that is done. However, obviously somebody recognizes that, if this policy is implemented at its face value, there may be some difficulty, in some instances, in making good a shortage of money. It stated that net revenue losses would be offset by expenditure reductions. I wonder if some explanation could be given as to what that means. Are these expenditure reductions to be made by the government as a whole, perhaps by means of the creation of a fund to make good these shortfalls, or are they to be made by the individual firm concerned? Depending on the answer I get, I would then proceed, naturally, to ask the means by which it would be carried out.

● (2050)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the statement made by the President of the Treasury Board indicates that the government intends to be firm with respect to the administered prices—that is, those prices which the federal government has the capacity to influence. I believe that the specific portion of the statement to which my honourable friend referred is there in order to satisfy him and others that, if there are matters that constitute a charge on the treasury because of holding to the 6

per cent rule, there would be offsetting cuts by way of accommodation. Therefore, it does not mean that the deficit would increase by the amount of whatever loss of revenue might be incurred as a result of holding the administered prices to 6 per cent.

Senator Roblin: I thank the honourable minister for his reply. Could I offer him a specific problem with respect to this matter? Suppose, for example, that the 6 per cent rule is mandated to the Canadian National Railway, to Bell Canada, to Canada Mortgage and Housing Corporation, or to any other corporation covered by it. Can the minister tell me whether any damage suffered by them on this account will be made good? In other words, will the consolidated revenue fund be used to make good any shortfall that Bell Canada, for example, might experience as a result of this policy?

The minister can see that this is a question which is of some interest to widows and orphans in Canada, if I may use that expression, because Bell Canada is considered to be a stock that is held by people who are in need of income and who require a certain degree of security. We know that if that company suffers a financial shortfall because of this policy, there will be an effect on the value of that stock and on the ability of the company to pay dividends. This may be an extreme case, but it is certainly one that is in the public mind right now.

What would be the policy of the government in this case? Would Bell Canada's loss be made good out of the consolidated revenue fund?

Senator Olson: Honourable senators, as Senator Roblin knows at least as well as I do, there are regulatory bodies that make some of the decisions with respect to public utilities such as Bell Canada. I do not think that the example of the Canadian National Railway is quite as valid, because its rates can be changed in a large number of areas without having to make a submission to a regulatory body for permission to do so.

I will endeavour to get an expanded answer in response to the nub of my honourable friend's question as to whether the government is giving an undertaking now to make up 100 per cent of the difference between what is perhaps requested and the limitation to 6 per cent. There are, however, other complicating factors involved in the situation, one of which results from differences in the request. Another such factor might be the difference in what is allowed by a regulatory body and the limitation to 6 per cent. Therefore, I will bring to the chamber an expanded explanation.

Senator Roblin: Honourable senators, if I have chosen an inappropriate example, my honourable friend can correct me. There are many other examples that come to mind which have nothing to do with regulatory bodies but which have everything to do with the policy of the government. I think that the statement should be interpreted by way of its apparent meaning in ordinary English, and it says: "Net revenue losses that might result from price restraint would be offset by expenditure reductions." Does that mean that the person who experi-

ences the loss will have the net revenue losses made up from this fund developed by expenditure reductions, or will he have to do something within his own particular company in order to make up the loss? That is a fairly important policy to have explicated so that we know what it really means.

Senator Olson: Honourable senators, that is why I have given an undertaking to get an expanded answer.

Hon. R. James Balfour: He does not know what it means.

Senator Olson: The explanation depends on the assumptions that are made. If the so-called losses are absolute, reducing the net profit to below zero, that is one set of circumstances. My honourable friend referred, however, to another set of circumstances involving some amount of revenue that would inhibit Bell Canada in paying dividends at a certain rate to its shareholders. Because of the various aspects to the issue, it seems to me that a further explanation is required. While I am seeking that, I think that some of the other explanations I give with respect to these assumptions will be valid. Certainly to make a flat statement that all differences between anticipated revenues in the absence of the six and five and revenues with the reduction to six and five—that would not be an undertaking, on the face of it, that the government is committed to.

Senator Roblin: It really cannot be expected that people will accept this policy with any ease of mind until they know what the government intends to do. That is all that I am seeking to develop.

Senator Olson: If I may say so, I do not think that that is quite all the honourable senator is seeking to develop. I think that he has asked whether or not there is a firm government commitment to offset all of the losses, or all of the differences between expected revenue and net profit, and what that amount would be if the administered prices are limited to 6 per cent. I believe that is what he asked. I have given an undertaking to get a more detailed answer with respect to this matter.

Further, I would like my honourable friend to understand that the government is firm in trying to hold inflation to 6 per cent. Obviously, prices form an important part of inflation. There are now and there will be in the future a number of circumstances, some of them special circumstances, which will unfold. For that reason there is a committee of the Cabinet on administered prices, which will consider exceptional circumstances that ought to be taken into account.

Senator Roblin: The minister stated that it was the policy of the government to hold inflation to 6 per cent. He did not say "wages," he said "inflation." Is that really what he meant to say?

Senator Olson: I suppose, honourable senators that inflation is largely made up of prices, wages, and all of those things. It is our hope that, by the target date of 1983, the federal government will have been influential in pulling inflation down to 6 per cent.

Senator Roblin: Good luck.

[Senator Roblin.]

NATIONAL DEFENCE

CANADIAN FORCES—ACCOMMODATION FOR PERSONNEL

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government which I presume will have to be taken as notice. It concerns the problems with regard to housing for the Canadian forces. It appears to be a matter of concern that Canadian forces personnel who are transferred into the Ottawa area are having great difficulty finding accommodation commensurate with the pay they are receiving.

I wonder whether the Leader of the Government could find out if the Minister of National Defence or any segment of the department is taking any initiative in providing accommodation, particularly in view of the scarcity and high prices of such accommodation in the Ottawa area.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will be pleased to take the question as notice.

PURCHASE OF F-18A AIRCRAFT

Hon. Jack Marshall: Honourable senators, I have another question having to do with the announcement that the minister will be reviewing the new F-18A aircraft in the United States. I presume that he will be making a statement, or will be asked a question regarding his visit, in the other place. I wonder if we could have a statement on the minister's assessment of the aircraft and on what is going to happen regarding this order which is being filled for the Canadian forces?

• (2100)

Hon. Raymond J. Perrault (Leader of the Government): Well, the request will most certainly be directed to the minister. However, all reports with respect to the superb new fighting aircraft have been good reports.

THE ECONOMY

INFLATION AND UNEMPLOYMENT—GOVERNMENT POLICY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a number of delayed answers.

First, I would like to respond to a question raised on March 25 by Senator Murray, relating to the relationship between the inflation rate and the exchange value of the Canadian dollar. I would ask that this answer be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

It is difficult to relate movements in exchange rates over a relatively short period of time to differences in inflation performance between countries; many other factors, including international interest rate developments, are also influential. While Canada's wage and price performance in recent months has been less satisfactory

than that of the United States, our international competitive position remains (although it could be undermined if the current inflation gap continues for some time) and our merchandise trade surplus, including our bilateral surplus with the United States, has been particularly strong so far this year.

It can also be noted that over the first half of 1982, both Germany and Japan experienced more moderate rates of price increase than did the United States, yet both the deutschmark and the yen declined sharply against the U.S. dollar. The decline of these currencies against the U.S. dollar was more marked than was that of the Canadian dollar. Finally, it could be remarked that international interest rate movements and expectations of future developments have played a major role in the declines that most major currencies have experienced against the U.S. dollar since the end of last year.

ENERGY

MARINE DIESEL FUEL—INCREASE IN PRICE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have here a reply to a question asked by Senator Donahoe on May 21, 1981, relating to the transportation fuel compensations recovery charge on marine fuel. Perhaps that could be accepted as though it had been read?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Jack Marshall: That answer was in the newspapers three months ago.

Senator Olson: Senator Donahoe was not advised of that. If you saw it that long ago you could have informed him, and he might have withdrawn his question.

(The answer follows:)

The Transportation Fuel Compensation Recovery Charge (TFCRC) on marine fuel is based on prevailing competitive fuel prices in the United States and other relevant international markets. Some have argued that the TFCRC has had a serious negative economic impact on the marine sector. In fact, much of the reduced activity which has been ascribed to the TFCRC is the result of changing international market circumstances and slower economic growth.

The administration of the charge has helped to ease the impact on the Canadian Marine sector; for example, fuel consumed by domestic vessels in Canada-U.S. trade when moving in ballast is exempt from the charge as is fuel consumed in port.

In addition, the National Energy Board can consider specific situations where applicants submit that the charge should not apply or should be reduced.

THE ECONOMY

DECLINE IN VALUE OF CANADIAN DOLLAR

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question raised on June 8 by Senator Murray relating to the exchange value of the Canadian dollar. May this reply also be taken as read?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Honourable senators will recall that the Canadian dollar dropped against its U.S. counterpart over the first half of 1982. It touched a low of U.S. \$.7680 on June 29th, down from \$.8435 at the end of last year. This decline took place in an environment in which the U.S. dollar was very strong internationally; over this same period the Canadian dollar moved up against the major European currencies and the yen. Recently, in July, the Canadian dollar has recovered somewhat; it closed July 19th at \$.7950.

A decline in the external value of the Canadian dollar has a two-edged effect. On the one hand, it helps improve our international competitive position, thereby promoting exports while restraining imports. On the other hand, it makes the battle against inflation more difficult. Generally speaking the trade effects are slow to develop (with effects only beginning to be visible in the flows of exports and imports after two or three months or so), whereas the price effects occur relatively rapidly and can trigger secondary wage and price adjustments. Opposite effects occur with a rise in the exchange rate. While recognizing that movements in the exchange rate have these effects, in the Government's view it would be inappropriate for it to attempt to attain or maintain a particular exchange rate such as 80 U.S. cents per Canadian dollar. It would be virtually impossible for the authorities to choose an exchange rate which would not lead to imbalances in the foreign exchange market and balance of payments difficulties, if not immediately then relatively rapidly, as shifts in economic conditions fed through. It is in this sense that there is nothing magical about the 80-cent figure.

Nor would it be appropriate for the Government to comment on whether, in its view, our dollar is currently under-valued or over-valued relative to that of the United States. Not only would this be inconsistent with allowing the exchange rate to be determined by market forces (with official operations in the foreign exchange market confined to the promotion of orderly trading conditions), but it could lead to speculative capital flows. As for policies to strengthen the dollar, it should be noted that improvements on the inflation front would be the surest way to achieve this over the longer term and the latest budget has endeavoured to address that particular problem.

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—TOTAL COST TO
THE GOVERNMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question raised on July 6 by Senator Roblin relating to government financial assistance to the Cold Lake project.

This reply is not very long, but it might be as well to give it the same treatment as the others.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

The amount of the loan, which does not have to be repaid because the project was suspended prior to July 1, 1982, was \$40 million. To this amount will be added interest charges for Petro-Canada inasmuch as that company had made the loan on behalf of the government at the time of its approval. The principal and interest charges will come very close to \$50 million.

SUPPORT OF CANADIAN DOLLAR

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question raised on July 6 by Senator Smith relating to the difference in interest rates being paid on the money borrowed by Canada and the rate received from the proceeds of that borrowing.

This is rather a long, detailed answer, and I would be glad if this too could be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Honourable senators will know that the foreign currency borrowings of the Government have all been associated with the management of Canada's official international reserves. The proceeds of net new borrowings are added to reserves and used to acquire interest-earning foreign currency assets such as U.S. Treasury bills.

The Government's portfolio of foreign currency assets is managed with an eye to both liquidity and profitability. Since the foreign currency assets acquired are more liquid than the foreign currency liabilities incurred, in the normal course of events the cost of the funds borrowed would be more than the income earned on the corresponding assets. The difference between interest paid and received is the cost to the Government of the liquidity so gained.

The recent U.S. \$750 million Eurobond issue of the Government carried an annual coupon of 14½ per cent; since the issue was priced at par, the yield to maturity was also 14½ per cent. At the time these proceeds were received, the rate on 91-day U.S. Treasury bills was 12.07 per cent. The net foreign currency interest cost of the Eurobond issue will not be known until the issue matures

in 5 years time, since both the stock of foreign currency assets and the applicable interest rate are subject to change in the interim.

Senator Olson: Honourable senators, I would also like to respond to a question raised on July 6 by Senator Roblin relating to the sums committed to support our currency.

This answer is also rather long and detailed, and I would be happy if honourable senators would agree that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

As I stated in my initial response, the Government borrowed during June a total of U.S. \$2.35 billion in order to replenish Canada's international reserves, which had been run down during a period of strong downward pressure on the Canadian dollar. It should be noted that the proceeds were added to reserves, they were not used to purchase Canadian dollars; thus, it is not correct to state that the funds were used to acquire Canadian dollars. It is, of course, possible that the acquired reserves could ultimately be spent at some future date, should the Canadian dollar come under renewed downward pressure. So far in July, however, our dollar has been subject to upward pressure.

The June borrowings consisted of a Eurobond issue of \$750 million and drawings of \$600 million and \$1.0 billion on the Government's standby credit lines with the Canadian and a group of foreign banks respectively. The yield to maturity on the placement in Europe was 14.38 per cent. Drawings on the Canadian standby facility are at the London Interbank Offered Rate (LIBOR) plus ¼ of one per cent, while drawings under the facility with the group of foreign banks could be made at LIBOR plus ¼ of one per cent or at the U.S. prime rate, at the Government's option.

At mid-June the 3-month LIBOR was 15.72 per cent, while U.S. prime was 16.50 per cent. In the past drawings on the standby credit facilities have been repaid after a relatively short interval of time; it is not possible to say in advance what the gross interest cost of these drawings will be since both the amount outstanding and the applicable rate are subject to change. Additionally, it can be noted that foreign borrowing is undertaken to add to our reserves with additions to reserves held in the form of interest-earning assets; consequently the net interest costs are considerably smaller than the interest payments alone would indicate. In the event that subsequent official operations in the foreign exchange market led to the use of the acquired reserves, the Government's Canadian dollar financing requirements should be reduced and there would be a corresponding interest saving which would offset, in large measure, the interest cost of the foreign funds.

ENERGY

EFFECT OF SPOT PURCHASES ON OIL PRICING

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Roblin on November 13, 1980, concerning International Energy Agency recommendations on oil prices.

Most international oil purchases made by oil companies—

Hon. Duff Roblin (Deputy Leader of the Opposition): Do you not think you had better ask that it be taken as read? You do not want any supplementaries, so perhaps you should do that.

Hon. Royce Frith (Deputy Leader of the Government): That is an offer he cannot refuse.

Senator Perrault: I would be most pleased to have it taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Most international oil purchases made by oil companies are made on the basis of term contracts, under relatively stable price conditions, rather than on the more volatile spot market. Continuity of supply is thereby protected. Petro-Canada manages Canada's state-to-state type of crude oil purchase from Mexico, and its experience in this agreement, and in other international transactions, serves as a basis on which the government can judge the appropriateness of private industry contracts. Through the administration of the Oil Import Compensation Program, the federal government has another means of monitoring foreign crude purchases and promoting price stability.

Canada strongly supports the International Energy Agency, which was founded in 1974 on principles which provide a framework for member countries to expand indigenous energy supplies and lower energy demand, and deal with pricing questions. The IEA has given considerable attention to international price anomalies. The collective action of members on supply and demand initiatives will have a long-term effect in encouraging price stability although possibly no immediately perceivable impact on spot price irregularities that occur from time to time.

HOUSING

UREA FORMALDEHYDE FOAM INSULATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I now come to a reply to the question asked by Senator Nurgitz concerning possible federal government funding research into ammonia gas as an antidote to UFFI fume problems.

I have a page of notes on this subject, which I would be glad to have taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

At the University of Manitoba, Dr. Hyman Gesser is working under the auspices of a National Research Council research grant, investigating the use of ammonia gas as a neutralizing agent for in-place urea formaldehyde foam insulation.

Basically, the process involves the injection of the ammonia into the wall cavity which contains the UFFI, which effectively reduces off-gassing by a ratio of approximately 10 to one. In other words, concentrations of .5 ppm (parts per million) of formaldehyde could be reduced to about .05 ppm. At present, Dr. Gesser's is the only research contract exploring this ammonia gas application, though there are others involving the use of ammonia in solution as a neutralizing agent for wall cavities following UFFI removal.

Dr. Gesser's work is short term. At present the results are promising, but the process still remains to be tested under extreme temperature and humidity conditions, when UFFI off-gassing tends to accelerate. To this point there has been no in-home testing of the Gesser method.

CANADA POST CORPORATION

DEFINITION OF "LETTER"

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on July 20 last Senator Roblin asked for a definition of "letter".

I have here the proposed definition of the word "letter" submitted by the Canada Post Corporation and published in Part I of the *Canada Gazette*, July 3, 1982, at pages 4873 and 4874. I should like particularly to point out, however, that there is provision for submissions from interested parties until September 3, 1982.

I ask that these proposed regulations be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The proposed Letter Definition Regulations follow:)

CANADA POST CORPORATION
CANADA POST CORPORATION ACT

Notice is hereby given, pursuant to subsection 17(3) of the Canada Post Corporation Act, that the Canada Post Corporation, pursuant to paragraph 17(1)(a), proposes to make the following Regulations prescribing a definition for the word "letter".

Any interested person wishing to make representation concerning the proposed Regulations must do so within 60

days of the publication of this notice. All such representations should be sent to the Minister responsible for the Canada Post Corporation, Box 9600, Ottawa, Ontario K1G 4B1.

Given at Ottawa, this 3rd day of July, 1982

R. M. WARREN
President and Chief Executive Officer
Canada Post Corporation

REGULATIONS PRESCRIBING A DEFINITION FOR THE WORD LETTER

Short Title

1. These Regulations may be cited as the *Letter definition Regulations*.

Definition of "Letter"

2. For the purposes of the *Canada Post Corporation Act* and any regulations made thereunder, "letter" means mailable matter in any form, the mass of which, if any, does not exceed 500 g, whether or not enclosed in an envelope, that is intended for transmission to any destination or delivery to any addressee, but does not include

- (a) a newspaper, magazine, book, catalogue, blank form, manuscript or musical score;
- (b) an item having no further address than "householder", "boxholder", "occupant", "resident" or other similar expression;
- (c) a money packet within the meaning of the *Special Services and Fees Regulations*;
- (d) a specimen for medical or scientific analysis;
- (e) goods;
- (f) an invoice or other document specifically related to a newspaper, magazine, book, catalogue, specimen for medical or scientific analysis, blank form, manuscript, musical score or goods when delivered therewith by the same individual; and
- (g) an invoice or other document relating to the purchase of goods or services that is delivered personally to the purchaser by the vendor of the goods or services at the vendor's normal business address.

3. A letter does not cease to be a letter by reason only of its inclusion with, or attachment to, other mailable matter.

EXPLANATORY NOTE

(This note is not part of the Regulations, but is intended only for information purposes.)

These Regulations prescribe, for the purposes of the *Canada Post Corporation Act* and the Regulations made or continued under that Act, the definition "letter".

Senator Perrault: After honourable senators read all of this in the record of today's proceedings, I feel sure that there will be further questions.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, that is not my point. I know what my honourable friend has been telling us, because that is in the statute and was published in the *Canada Gazette*. We know about that. My question was as to whether the representations that are being made to the Post Office will be made public, because this certainly is a matter of wide public interest and concern. I suggest that these things should be made public, and I want some assurance that that will be the case.

Senator Perrault: Honourable senators, those assurances will be sought.

HOLIDAYS ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, July 22, the debate on the motion of Senator Bird for the second reading of Bill C-201, to amend the Holidays Act.

Hon. Heath Macquarrie: Honourable senators, I usually rise at this stage to say what a great pleasure it is to participate in the debate. Usually, it is indeed a pleasure, and tonight is no exception; but my pleasure, my joy, my delight, in talking with my colleagues, is on this occasion somewhat marred.

It is marred in the first instance because I find it rather strange, and slightly uncomfortable, to be talking about a subject which really requires a long, steady and clear perspective, but which instead is phased into a situation in which the Parliament of Canada, at best, is probably going to begin a summer recess some time in August. That is an idiotic situation, one which no school board in Canada would allow itself or its pupils to get into.

While much can be argued as to whether the opposition or the government is more to blame than the other for a session that has gone on for two years, I believe Senator Flynn was quite right the other day when he said that the burden of responsibility must lie on those who have control of the parliamentary agenda. Something is wrong when the session becomes so long, so protracted, that even the brightest people, with the finest of memories, forget whether measures have been introduced, disposed of, or not even considered.

Under our system, the people's representatives are supposed to spend a part of the year in Ottawa, and a part of the year at home with the people who sent them to Ottawa; but when you crowd two years into the calendar year something is wrong, something is lacking, and I do not have to delineate or set out any footnotes as to how wrong things are. That this matter should be brought in at the very heel of the session is distressing.

One is slightly ill at ease when a debate upon the fundamentals of our country, reaching back into pre-Confederation days,

must be scheduled as a sort of leitmotiv in a long, hot summer, the end of which no one can yet clearly see.

Another aspect of the situation, and a very painful one, is what in fact went on, or did not go on, in the other place. We all know that when, in the usual and frequent course of events, measures come to this chamber, we look back to see what has been said in the other place. When we do that with regard to this bill we do not find very much. What we do find is neither helpful, positive, encouraging, nor in any way conducive to an improved regard for the institution of which we are also members.

I do not believe that it would be profitable, and I am not sure that it would be proper, to dilate upon the performance of the other place—or its non-performance—although I have noted through the years that the members of that place have not always allowed themselves to be circumscribed by that kind of restraint when they have been discussing this chamber; but there are mores and folkways of a parliamentary nature that some of us here, at our best, try to observe. I am therefore, as I say, not going to dilate upon what went on over there, or upon what did not go on.

Senator McIlraith, I thought, did a masterful job the other day. That one little page of *Hansard* that he directed our attention to will live forever, though it will not glorify many of the people who were involved with it. In fact, I am reminded of a Shakespearean line from *Macbeth*:

● (2110)

All the perfumes of Arabia will not sweeten this little hand.

Down through the years, when people talk about Parliament—I suppose in future generations as in ours—they will be inclined to be denigratory. It will be recalled “Oh, yes, don’t forget that five-minute period when they tried to change the name of the national holiday.” So it is not for me to make that period more painful or to dilate upon what was said or not said. But a few people in our time and in our press—and people do not give much attention to this chamber—have noted that there is a second chamber. People have been saying that the Senate, the chamber of sober second thought, must do some remedial work, and I have read that it is up to the Senate to send the measure back to the other place and tell them to do it properly.

I believe that is a recipe that cannot, in fact, be followed. As I understand it, the Senate may pass or reject the measure, or it may amend it, but I do not think it is incumbent upon even the chamber of sober second thought, that reviewer of hasty and ill-considered legislation, as Macdonald used to say, to say, “Do it right and then we will look at it.” There is no precedent for that. So we have to deal with this not exactly *de novo*, because that would be impossible in the second chamber, but we have to deal with it with great seriousness; and while we do not talk about what went on in the other place, I doubt whether we could ever be unmindful of what did not happen there. So the aspect of propriety, of certainty, of careful

judgment, is laid upon us in a very special way. That is why I believe it is incumbent upon the Senate, in this important issue, to take upon itself that designation of the chamber of sober second thought more seriously than ever before. We have to be diligent, we have to be careful, and we have to be above suspicion. Even though it may be midsummer—indeed, the end of July, the height of summer—we must discharge our duty to the parliamentary system with high seriousness, perhaps with some discomfort and, if necessary, with some pain.

I have no intention of talking about those famous five minutes. Nor will I discuss the inadequacies of the bill. They have been well discussed by Senator McIlraith, and they have been pointed out by other people—the things which should have been there and which are not there. I suppose that would come under the category of “hasty and ill-considered legislation”. But that is not to be my line of thought tonight. I will try, because it is the first sitting day of the week, to be positive, to be helpful if I can, and give my view as to why, despite the irregularities, the paucity of thought and debate, had the whole thing been done with the most careful regard for proprieties, precedents and orders of procedure, the end result is not an improvement, is not a good thing for Canada but is, in fact, the opposite.

I shall try to argue that the name “Dominion Day” should not be changed. Naturally, I do not think it should be changed improperly, but it is my view that it should not be changed at all. Indeed, I am of the conviction that the name “Dominion Day” represents a highly appropriate and uniquely significant designation for our country and our people.

There are those in our land—and I suppose in every land where there is the glory of free speech—who say that because anything is old it should be discarded. Some say that about the Senate. They say that some of us are old, and that because something is old it should be in a position of non-regard. I have been told—in fact, I was told this in the other chamber when I was speaking on the subject—that it was a mistake on occasions like this to be going back to the past all the time. I tried to reply that surely, on a birthday, what one does is to go back to the past. If one is celebrating one’s birthday, one celebrates the beginning, and how one can discuss Canada’s national celebration without reflecting upon what went on in 1867 I cannot conceive.

I am saddened that it seems so easy for people to cast aside, and to allow others to cast aside, our glorious history. As some parts of the world go, we are a very young country. For us, a hundred years is a long time—and not only for us, but for all those who study and care about the development of great states and fine communities. What took place on July 1, 1867 was not a casual achievement, but a noble development. It took a long time. They came down to Charlottetown in 1864. They say there was a lot of champagne and other goodies dispensed in the few days, but there was also a lot of wisdom cast about.

Last Friday I attended the opening of an historic park in Charlottetown, which was the country residence of the Honourable W. H. Pope, the Island’s leading Confederation Father. It was a lovely ceremony and I am proud of the

department which provided it, but I did note that there was no champagne served. What W. H. Pope would have thought of that, I do not know; on the other hand, it was 2.30 in the afternoon. Perhaps it was a bit early, so I did not make any fuss about it.

It was a magnificent exercise in nation-building which began in Charlottetown. They moved to Halifax, to Saint John, and then up to Quebec, and they argued and pondered for three years, and, indeed, perhaps fought over it. But then they came to the situation where they were prepared to launch out, to move into new achievements—and how difficult it was.

The thing that has struck me in our own time is that we think of Confederation as being a frail fabric. We are troubled about its breaking apart, and thoughtful people should be troubled. We hear about separatism here and there. One does not hear much about it from the maritimes, because we had our outburst long, long ago. People sort of take us for granted, but there was disquiet there. One reads what people like Joe Howe thought about Canadians in the 1860s. People in the Atlantic region had not seen many Canadians, and the ones they saw they did not like. It was a tremendous problem of communication. Even today, to go from Moncton to Montreal, one has to go through a lot of wide open spaces. I hope that senators from northern New Brunswick will not be offended when I say that. The trip from Ottawa to Winnipeg is not all through lush, green valleys.

● (2120)

Then, we can think of the problems of getting across those magnificent mountains. It was an enormous challenge at a time when there were few developed communications techniques. There were no telephones, press officers or public relations people to doll up Sir John A. Macdonald and pretend he was a saint of the church when he was something else. They did not have all that malarkey. They had the difficulties, but none of the techniques to make it easy.

I often wonder what is wrong with us that we seem to have more trouble keeping the country together than the Fathers of Confederation had in bringing it together in a much earlier age. That is the challenge we should be facing. I am sure we are all too shamefaced by the Fathers of Canadian Confederation. When I went to school and to university—and that was a long time ago—we heard about people like Cavour, Mazzini, Bismarck and all the great nation-builders. Well, old guys, we have our own nation-builders.

Who achieved nation-building status without a war, without bloodshed, after the process of deliberation, after what Edmund Burke talked about as the essential ingredient of all government and human progress—compromise and barter—drawing these disparate, different, widely-separated groups into a community. And when they did that they wanted to indicate that it was something different. This coming together was not as a result of a revolution, so our forefathers had to find some symbols to point out that there was something new, and that is where the word, “Dominion” comes in.

[Senator Macquarrie.]

The British North America Act is still here. It is still part of our law of the land and essentially part of our tradition. The few lines I am about to read form the only guarantee of our parliamentary structure, and all the rest of it is implied.

The first paragraph of the preamble to the B.N.A. Act reads:

Whereas the Provinces of Canada, Nova Scotia and New Brunswick have expressed their Desire to be federally united into One Dominion under the Crown of the United Kingdom of Great Britain and Ireland, with a Constitution similar in Principle to that of the United Kingdom:

That is where the rule of law and the parliamentary institutions come in. Why was the word “Dominion” included? Did the British say that they should use it? Of course not. Some of the Canadians, particularly Sir John A. Macdonald, liked the name “Kingdom of Canada”. Certain peoples south of the border—and they were very conscious of that border then in more than economic and cultural terms—did not like that name, so the Canadians, not the British, came up with something different. Did they call this federation just Canada? No, because from what I read from the British North America Act—“Whereas the Provinces of Canada, Nova Scotia and New Brunswick have expressed their Desire”—the country could not be called Canada because Canada was one of the components, one of the provinces. Would the proud New Brunswickers or Nova Scotians—and they have much to be proud of—have settled for the name of one of the partners and for being subsumed under that name? Of course, they would not.

There was a new designation. It was not the old Province of Canada with its portions east and west, it was the Dominion of Canada—a new and important entity—and that was essential to our founding fathers. I hope that people from the east are not considered to be narrow or overly sensitive when they say, even 100 or more years later, that they do not think that that intellectual bargain should now be abandoned, that the name of one component, one ingredient, should now be the name for all of those who participated in the Confederation.

The choosing of this name was unique in other ways. Here I come to a ground that I am not overly comfortable with. I am, I hope, a religious man, but not a righteous one. In no case am I an expert in theology. But in the travail of what name should be used, one of the good men of the Canadian delegation while at Westminster—and, again, the Canadians were making the decisions although they were in Westminster, and this is something we must never forget—had an inspiration while reading the Bible one morning. People in those days read the Bible more, and they used biblical references in their speeches a good deal more, and, in my opinion, the speeches were the better for it, both in content and construction. Samuel Leonard Tilley from New Brunswick was reading Psalm 72. It reads in part:

He shall have dominion also from sea to sea, and from the river unto the ends of the earth.

I do not wish to get into the exegesis. Many people are of the opinion that what was in his mind was that he was talking to God about this matter, but as I read the Psalms he was talking about Solomon. And who was Solomon? He was a new ruler, a new king, a new administrator which means a new administration.

What were these fathers of ours doing over in London? They were not invoking God; they were creating a new entity for the northern part of this great continent. They did not want it to become part of America, and they knew that it would not be British, so it had to be a new indigenous society. Could anyone have come up with a better description of that country? It is from "sea to sea". In 1867, the country was not from "sea to sea", but they had in mind what would happen, and it was only a very few years until British Columbia and the areas in between joined Confederation. "From the river"—what river would that be? It was not the Jordan River; it was the St. Lawrence River, an important part of the historic development of Canada. What would the "ends of the earth" be? Would anything be any more appropriate than one of the poles? Within a few years after Tilley read that passage and brought it to the attention of his colleagues, this Dominion of Canada was extended to the very North Pole. How prophetic, how magnificent, how uniquely Canadian.

One does not have to be a saint or an ivory pillar of the church to say that the history of the word "Dominion" is unique, that it is something meaningful to the history of this country. One only has to realize that here at a crucial time some thoughtful man found some meaningful expression. I leave it to others to decide whether or not he was divinely inspired. All I can say is that I cannot think of anything in religious literature or any other kind of literature which would give a more appealing or exciting description of our great country as seen in those early days, when they knew far more adversity than they did satisfaction, when they looked upon that little land as something which would become great, which would become known.

● (2130)

Another thing that disturbs me is that it is suggested that the word "Dominion" represents a British suzerainty and a Canadian subservience. Lord Carnarvon, as Dr. Eugene Forsey, who knows more about this than anyone in Canada, has mentioned in many articles, pointed out that the people from Canada wanted that word, the people from the new Dominion wanted that word, and Lord Carnarvon wanted it to go through because it added dignity to their new status.

One of our great historians is Dr. Lower whose magnificent—perhaps it is the greatest—history of Canada is called simply *From Colony to Nation*. We got into trouble a few years ago with the use of the word "nation." Perhaps ill-intentioned people made unfortunate use of that expression. I never could see anything wrong with any of these descriptions, but we now find it difficult to talk about the nation. But the Dominion, surely, can be understood as not British, not subservient, but as something nobler, something better than a colony. I think we now know that, whether the formalities were

arranged in the order papers of deliberative bodies or not, in domestic matters in 1867 this was a free country. This was a country which made its own decisions.

John A. Macdonald more than once indicated to the British that the Canadians were not prepared to do what the British might have thought they should do. One thinks about his reference to "Gladstone and company" regarding problems in Egypt and the Anglo-Egyptian Sudan. That is why I feel so strongly that when we talk about the Dominion we are not bringing up some British word. That is not an exercise that comes all that easily to me. We are not talking about Wolfe's landing; we are not talking about something that is French—the glorious voyages of Cartier or the magnificent colonization of Champlain; we are not even talking about Giovanni Caboto. We are talking about a Canadian experience and a Canadian experiment, a successful experiment of which we are all the very lucky heirs.

Hon. Louis-J. Robichaud: Right. Canada. Canada Day.

Senator Macquarrie: Canada's Dominion Day, when we became a dominion. We were a province before that.

There is always the danger, when one talks about the virtues and verities and values of the past, of being accused of not being sufficiently progressive; of being a square or an antiquarian. I have gone through a great deal of that, interspersed with suggestions that, being red Tory, I am not sufficiently respectful of persons and things that are long established.

I often wonder, however, if we are always on the right course when we decide that because something has been standing a while we had better knock it down. Can we always be sure that the "get with it" group are the right group? Sometimes it appears to me that the progressives might be wrong. I suppose in a society of lemmings, the most progressive guy is the one who is over the cliff first. I don't follow that. I am troubled about that sort of thing.

I hear that it would be good to have "Canada Day" because it is simple and easy. Well, over the last ten years I have watched the Department of Transport become Transport Canada; the Post Office become Canada Post; the Dominion Bureau of Statistics become Stats Canada. I do not know that anything has improved with the change in nomenclature. I sometimes wonder if we might not be becoming a nation of stutterers, if every time something comes up, we say, "Oh, that is 'blank' Canada," or "Oh, that is Canada 'blank'." There must be something more imaginative than to stick "Canada" on everything. You do not have to prove the love of your country by tacking the name on everything that comes to mind.

There is a more serious criticism, and I think this is about the only criticism I find requires deep and thoughtful consideration. For some reason—and I am not a linguist, God knows!—for some reason there are those in the land who say that in this bilingual country there are implications in the word "dominion" and in the expression "Dominion Day," which make some Canadians uncomfortable. The last thing I would

want to do would be to advocate something, no matter how dear to me, which would legitimately cause some emotional anguish in fellow Canadians.

I am told that the word "dominion" had a respected place in the French language in an earlier period, but no longer. I respect that situation, but I can only say that if there are those Canadians who feel that way, then I, as one of the other language group and as one who has tried to do his best to understand our history, can merely say that there is no intention of implying anything. I am sure that when this, in my judgment, majestic word was chosen there was no disagreement among the Fathers. I cannot imagine Macdonald and Cartier disagreeing on this.

I am one of those who are privileged to have offices in the East Block, along with Senator Guay and Senator Robichaud and other distinguished members of this chamber. I am glad I am near John A. Macdonald's office—just two away—because when I decide to have a second drink I feel that he wouldn't mind. Perhaps it would be better for my health if I were up against R. B. Bennett or some of those old codgers, but as I walk over here I pass the room that John A. Macdonald used, and just a few doors away the room that was used by Sir Georges Etienne Cartier.

Macdonald said that without Cartier there would have been no Confederation; that he was as brave as a lion. Cartier was over in Westminster; Cartier was in Charlottetown; Cartier was at all these meetings. He was a formidable person. They said he was highly sociable, and because he was sociable, Langevin, who wasn't, got more of the work to do. Well, that was too bad for Langevin, I would say. But, in any event, I cannot believe that the problem existed then, and it does not exist in my heart now.

If there is any aspect there, we can discuss it. All I can say is that I am convinced that it was a fine word. It was a noble word. It was a meaningful word. If we are to change it—and I am not so narrow as to say that we cannot change it and change it agreeably—I would say that this Senate, this chamber, should look at the matter very carefully. I have little feeling for the suggestion that we should look at this for a day or two. I would appeal to the people opposite to have the matter sent to a committee, and to invite people like Dr. Forsey, who is so learned in the matter; to call in Canadians from all across the country so that it will not be said of us that, because others were hasty and ill-considered, we fulminated for a day or two and then followed their example.

Senator McIlraith, a great mathematician, a great logician and a great parliamentarian, told us the other day how far away next Dominion Day is. Why not give the people of Canada a chance to come here? But not in the heat of the summer. Give them a chance to research the matter, to look into it. Then I think we would all be agreeable and amenable, and we would come up with a suggestion that would be worthy of this place, of this country, and of the noble aims of our Fathers.

[Senator Macquarrie.]

● (2140)

POINT OF ORDER

Hon. Daniel A. Lang: Honourable senators, I rise on a point of order. I am not an expert on the rules of the Senate, but I should like to hear what the government's interpretation is of our debate, bearing in mind rule 93, because I am not sure whether we are dealing with a private bill, a public bill, or a government bill. How our procedure should evolve depends on whether it is one or the other.

I will not accept the government's judgment on this, but I should like to have the government's opinion so that we might deal with this.

Hon. Royce Frith (Deputy Leader of the Government): Honourable Senators, our position is that this is a private member's public bill.

Senator Lang: Does "public bill" mean a "private bill" within the meaning of that rule?

Senator Frith: It is our opinion, Mr. Speaker, that rule 93 refers to a "private bill"—that is, a bill that is not a public bill.

Senator Lang: Would you please address your remarks to me and not to "Mr. Speaker"? That style is used in the other place.

Senator Frith: Since you are asking for a ruling, I think it proper to address my comments to the Speaker.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Frith: Senator Lang has said that he will not accept our interpretation but will only accept the Speaker's, so I have addressed my comments to the Speaker.

Senator Lang: Does this bill come within the term "private bill" found in rule 93?

Senator Frith: In our opinion, no.

Senator Lang: Thank you.

Hon. David A. Croll: I am glad that that is settled—if it is.

Honourable senators, when I first read the first order, I had mixed feelings. We who have grown up with the designation "Dominion Day" will always have a special feeling for it in our hearts. That is part of our shared background, along with the Union Jack. One becomes attached to such things, and the inevitable change is always hard to accept when it comes.

I am not going to put on the record what has already been put on the record with respect to the words "Dominion of Canada". Many people think that the name "Dominion of Canada" comes from the British North America Act, but it does not. If one reads the British North America Act of 1867 one will see that, from beginning to end, there is no mention of the words "Dominion of Canada". Such a name does not exist. What one finds is a decree, in these words:

It shall be lawful for the Queen... to declare by Proclamation that... the Provinces of Canada, Nova

Scotia, and New Brunswick shall form and be One Dominion under the name of Canada;

So, from the beginning, Canada has always been "Canada", and never "Dominion of Canada". The latter expression grew out of common usage. Now that the time has come for change, I can understand that some people are reluctant to leave the words "Dominion Day" behind. However, we cannot allow our regret at the passing of a symbol blind us to the fact that the world moves on and we must move with it.

Speaking personally, I served under the Union Jack and was both proud and sad when the time came to change to the maple leaf flag. The same mixed feelings are attached to this change. I see no magic in the word "Dominion". There are some who regard that as a badge of subservience, but I do not agree with that interpretation either.

The words of the British North America Act are good enough for me. This country is "one Dominion under the name of Canada", and the change from "Dominion Day" to "Canada Day" seems completely appropriate and acceptable.

These are new times and I do not think we should allow ourselves to become preoccupied with the past. I want to spend what time I have left looking forward, not looking back. I am proud of this great country, which has given me everything I am and everything I have. I think that "Canada Day" sums up, for me, both the heritage and the future we all share.

Hon. Daniel Riley: Honourable senators, I listened with great interest to my honourable friend from the Hillsborough River, where we both used to dig clams. I can tell him that I am a monarchist too.

I wish to refer him to a book—the reference to which I will give later—that was written by a librarian in the Library of Parliament in which it is said that a letter was written to Sir Leonard Tilley, one of the Fathers of Confederation, in which Sir Leonard was told by one of the lords of the realm that if the Fathers of Confederation used the words "Realm of Canada"—and Canada is really a realm, as my academic friend knows—they might offend the delicate sensibilities of the Yankees. They were told to use the word "Dominion". So, if we use the words "Canada Day", I do not think we will offend the delicate sensibilities of the Yankees.

Hon. Jack Marshall: Honourable senators, if no one else wishes to speak—

Senator Frith: I am not sure that that is the case.

Senator Marshall: That is why I am asking.

Hon. Richard A. Donahoe: Honourable senators, I listened with great interest to the arguments advanced by Senator Croll. I find them totally and absolutely unconvincing.

I felt the same way about the Union Jack as he did, and I felt the same way about the Canadian Ensign, as it was called, as he did. People fought wars under those flags, died under those flags and felt that something was being taken away from them when those flags were replaced. I had the same high regard for those two flags as those people did, but I did not have all of the sympathy that I should have had, or might have

had, when we decided to select a new flag. I did not think at that time—and I am not sure even yet—that we picked the very best flag that could have been picked. I thought there were other designs that might have been more appropriate, that might have been better looking, that might have inspired more enthusiasm in the minds of many people, but eventually we picked a flag, and that flag has one characteristic: it is Canadian; it represents this country. No one could look at that flag and say that it is anything but Canadian. That is what I say about the Dominion of Canada.

● (2150)

There is no comparison whatever between the adoption of a new flag and the adoption of a new name, because when we speak of "Dominion of Canada" and, more particularly, of "Dominion Day" that day which has been honoured and recognized and has meant so much in the minds of so many people over so many years—what does it bring to mind? It brings to mind only one thing—not another nation, not another service, but the nation of Canada.

The word "dominion", to me and to those of my generation, was synonymous with Canada, and it is still synonymous with Canada. "Canada" was, as has been so adequately pointed out this evening, the name of a portion of this great country, and those who belong to it should be proud. It was a portion which, like other parts of this great country, made its contribution towards the formation of the country, but it is, nevertheless, still only the name of this country, despite what my honourable friend reads me from the act.

The British North America Act states clearly and unequivocally that there shall be one dominion and that its name shall be Canada. I have no objection to that at all. All I am saying is, let us admit that Canada is what the Fathers of Confederation said it was—a dominion. Let us recall that, when we sought a name for our country by which we could honour it, we chose the name "dominion". When we named the day on which to honour this country, we chose "dominion". I have no objection to our nation being called Canada, because I have great regard for that name, but we are not now naming a nation but a day. Those men who formed this country named it, and they said it shall be a dominion. That is what we called it; that is what we honoured; and that is what, in the minds of most Canadians, it should continue to be.

I do not know what the reaction is in other parts of the country, but I am returning to you from the part of the country in which I was born and in which I live, and I have had many people there speak to me about what is to take place in this chamber. I have even had people urge me to return to this chamber in order that I might play a part in asking this chamber to do what my honourable friend has asked me to do: to impose upon this ill-considered and undigested proposal the sound, sober second thought—the cool, considered, lengthy second thought—that is required, because we can do what is proposed. We can scupper the word "Dominion" and replace it with the word "Canada," but we can never make up the difference in the hearts and minds of those who love the word, who honour the word and to whom the word means "Canada".

It is not like naming a flag. It is not a word that is appropriate to anything else in the world except this great nation of Canada. It is the word that was selected; it is the word that has meaning; it is the word that has the love and sympathy of millions of people in this country. I suggest to you that we throw it out for no useful purpose, without any real justification and without any real accomplishment. If we change the name today we will not be one bit more advanced than we are now.

Despite anything that anybody may say to me, I shall go to the end of my chapter perhaps being a rebel and perhaps not recognizing the law of the land. If the law of the land says that we shall call that day "Canada Day," I hereby proclaim in this Senate that I shall not obey that law. I was born in this country; I was raised in it; I paid honour to it; I celebrated Dominion Day, and I shall continue to do so for the years which may be left to me.

Hon. Louis-J. Robichaud: Honourable senators, I had no intention of speaking this evening, but I feel that I must because of the speeches of Senator Macquarrie and Senator Donahoe, who was Attorney General of his province at the same time as I was Attorney General of my province.

There is no question that all honourable senators know that I am an Acadian, and, as such, I have the feeling that I am a great Canadian, or, at least, I want to be so in every sense of the word. I can understand a competent, intellectual scholar like Senator Macquarrie supporting the retention of the word "dominion" because it has been that way since the time of Sir John A. Macdonald. I can understand the traditional nature of some honourable senators who are good Canadians of British origin, of Irish origin, of Scotch origin, of French origin, of Ukrainian origin and of Polish origin, but I have difficulty in digesting the point that because Canada, in 1867, was called the Dominion of Canada, dominated by the British, it would remain a dominion over the years. I do not want Canada to be dominated, which, to me, is what the word "dominion" means. We live in this country called Canada, so why should we call the day we celebrate it "Dominion Day"? When I travel to the United States or anywhere else in the world I am not ashamed of telling people I come from Canada. I do not tell people that I come from the Dominion—

• (2200)

Hon. Martial Asselin: Of Canada.

Senator Robichaud: The Dominion of Canada?

Honourable senators, I could say many things, but my remarks would be purely emotional.

Although this concept has been around for many years, the bill was introduced in the House of Commons at an unexpected time.

[Translation]

As a fairly bilingual Acadian, a true Canadian, I think that Canada is the right formula. For instance, when we chose the Canadian flag it stirred up a certain amount of controversy. The moment it was accepted, by practically everybody throughout Canada, people were saying that the Canadian flag was beautiful. Is it the flag of the Dominion, of a dominated

[Senator Donahoe.]

country? Of course not, not at all; it is the flag of Canada. It is a nation, a people that wants to be economically and linguistically united as much as possible. It is difficult and we are not going to achieve that overnight. If, for instance, we want to maintain certain elements of our country which will always be linked with something outside, we will be dominated. Should that be the case, we will say we are a Dominion and we will never be altogether independent.

[English]

We can become autonomous.

I know that members of the opposition are saying that this bill was passed by the other place in confusion. So what? I will vote for it regardless of what some members of the opposition may say.

Senator Asselin: That applies to some members of your party too; Senator McIlraith said he would vote "nay."

Senator Robichaud: That is his privilege.

Senator Asselin: Do not confuse members of the opposition with members of your own party.

Senator Robichaud: It is Senator Asselin's privilege to vote as he wishes.

Senator Asselin: For sure.

Senator Robichaud: Our flag was proclaimed on February 15, 1965; we have our own national anthem; and we can now have our own "Canada Day" on July 1.

The people of Quebec celebrate St. Jean Baptiste Day on June 24, which holiday is recognized on Parliament Hill.

Senator Lang: Why not change that to "Quebec Day"?

Senator Robichaud: And then split the country? Is that what Senator Lang wants? I know he does not want that.

I believe in Canada; not a dominated Canada. I do not want to get into the economic situation of the day since it is a worldwide situation and has no bearing on the matter at hand. The economic situation is rough at the moment, but I still believe in Canada, not a dominated Canada.

Hon. George J. McIlraith: Would the honourable senator permit a question? He has just made an eloquent speech indicating that he would prefer that our national holiday be known as "Canada Day" instead of "Dominion Day." Having made that remark, he did not deal with the major point before us, which is whether that should be achieved by voting for this bill or in the proper way by voting for another bill, whether it be the government bill on the Order Paper of the other place, or a similar bill. Could he clarify his logic in that regard?

Senator Robichaud: Honourable senators, by voting for this bill I do not believe I will be voting improperly since I believe the bill is proper.

Senator Lang: Honourable senators, before the debate is adjourned, I rise on a point of order.

I should like to address a question specifically to the Speaker. Would the Speaker please take under advisement and

report back to the Senate his opinion as to whether Bill C-201, now before us, is, in fact, a "private bill" within the meaning of rule 93 of the *Rules of the Senate*.

The Hon. the Speaker: Honourable senators, since it is your wish, I will take that matter under advisement.

On motion of Senator Hicks, debate adjourned.

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1982-83

SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-125, to provide supplementary borrowing authority.

• (2210)

He said: Honourable senators, Bill C-125 is in much the same format as previous borrowing authority bills. Clause 1 deals with the name of the bill. Subclause 2(1) gives to the Minister of Finance, with the approval of the Governor in Council, in addition to the sums now remaining unborrowed, authority to borrow additional sums of money, not to exceed \$7 billion. Subclauses 2(2) and 2(3) deal with lapsing and expiration. Subclause 2(4) deals with currencies other than Canadian currency.

Honourable senators, I mean to make observations under six headings by way of answers to questions. Since this is a bill dealing with supplementary borrowing authority, it seems to me that the first question is: Borrowing authority supplementary to what? The authority is supplementary to that provided by Bill C-111, which was the borrowing authority corollary to the budget of November 12. Since that time, the budget of June 28 has been adopted in the other place, and Bill C-125 before us now is supplementary in that sense.

The second question is: The June budget has been passed, so why do we need supplementary borrowing authority? The answer to that question, honourable senators, is found in the Financial Administration Act, which stipulates that statutory borrowing authority must be obtained from Parliament in order for the government to increase its outstanding debt, which is exactly what this bill proposes to do in the sense that it gives authority to so increase that debt. The reference, honourable senators, is to Part IV, section 36, of the Financial Administration Act, which requires that "no money shall be borrowed or security issued by or on behalf of Her Majesty without the authority of Parliament". Consequently, in order to borrow new money to meet the government's financial requirements, statutory borrowing authority must be obtained from Parliament.

The third question is: How much supplementary borrowing authority is being requested? Honourable senators, the answer, as given to the National Finance Committee in its pre-study, which committee meeting I attended, as did the Minister of State, the Honourable Pierre Bussières, is as follows: There was a carryover borrowing authority from previous borrowing authority legislation of \$3.5 billion. Bill C-111 requested au-

thority to borrow \$6.6 billion. Bill C-125, the bill before us, originally requested \$11 billion additional borrowing authority, which was divided as between \$7 billion and \$4 billion contingency. When one takes the carryover borrowing authority, the borrowing authority provided by Bill C-111 and that provided in the original Bill C-125, one arrives at a total borrowing authority of \$21.1 billion. In fact, by reason of an agreement reached in the other place, the government has agreed to ask for only \$7 billion, leaving aside the contingency fund of \$4 billion. I will have a little more to say about that in a moment.

The fourth question is: Why have the financial requirements of the government risen so as to require the supplementary borrowing authority that is being requested here? By way of general information, honourable senators, the financial requirements have increased from \$6.6 billion to \$17.1 billion. The simple reason for the increase is the rise in the projected deficit from the \$10.5 billion which was forecast last November to the current projection of \$19.5 billion. The main reason for the change in this projection is the extent of the decline in economic activity, which was far greater than was anticipated at the time the forecast of the economy was prepared last November. This weakening in the economy has reduced estimated revenues for 1982-83 by \$6.4 billion, and has increased expenditures by \$2.6 billion.

This increase in expenditures, honourable senators, was not the result of an extension of government programs, with the exception of job creation programs, but, rather, was primarily due to the increased public debt charges and energy-related expenditures.

Honourable senators, I do not think we should leave this aspect of the question without pointing out that not only the government but private organizations and public institutions vastly underestimated the severity of the slowdown in economic activity. Furthermore, developments in Canada are in line with those being experienced in other developed countries.

The fifth question is: What about the concern expressed in committee about non-lapsing authority? I will first briefly explain non-lapsing authority. Normally, any borrowing authority which is provided automatically lapses at the end of a fiscal year. A practice then developed which enabled the government to save a bit in a sort of "hip pocket" in order to provide flexibility in the event of an election, unexpected demands depleting the borrowing authority by the end of the fiscal year, and so forth.

Under the chairmanship of Senator Everett, the National Finance Committee, when studying Bill C-111, expressed concern about this non-lapsing authority and felt that it was not proper—in view of the Financial Administration Act and in view of the principle that Parliament should always vote borrowing authority—for the government to have a retained non-lapsing authority. It was the request of that committee that the government and the minister give serious consideration to discontinuing that practice.

The government has given consideration to the committee's recommendation, and honourable senators will remember that that recommendation was dealt with when the committee reported Bill C-111. In accordance with the concerns expressed by honourable senators at the time consideration was being given to that bill, the present bill provides for the cancellation of all unused non-lapsing authorities remaining outstanding from previous fiscal years.

In its original form, the bill seeking supplementary borrowing authority sought a new, non-lapsing contingency reserve of \$4 billion over and above the \$7 billion needed to meet the financial requirements. Thus, the bill requested a total of \$11 billion in new authority, of which any unused authority in excess of \$4 billion would expire on March 31, 1983. However, during its passage through the House of Commons, the bill was amended so that the contingency reserve was dropped, and the bill now before the Senate was amended to request \$7 billion of supplementary borrowing authority.

This principle was established and enunciated in the committee not only by Conservative members but, I must say, significantly by Conservative members. I think that led to the negotiations which have reduced the amount requested by the bill to \$7 billion and have left no non-lapsing authority at the end of the period. I should say that I congratulate the members of the committee, including the members of the opposition, for their insistence on that point.

In lieu of the \$4 billion contingency reserve, it was moved that the Standing Orders be amended so that, if at any time prior to March 31, 1983, the government introduces a bill requesting new borrowing authority of not more than \$4 billion, debate on all stages of that bill in the house shall be limited to a period not exceeding three days. This amendment will be known as Standing Order 72A and shall expire with the passage of any such bill.

The sixth and last question is: Why is there authority to borrow and repay in foreign currency? Honourable senators, as I mentioned when sponsoring Bill C-111, the clause referring to the ability of the government to borrow and repay loans in foreign currencies is a technical one, and has been included in the last five borrowing authority acts. Over the years, Canada has borrowed and repaid funds in a number of currencies. In recent years, however, this clause has been added to confirm Canada's right to borrow in foreign currencies.

As I mentioned in the debate on Bill C-111, Bill C-96, which has received first reading in the house, proposes certain amendments to the Financial Administration Act, including an amendment clarifying the government's ability to borrow and repay in foreign currencies. Once this amendment has been passed, there will no longer be a need for this clause to reappear in a borrowing authority bill.

● (2220)

Honourable senators, those are the reasons why the government is requesting Senate approval of the supplementary borrowing authority of \$7 billion, as provided for in Bill

[Senator Frith.]

C-125, and I ask your support for the motion for second reading.

Hon. Daniel Riley: Honourable senators—

Senator Frith: Honourable senators, I wonder if I could have leave to add something. I do not mean to cut off Senator Riley, but merely wish to add something to which the honourable senator may wish to refer. I cannot proceed if he will not let me do so.

Senator Riley: I have one question to ask, if the honourable senator will permit me. Why is it that the original legislation that was introduced requested borrowing authority for \$11 billion, and that amount has now been reduced to \$7 billion? What is the saving to Canadians as a result of that reduction?

Senator Frith: The honourable senator may have come into the chamber after I had dealt with the first part of his question. However, I will repeat it.

The figure was originally \$11 billion, made up of \$7 billion in borrowing authority and \$4 billion in contingency. The agreement is that the non-lapsing contingency of \$4 billion will be dropped in exchange for an agreement that if the government needs it, then debate on the bill asking for it will be limited to three days.

Hon. Jacques Flynn (Leader of the Opposition): In the house.

Senator Frith: In the House only. Exactly. It was a House agreement. We did not make the agreement. The saving could be substantial. If authority to borrow \$4 billion were used, then, of course, interest would be mounting on that figure. The fact that the authority is not there means that that amount cannot be borrowed, and any saving could be projected, I suppose, on the basis of interest charges on \$4 billion. However, that is hypothetical, since it would only arise if the \$4 billion authority were used. In other words, interest does not start to run when the government is given authority to borrow, but only when, in fact, it uses that authority to borrow.

Senator Riley: As a supplementary, in the beginning was it explicitly stated to the house that the extra \$4 billion was only on a contingency basis?

Senator Frith: The \$11 billion originally asked for was divided into \$7 billion for direct borrowing authority, and \$4 billion for a non-lapsing contingency fund—that is, a contingency fund that would not lapse automatically if unused, as borrowing authority normally does. That is what has been taken out of the bill. So the government is now asking Parliament for authority to borrow \$7 billion and not \$11 billion.

Senator Flynn: It was not split in the bill.

Senator Frith: No, there was no split in the bill. I was not suggesting there was.

Senator Flynn: It was a statement of the minister.

Senator Frith: When I referred to the split between \$7 billion and \$4 billion, I was referring to my notes taken in committee. It was in committee that the minister explained the

split. Therefore, I am able, because of what the minister said in committee, to answer the question as to why, of the original straight \$11 billion that was asked for, the split between \$7 billion and \$4 billion arose. It arose as a result of explanations given in committee.

Senator Riley: As a further supplementary, when did the contingency suggestion arise? Was it in the original statement of the minister when he wanted to borrow the \$11 billion, or did it come later?

Senator Frith: As I understand it, it was in answer to questions in committee, and I believe also in the House, for a breakdown of the \$11 billion.

[Translation]

Hon. Arthur Tremblay: Honourable senators, with your leave, I would like to rise on what I would qualify as a question of privilege, regarding the course of events in committee and the manner in which the debate is proceeding at this time.

Last week, at a meeting of the Committee on National Finance—last Wednesday if I remember correctly—the chairman of the committee insisted on having a special meeting the next day, when the minister would make a presentation. So the next day, Thursday, the committee met and the Minister of State for Finance made his presentation of the situation, which was challenged by various members of the committee. The government's case was challenged on the grounds that the \$4 billion contingency fund or reserve borrowing authority was perhaps not entirely necessary.

The proceedings lasted all morning until around noon, after the minister had mentioned that negotiations were going on in the other place. We were there, discussing the substance of the bill as a committee of the Senate, in order to determine and take a position on the advisability of having either a split between \$7 billion and \$4 billion or on the advisability of having this damned contingency fund. During all this time, everybody knew that consultations were being held at the other place. At three o'clock in the afternoon, we were advised that while we were discussing the bill in committee, with the minister defending his \$11 billion and some committee members challenging that \$11 billion and wanting to cut this amount to \$7 billion, during all this time, consultations were taking place elsewhere. So we were advised of the outcome at three o'clock in the afternoon, namely, there was to be a new bill, for \$7 billion instead of \$11 billion.

My question of privilege may be somewhat naïve, but being a relative newcomer to parliamentary procedure, I wonder whether we were not indulging in an exercise in futility with a minister of the Crown, since finally, an entirely different arrangement was negotiated.

The Deputy Leader of the Government has been giving us somewhat convoluted explanations this evening for the fact that the government is now seeking authority to borrow \$7 billion instead of \$11 billion.

Strictly speaking, perhaps this is not a question of privilege but more like a series of questions at least regarding our working procedures. Just think, last Thursday, we spent four

hours discussing the pros and cons of \$11 billion, while over at the other place, they were negotiating to settle for \$7 billion, and finally, today we have a government proposal for \$7 billion instead of the original \$11 billion.

I really would like to know whether this kind of procedure is in keeping with the status of the Senate. I feel that this point does make my question a question of privilege.

● (2230)

Senator Frith: Honourable senators, the procedure used in that special case is in keeping with the practices of the Senate. With Senator Tremblay, I attended the meeting of the committee. To attempt to answer his question, I want to place it in its context.

In the first place, we were expecting the arrival of Bill C-125. Under such circumstances, the Senate has adopted the practice whenever possible, and when time allows, to study the bill in advance, and thus gain time. This is exactly what we have done.

Secondly, during consideration of the bill, the minister appeared before the Senate Committee on National Finance. He explained the contents of the bill and the distribution of the \$11 billion including \$7 billion and \$4 billion. He frankly said that discussions were then under way. He openly and respectfully explained to the senators what was at stake in committee. He told us that when the bill is introduced the amount may be lower than \$11 billion.

Senator Flynn advised me about that possibility. I think that everybody was aware that some kind of compromise was being sought. I point out that in that special case, the issue was the \$4 billion non-lapsing contingency fund. With all due respect to the Senate, the other place agreed to an amendment.

We now have a bill in accordance with the established plan. This is just what we expected. I think that according to my brief experience which is perhaps a little longer than Senator Tremblay's, but not as long as many other senators with all due respect for the practices and procedures of the Senate we now find ourselves in this situation.

Senator Tremblay: I shall conclude very rapidly. If I understand correctly what the Deputy Leader of the Government has just said, it is because of the discussions we had that day until noon or half past twelve—

Senator Frith: Not only because of them.

Senator Tremblay: —that the representations made to the Senate committee have brought about a change in the government's bill.

Senator Frith: Not exactly.

Senator Tremblay: I do not object to defining in this way the extent to which, under these circumstances, the views of some senators were respectfully received by the committee. To such an extent, in fact, that the bill was changed in the other place to cover not \$11 billion any longer, but \$7 billion. If such is the case, I am pleased. Under these circumstances, my question of privilege concerning the respect owed the Senate

becomes one of congratulations for the celerity with which the Commons reacts to remarks made before a committee of the Senate. Indeed, in this case, the action was very quick, for the remarks were made around noon and the action was taken at 3 o'clock in the afternoon.

Senator Frith: I have said that was not exactly the point. As I explained in my speech, the changes with regard to the "non-lapsing" are the result of the study of Bill C-111 in the Senate committee. The principle was adopted in June.

With regard to the details of the changes now before us, the discussions that took place at the meeting last week certainly made a difference.

Senator Tremblay: If I understand correctly, particularly following the report of Senator Everett—I remember clearly that he was very critical of Bill C-111—if such is the case, then I must say that I can no longer congratulate the government on its speedy action, but must instead criticize its delay. It should have been taken into account in the original version of Bill C-125.

Senator Frith: We should celebrate that exchange of congratulations!

[*English*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I shall not delay the Senate very long. My first comments are with regard to the problem of doing a pre-study on a bill in these circumstances.

Hon. W. M. Benidickson: Hear, hear.

Senator Flynn: Experience has shown that we sometimes go through the process of pre-study for nothing, because ultimately the bill comes to us in an entirely different form from that which prompted the pre-study. With regard to Bill C-125, we were discussing \$11 billion in the pre-study, and now we receive the bill and it refers to \$7 billion.

If I recall correctly, most of the discussion in the committee was on the so-called non-lapsing fund, the \$4 billion in excess borrowing authority, and here I would like to correct what the deputy leader said. There is nothing in this bill that speaks of \$7 billion in borrowing authority on a regular basis, and an additional \$4 billion for the non-lapsing fund, and there is no question about that.

Senator Frith: No question at all.

Senator Flynn: I do not see where the deputy leader gets this idea of the non-lapsing fund. Such a fund may have been mentioned in other bills prior to this one, but it was certainly not mentioned in Bill C-125. The bill, as it was originally printed, referred to \$11 billion, and, now it has been amended and refers to \$7 billion. That is all; there is no other difference.

I have a query with regard to borrowing authority for the non-lapsing fund, and I would like the deputy leader to obtain a reply from the minister. When the legislation for borrowing authority is passed, it is permanent. The moment you have borrowed on that authority, you can borrow again to repay the bond issue when it comes due. Although it will probably be somewhat fictitious, I would like the deputy leader to tell me

how much of the borrowing authority has been used. In other words, how much has the government borrowed up to now, including what is requested in this bill, in order to continue to borrow to replace bonds that become due? That is my first question.

• (2240)

My second question has to do with clause 2(3) which states:

(3) All borrowing powers that are authorized by section 5 of chapter 8 of the Statutes of 1976-77, section 5 of chapter 7 of the Statutes of 1977-78 and section 2 of chapter 53 of the Statutes of 1980-81-82 and are outstanding and unused and in respect of which no action has been taken . . . shall expire on the date of the coming into force of this Act.

How much borrowing authority is contained in these borrowing powers that apparently have not been used and which could have been used without even asking Parliament to do anything? I ask that because, apparently, these amounts were authorized by these bills and were not used and did not lapse. This goes back to 1976-77, 1977-78 and 1980-81-82. This is probably a bill that was passed at the beginning of this very long session, which I think is setting a record for length. The situation is rather strange because we were told, and told repeatedly by the minister that \$3.5 billion was left with which to meet the deficit, as already forecast, of \$10.5 billion. He said they were using this \$3.5 billion. Surely there must be something else, something other than the borrowing authority referred to in clause 2(3), because that is something different.

I ask the deputy leader to ask the minister to clarify this point, and the deputy leader can either tell us in the Senate or tell us in committee, when the bill is referred to committee. Well, the matter is still before the committee, in fact.

Senator Frith: It is there in pre-study form.

Senator Flynn: In any event, the matter is still before the committee. If the minister appears before the committee, I hope he will be able to provide us with some clarification of this point. I want to know the total of the used authority—in other words, the ceiling of the national debt which would be the result of the total possible used authority and the authority provided in this bill. Together they would give us the ceiling of the national debt. I want to know why we are speaking of lapsing authority in clause 2(3), whereas we were told that we still had another \$3.5 billion authority, as indicated by the Minister of Finance.

Senator Frith: Well, honourable senators, first on the question—

Senator Flynn: It is not necessarily a question-and-answer session.

Senator Frith: No, I understand.

Hon. Louis-J. Robichaud: Wasn't your question long enough?

Senator Flynn: I don't know if anybody else wants to speak.

Hon. Duff Roblin (Deputy Leader of the Opposition): I do, but not tonight.

Senator Flynn: It seems to me that the sponsor could wait to answer questions until he is closing the debate.

Senator Roblin: That is the appropriate time.

Senator Frith: Well, honourable senators, I think we had better treat this as answering a question rather than as closing the debate, because there is something I would like to say about further debate at this stage.

Senator Roblin: Would it not be a good idea for my honourable friend perhaps to collect the questions and deal with them when closing the debate? That is the customary procedure.

Senator Frith: I appreciate that. I would just like to refer to the first question and explain the adjournment of the debate. The first question dealt with the fact that the bill makes no reference to a split between \$7 billion and \$4 billion. Of course, it is quite clear that there is no such reference. Bill C-125, as presented to the Commons, was for \$11 billion. That was before the committee last week. We have before us now a bill for \$7 billion, and we have the provision that deals with lapsing. So it is only by inference that one can come to a conclusion that there is a \$4 billion contingency reserve for borrowing authority, as was referred to in the committee but which is no longer before us. Since the bill before us wipes out any non-lapsing in those three, you then have to add those factors in order to come to the conclusion that I expressed, namely, that the \$4 billion is a reserve fund that is lapsing unless it is presented as non-lapsing, if ever it comes up later pursuant to the agreement in the other place.

With respect to further debate at this stage of second reading, I have only this to say: The committee has had before it the minister and his officials, and it has permission to meet tomorrow at 3.30 p.m. to study the bill. If it is referred to the committee tonight, the committee will be able to have before it tomorrow the minister and his officials. If the committee cannot study it until Thursday, the minister will not be able to be there but his officials will, as far as I am aware.

If Senator Roblin or any other senator wants to adjourn the debate on second reading at this stage, he is perfectly entitled to do so, and I am sure that all of us will support such a motion. However, because of the arrangements that have been made with the minister, I am asking that after second reading tonight the bill be sent to the committee for further study. The minister and his officials will appear tomorrow to answer any questions. The bill, if possible, would be reported tomorrow and we would continue debate on third reading after having had the benefit of questioning the minister and his officials.

For those reasons, I ask honourable senators to grant second reading tonight and to refer the bill to committee for further consideration. Then there would be plenty of opportunity for further debate at the third reading stage.

Senator Roblin: May I speak to the point of order raised by my honourable friend and tell him that I am not disposed to

speak tonight, considering the hour and the temper of the house? Some on this side are getting a bit cranky. In adjourning the debate I do not think I am impeding any discussion that the committee might wish to undertake with the minister. After all, the subject matter of the bill is before the committee now. The minister has already been before the committee and has discussed it at some length. There is nothing to prevent his turning up at 3.30 tomorrow afternoon and continuing that discussion, no matter what we do in this house.

It seems to me that the desire of the deputy leader—maybe I am being unkind to him, but I will say it anyway—to hustle the thing along is not necessary in order to meet the convenience of the committee. The committee can meet at 3.30 and can hear the minister. The subject matter is before it. Let it do its duty in that way.

I would solicit the privilege of the house in adjourning the debate so that I may speak tomorrow. I do not intend to speak at any great length, though.

Senator Frith: I am not attempting to hustle the matter. I am just explaining what had been laid down. I see no difference, personally, whether Senator Roblin speaks on second reading tomorrow, before it has gone to the committee formally, or not. But that is his privilege. If that is the way he wants to do it, that is fine.

Senator Roblin: Well, does my honourable friend not recognize that the debate on second reading is on the principle of the bill? Certainly, members of this house have the right to debate the principle of the bill to borrow \$7 billion. For him to intimate that it makes no difference is hardly appropriate. It may make no difference to my honourable friend or to some other members of the house whether I speak on the matter tomorrow, and that is fine with me, but I want to say something, and I think that the deputy leader, in particular, ought to recognize my right to say it without this quibble.

Senator Frith: I always recognize his right to say it, and I would recognize his right to say it tonight, tomorrow, on second reading, on third reading or whenever. But if he wants to do it this way, I simply say, "Agreed".

Senator Roblin: My friend is most agreeable. I thank him.

On motion of Senator Roblin, debate adjourned.

SMALL BUSINESSES LOANS ACT

BILL TO AMEND (NO. 3)—SECOND READING—DEBATE
ADJOURNED

Hon. Raymond J. Perrault (Leader of the Government) moved the second reading of Bill C-122, to amend the Small Businesses Loans Act (No. 3).

• (2250)

He said: As honourable senators will recall, the Small Businesses Loans Act was amended in July 1980 to provide a further lending period of two years ending June 30, 1982. Since the act was first introduced in January, 1961, it has been

customary to renew the legislation from time to time to provide for further lending periods, normally of three years' duration. This extension of the current lending period that honourable senators are being asked to consider is one of nine months.

The purpose of this extension is two-fold: First of all, it will bring the Small Businesses Loans Act into line with other similar programs on a fiscal year as opposed to a calendar year basis, thereby streamlining the administrative process; secondly, it will enable the Minister of State (Small Businesses and Tourism) to refer the results of the recently concluded Small Business Financing Review to a select committee, such committee to report before the end of the year regarding recommendations and changes that should be made to the legislation to widen the legislation and improve its scope and make it more beneficial to the small business interests in the country.

Honourable senators are aware, I am sure, of the important role this program plays in the financial life of the small business community. The annual report, "Small Businesses Loans Act Annual Report, 1981", provides graphic and persuasive evidence as to the value of this program. As a matter of fact, this afternoon I asked for some detail regarding the loans classified by province and lending institution. I shall not burden honourable senators with all the details, but can give the following figures for 1981: British Columbia, \$131 million; Alberta, \$48.182 million; Saskatchewan, \$29.9 million; Manitoba \$14.8 million; Ontario, \$103.8 million; Quebec, \$148.384 million; New Brunswick, \$9.52 million; Nova Scotia, \$7.65 million; Prince Edward Island, \$1.78 million; Newfoundland, \$5.7 million; Northwest Territories, just under half a million dollars; Yukon, \$1.831 million.

That is the total lending. The document also indicates the lending institutions involved in this program, and there are a great many of them. I commend the document to honourable senators who wish to measure the impact of the program in their respective provinces.

In 1981, over 17,000 loans amounting to some \$503 million were guaranteed, an increase of 20 per cent over 1980.

I discussed with officials today the loss ratio, which is of interest. The loss ratio during the last calendar year—there is the hope to move to the fiscal year—was 2.4 per cent, which, under current economic conditions, is, I think, acceptable. During the entire life of the program, payments under the terms of the guarantee amount to only 0.8 per cent of the total of loans. That, I suggest, is a remarkable figure.

It might be appropriate at this time to remind honourable senators of some of the basic facts about the Small Businesses Loans Act. Almost every area of small business in this country is eligible to borrow funds from chartered banks and some 1,200 other lenders under advantageous terms and conditions for the purchase of equipment, machinery, premises and land. Without going into the names of the institutions, in many

communities the local credit unions are involved, as are trust companies, mortgage companies and other lending institutions. Funds can also be used for the modernization of plant, equipment and premises. One of the attractive features of this important program is the modest level of public human resources required to administer it.

As the Minister of State (Small Businesses and Tourism) indicated in the other place, a staff of six people, including support staff and a manager, are responsible for the entire program. This seems to me to be something of a record.

Furthermore, there is a minimum amount of paperwork required on the part of the lender—less, in fact, than is required in making a normal bank loan.

In conclusion, honourable senators, I urge that there be speedy approval of this bill so that lenders may continue to provide small businesses access to funds for the purposes set out in the act. This measure, I suggest, is particularly beneficial and very much needed at this time.

On motion of Senator Macdonald, for Senator Nurgitz, debate adjourned.

**NATIONAL HARBOURS BOARD ACT
GOVERNMENT HARBOURS AND PIERS ACT
HARBOUR COMMISSIONS ACT
CANADA SHIPPING ACT
FISHING AND RECREATIONAL HARBOURS ACT**

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Second reading of the Bill C-92, intituled: "An Act to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act".—(*Honourable Senator Perrault*).

Hon. G. I. Smith: Honourable senators, in my capacity as Chairman of the Standing Senate Committee on Transport and Communications, which has been pre-studying the subject matter of the bill, I would ask the deputy leader what the expectation, or the hope, of the government is in relation to further work of the committee on that pre-study.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it is a government bill, and the government would like the Standing Senate Committee on Transport and Communications, chaired by the Honourable Senator Smith, to continue its pre-study. The government would be delighted if the committee reported the bill without amendment by the end of the week, but all the government expects of the committee is that it continue its pre-study.

Senator Smith: I thank the deputy leader. I will not make any other response except to express my thanks to him.

Senator Frith: I would not expect you to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, July 28, 1982

The Senate met at 2.20 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem* in the Chair.
Prayers.

Motion agreed to.

THE SENATE

DELAY IN COMMENCEMENT OF SITTING

Hon. Hartland de M. Molson: Honourable senators, I should like to ask the Leader of the Government if he could inform the Senate of the reason why rule 7(1) has been ignored. I hope that there is a good explanation for it. It seems to me that not ringing the bell until after 2.20 shows a certain lack of respect for this Chamber. I wonder if we could have the explanation.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I know that, from his long experience in the Senate, the Honourable Senator Molson realizes that it is a rare occasion on which the ringing of the bell is delayed for such a length of time.

Today there were a number of events, including the funeral of our late colleague, the Honourable John Connolly, and a number of matters relating to the business which must be dealt with prior to the end of the session, which caused this unfortunate and regrettable delay—a delay for which I offer honourable senators my apologies.

Senator Molson: I am glad the leader has apologized, because I found it difficult to understand why, if the sitting was going to be delayed for as long as 20 minutes, some word was not passed around, or we were not somehow informed. However, I thank the leader for his explanation.

Hon. Jacques Flynn (Leader of the Opposition): We will ask for more later.

UREA FORMALDEHYDE INSULATION BILL

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-109, to provide for payments to persons in respect of dwellings insulated with urea formaldehyde foam insulation.

Bill read first time.

The Hon. the Speaker *pro tem*: Honourable senators, when shall this bill be read the second time?

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

QUESTION PERIOD

[English]

PARLIAMENT

SUMMER RECESS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the Leader of the Government has, in reply to the point raised by Senator Molson, mentioned that there were other problems tied to the adjournment of the session—I did not hear him say “prorogation”, which might be expected after two years and three months—for the summer recess, which is now going to be practically at the end of summer. I am wondering if he can tell us more about what was discussed during the 20 minutes that honourable senators waited for the bell to ring.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I recall that I used the word “business”. We were having discussions relating to the business which might be dealt with before the summer recess. I may be able to provide a fuller statement on this at an early opportunity.

• (1430)

Senator Flynn: You say “at an early opportunity”. In my opinion, it should be now. When shall we learn if we are going to adjourn either this week or next week? Perhaps the Deputy Leader of the Government has been negotiating, but I thought there was a meeting of government supporters who were going to decide on certain positions.

Senator Perrault: First, may I say, in amplification of my earlier statement in response to Senator Molson, that, of course, a notice should have been sent to honourable senators advising them of the delay. That delay had not been anticipated; nevertheless, a notice should have been sent.

Secondly, with regard to the business before Parliament to be dealt with before the summer adjournment, there have been many discussions held today, including a number involving supporters of the government. I have not had an opportunity to discuss with the house leader in the other place the details of these discussions—some of them, I understand, with the house leaders of the Conservative Party and the New Democratic Party with regard to the business it is hoped Parliament may be able to accomplish before the end of this week. Some rather critical decisions are now under consideration as to whether it

will be necessary to have Parliament sit next week. I shall undertake to communicate with the office of the house leader in the other place to determine what progress may have been made at those meetings.

Senator Flynn: With regard to the discussions with the house leaders in the other place, I do not think they had anything to do with the delay in calling the Senate this afternoon. The Leader of the Government mentioned that the delay was not anticipated. Does that mean that the discussion in the Liberal caucus took more time than was anticipated? Is that what he means?

Senator Perrault: I thank the Leader of the Opposition for his continuing interest in the welfare of the party and the supporters of the government. I can say that we discussed matters which are in the public interest.

Senator Flynn: In any event, perhaps the Deputy Leader of the Government can tell us now. If he cannot reply immediately, I cannot force him to give me the adequate answer he always gives, according to Senator Guay. He may not be able to give an adequate answer today, but perhaps he will be able to do so tomorrow. I know that we are to expect Bill C-124. Are there any other bills, the passage of which is required by the government before the adjournment for what is left of the summer?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, my information at the moment is that the only additional bill, other than Bill C-124, that the House of Commons may send to us, that is part of the government's legislative program before adjournment, is the Canagrex bill. As has been the situation for a couple of weeks now, the basic package remains the same, namely, the two budget bills, C-124 and C-125, and the other three bills, namely, the Canagrex, UFFI, and Ports. We now have two-thirds of the latter, namely, the Ports and UFFI, and also Bill C-201.

Senator Flynn: Bill C-201 raises an interesting question. Is the position of the Deputy Leader of the Government still the same, that the bill has to be passed in its present form before the adjournment?

Senator Frith: That is our position. I would not say that it has to be passed. We can only propose, as can a private member, and the Senate disposes; but it is the government's wish that it pass in its present form before the adjournment.

Senator Flynn: Before the adjournment, but is it a condition of the adjournment that it be passed? For instance, would the Senate have to come back next week for only that bill?

Senator Frith: The package is as described. What parts of it are conditional or unconditional, I would not care to say.

Senator Flynn: I thank the Deputy Leader of the Government. His response, although in appearance rather hazy, is quite revealing.

• (1435)

Senator Perrault: It is a very revealing haze.

[Senator Perrault.]

Hon. Lowell Murray: Is there the possibility that the Senate will be sitting on Friday?

Senator Frith: Honourable senators, if it seems to us tomorrow that advantage can be gained, particularly with reference to an adjournment and not having to sit next week, I think we should sit on Friday. We will have to wait until we get a clearer picture on Bill C-124. As the situation stands, I believe that it will not get third reading in the other place until Monday. In that event, I would suggest that we not sit on Friday but, rather, that we come back next week.

Senator Flynn: Honourable senators, I say to the deputy leader that I think it would be very difficult to obtain consent from this side to proceed with Bill C-124, in all its stages, on Friday if, for example, the bill were received on Friday afternoon.

Senator Frith: Honourable senators, I do not want to make a prediction as to what the Senate may wish to do under those circumstances, but I think what Senator Flynn has said is quite reasonable.

Hon. H. A. Olson (Minister of State for Economic Development): It is in keeping with his usual reasonableness.

GRAIN

RAPESEED—FREIGHT RATES TREATMENT

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. Is the government considering placing crushed rapeseed on a par with the raw product insofar as freight rates treatment is concerned?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Of course, the government is considering the Gilson report, but there is no immediate action, of which I am aware, in that regard.

Senator Balfour: Does the government not consider it discriminatory that shippers of the partially refined product must pay more than those who ship the raw product?

Senator Argue: I think the answer to that question could be "yes". This topic, of course, is the basis of Doctor Gilson's study and his report. I may say that Mr. Pepin and I had the opportunity to meet in Regina about a week ago with the rapeseed crushers. They are very concerned about the possibility of a large increase in freight rates on the crushed product coming into effect soon. Certainly, their concern was brought to the attention of the minister. However, the matter is before the Canadian Transport Commission, and I am not certain at all as to the action they may take. The rapeseed industry is in a difficult way for a number of reasons—the market is down and the availability of rapeseed is not all that great.

Hon. Jacques Flynn (Leader of the Opposition): "Availability"?

Senator Argue: The availability of the raw product is not that great, because production is down. Certainly, the crushers

face difficulties, and a large increase in the freight rate would make it difficult for them, but the long term problem is under consideration.

TRANSPORT

MANITOBA—CHURCHILL—GRAIN SHIPMENTS

Hon. Joseph-Philippe Guay: Honourable senators, I would like to ask a question of the minister responsible for the Canadian Wheat Board. On May 26 I asked the minister about the delivery of grain to the Port of Churchill. At that time I indicated my concern and the reason why I was asking the question in the month of May, which was to bring to the minister's attention the possibility of increasing the percentage of grain shipped through that port, which is very important to the people of western Canada, and particularly to those of Manitoba.

Because of the concern that still exists there and because we still do not know the outcome of this situation, I would like to ask the minister at this time—if he followed up on this very important matter to western Canadians—whether he has anything to report on the subject.

● (1440)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I share Senator Guay's concern that adequate supplies of grain be shipped through the Port of Churchill, which, as honourable senators know, relies almost solely for its operational existence on activities related to the handling of grain.

From time to time we have tried to interest private groups, and even the provinces, in using the port facilities, but it remains largely a grain port. Personally, I have always supported the Port of Churchill. It is essential to federal government plans for grain movement in the 1980s, as the industry gears up to meet the Wheat Board's 1990 export target of 36 million tonnes. In that respect I am pleased to report that for the 1982 shipping season we envisage the shipment through the Port of Churchill of some 561,000 tonnes of wheat and barley, being comprised of approximately 366,000 tonnes of wheat and 196,000 tonnes of barley. Those are relatively large quantities, and I must say that 1982, although it is not the best year, is certainly one of the better years for the Port of Churchill. Last year 438,000 tonnes of grain were shipped through the port, so we are already more than 25 per cent ahead of that. The year before that 289,000 tonnes of grain were shipped.

Having indicated the program that has been concluded for Churchill for this year, I should point out that the shipping season will actually get under way on August 2 or 3. Further orders may come in, but in any event the quantity I have indicated is assured. The Canadian Wheat Board uses Churchill related to market requirements. The government continues to put funds into the Herchmer line and into rehabilitation—\$21 million to date—and the people of Churchill and of western Canada can be assured that the port is being used extensively this year for the shipment of grain.

Senator Olson: Hear, hear.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I do not often have the chance to congratulate the honourable minister who has just spoken. I feel that I ought to tell him at this time that his efforts are much appreciated, because that is a substantial volume of grain and it will have a good effect on both Churchill and the province. For that I thank him.

FOREIGN AFFAIRS

LEBANON—INITIATIVES TAKEN BY GOVERNMENT

Hon. Stanley Haidasz: I should like to address a question to the Leader of the Government in the Senate. Because there has been no real progress towards a peaceful settlement of the Lebanon crisis, I should like to know what initiatives have been taken by the Canadian government to play an active role in international efforts to secure a negotiated political settlement of the Palestinian question and to end the bloody war in Lebanon.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have two updates on the situation in Lebanon from the Secretary of State for External Affairs, which I am pleased to communicate to the Senate.

He has advised that following the bombing of the official residence we were in touch with the ambassador in Lebanon by telephone. All Canadian staff at the embassy are safe. Their number has today been cut again to the minimum of five or six. The ambassador has the authority to close down operations in the embassy the moment he believes that the members of his staff are running unacceptable risks.

I would recall to your attention that our embassy staff there can move quite easily from West Beirut to East Beirut and Junieh, up the coast where the situation is calm. We have no information on the shelling of Junieh yesterday, which came as a surprise, except to say that the residence is badly damaged. However, prior to yesterday's attack the ambassador had not been living in the residence for some time, and the embassy office is in a part of the downtown area which has so far not been hit by the Israeli attacks.

In the meantime, honourable senators, the embassy is carrying out extremely useful functions in reporting on the situation, making contact with local authorities, providing services to Canadians in the area and following the progress of humanitarian relief efforts in the country.

With respect to the violence taking place in Lebanon as a whole, we deplore the continuing violence there with its mounting total of casualties. We are especially concerned that the most recent Israeli attacks on West Beirut by land, sea and air are causing widespread death and destruction among civilians.

● (1445)

We support Mr. Philip Habib's efforts to end the bloodshed and find an accommodation among the parties. Withdrawal of Israeli forces in conformity with Security Council Resolutions

508 and 509 is imperative, as is the departure of all foreign forces from Lebanon. The Lebanese must be allowed to get on with the immense task of reconciliation and reconstruction.

Bearing today's date, another message from the Secretary of State for External Affairs has been received by me.

The Secretary of State for External Affairs says that our ambassador to Israel called on the Deputy Secretary General of the Israeli Ministry of Foreign Affairs today to protest the most recent bombing of the official residence and the lack of response to our previous protest.

Mr. Bar-On conveyed the Israeli government's deepest regret for the damage to the residence and said that everything would be done to try to avoid a future similar situation, but that it was not possible to give assurances that such damage would not recur.

With respect to searches of the ambassador's car between East and West Beirut, Mr. Bar-On conveyed official regrets and apologies for any harassment suffered. Instructions have been issued to the IDF to stop these searches.

Senator Haidasz: Honourable senators, may I ask a supplementary question? Is the Leader of the Government in a position this afternoon to comment on a press report that the Canadian government has forbidden our ambassador in West Beirut to carry on any talks with representatives of the Palestinian people?

Senator Perrault: Honourable senators, the question will be taken as notice. I have not been advised of that fact by the minister.

[English]

HON. HARTLAND DE M. MOLSON
HON. DONALD CAMERON
HON. DAVID A. CROLL
HON. FRED A. McGRAND
HON. F. ELSIE INMAN

FELICITATIONS ON TWENTY-SEVENTH ANNIVERSARY OF
APPOINTMENT TO SENATE

Hon. Daniel A. Lang: Honourable senators, I rise on a question of privilege. I should like to remind you that on this day 27 years ago my aging colleague to my right was summoned to the Senate.

Hon. Senators: Hear, hear.

Senator Lang: Along with him, twelve others were summoned to the Senate on that day, including my young friend, Senator McGrand, as well as Senators Inman, Cameron and Croll.

I hope that the initiative the Prime Minister of that day took in causing to be inducted into this chamber such a large group of talented people, will be emulated by the present Prime Minister.

Hon. Senators: Hear, hear.

[Senator Perrault.]

HOLIDAYS ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Bird for the second reading of Bill C-201, to amend the Holidays Act.

Hon. Henry D. Hicks: Honourable senators, I have never received as much correspondence in respect of a single piece of legislation as I have relating to Bill C-201. In my case, without exception, all those who have written to me are in favour of retaining the term "Dominion Day".

Some Hon. Senators: Hear, hear.

Senator Hicks: That, however, is not the reason why I oppose this bill, as I shall explain in the remarks I wish to make this afternoon.

I should say, though, that my correspondence contains some rather interesting observations. One distinguished Canadian—a resident of the city of Ottawa, as a matter of fact—is reluctant to see the ancient term "Dominion" dropped. He states:

I know of no other country which has such an inferiority complex that it has to use its own name to denote a national holiday.

Well, honourable senators, we learned from Senator Bird that Australia calls its national holiday "Australia Day."

• (1450)

What about this term "dominion"? In his speech of last evening, Senator Macquarrie recounted how the word was chosen. According to his account, Sir Leonard Tilley was the one who picked the word "dominion" out of the eighth verse of Psalm 72, which reads:

He shall have dominion also from sea to sea, and from the river unto the ends of the earth.

My recollection is, and my correspondent says the same thing, that it was a Nova Scotian, Sir Charles Tupper, who chose the word, but that is a small point and we need not quarrel about it.

In any event, one of the Fathers of Confederation picked this word. It was in no wise a word established by the British to denote any inferior state or description of a country. The fact that Canada chose it had nothing to do with the British Parliament or the British government. The fact that other portions of the Commonwealth chose to use the same term—Australia, New Zealand and South Africa come to mind at once—meant they were copying a Canadian idea and not a British, or imperial, or Commonwealth idea. The word "dominion" was a Canadian idea taken from Psalm 72.

I think that traditions are valuable and that we ought not to turn our backs on our heritage. Indeed, we should build our future on our understanding of the great accomplishments and the great episodes of the past. I am disturbed that all too often today we Canadians are turning our backs on our heritage and avoiding reference to those great episodes that made us the great nation we are. We have practically eradicated the word "royal" from all references to any of the activities or agencies

in our country. It may very well be that our French Canadian friends thought that the royal epithet referred too specifically to the British monarchy—as, indeed, it did—and I have gone along with that, although with some reluctance, because it seems to me that an appreciation of the past is necessary to an understanding of the present and to a preparation for the future.

A week ago I received a message from the Honourable Jean-Jacques Blais stating:

On the occasion of the official ceremony of the Patriation of the Canadian Constitution you received a commemorative nickel dollar packaged in a red velvet case.

This brilliant uncirculated coin will be offered to the Royal Canadian Mint's clients from September 1 to November 30, 1982. It will be presented in a similar case bearing a maple leaf instead of the armories of Canada.

Is this the beginning now of dropping the arms of Canada? I hope not. I say again that when we turn our backs on history, we lose something which can never be regained. I hope that we will not do that.

In view of the arguments that were put forward so well by Senator Macquarrie last evening, it is not necessary for me to say much more. In my opinion, the term "dominion" in no way connotes subservience. It relates to our past and refers to the activities of our Fathers of Confederation. There is no reason why we ought not to perpetuate Dominion Day.

I shall be content to close this brief intervention by quoting another great Nova Scotian. These words, by the way, were last voiced in the Senate by the late Senator Grattan O'Leary. In one of his last speeches here he quoted Joseph Howe as follows:

A wise nation preserves its records, gathers up its muniments, decorates the tombs of its illustrious dead, repairs its great public structures, and fosters national pride and love of country, by perpetual reference to the sacrifices and glories of the past.

Hon. H. Carl Goldenberg: Honourable senators, would Senator Hicks permit a question?

Senator Hicks: Certainly.

Senator Goldenberg: Did I understand Senator Hicks to say that Canada adopted the term "dominion", and so did Australia, New Zealand and South Africa?

Senator Hicks: It is my impression that Canada adopted it first, and then the other colonies when they became self-governing, used it. I do not know what exact technique or discussions were involved.

● (1455)

Senator Goldenberg: Is it not a fact that Australia never used the term "dominion"? It was, from the beginning, and still is, the Commonwealth of Australia, and that is set out in the Australian Constitution.

Senator Hicks: I certainly have to bow to Senator Goldenberg's more precise knowledge. Perhaps I was loosely referring

to the fact that, for many years, Australia was included in the general reference to the "dominions" within the Commonwealth. However, I am sure he is technically correct.

Hon. Duff Roblin (Deputy Leader of the Opposition): Are they not described in the Statute of Westminster by the generic term "dominions," and then specified by their peculiar titles?

Senator Goldenberg: That is correct so far as the Statute of Westminster is concerned, but the title of Australia has always been and still is "the Commonwealth of Australia," not "the Dominion of Australia."

Senator Roblin: There is no argument about that.

Hon. Hartland de M. Molson: Honourable senators, I have listened to the excellent speeches that have been made in this debate, and it is quite apparent that there are great differences, largely emotional, on this issue, as there were in the debate on the Constitution.

Senator Hicks, who has just finished speaking has, I am afraid, said much of what I will be saying.

I am concerned that Bill C-201 is just another very small step in the process, which has been continued over the last few years, of downgrading tradition and obscuring our heritage. Some of these steps have taken the form of removing the word "royal" from the mail and from the armed forces such as the former Royal Canadian Navy, Royal Canadian Armoured Corps, and the Royal Canadian Air Force in which I was so proud to serve between 1939 and 1945.

Hon. Senators: Hear, hear.

Senator Molson: If anyone doubts the public interest in and support for the traditional appearance, at least, of the armed forces, let him only look at the lawn in front of this building between 10.00 and 10.30 every morning. He will find that the Changing of the Guard draws an audience that would compare not too badly in number with that drawn by the Expos, and certainly by the Argos.

The Constitution debate did as much to divide the country, in my opinion, as anything that has occurred since Confederation. It looks as though this bill to amend the Holidays Act will have the effect of keeping that pot boiling. It puzzles and bothers me. The government emphasizes unity, yet it seems it almost favours measures which divide us. I cannot believe it is intentional but, if one can be objective, it looks that way.

Whether the national holiday should be called "Canada Day" or "Dominion Day" is a decision that should be taken by the people of Canada and, particularly, by their representatives in Parliament. A decision on such a matter as this, affecting widespread emotions, should never be sneaked through by way of a questionable bill or motion.

The main, and difficult, problem with "Dominion Day" is that it does not translate into French, and the French perception of it is one of subservience or dominion by others. Senator Robichaud mentioned that, to him, it meant dominion by others. However, to me, and I think to many, "dominion" was chosen on a triumphal note to signal the escape from colonial

status to one where the people of this new country had domination over their own land, laws and customs. To me, it mirrors the American choice of "Independence Day" as the name of their national holiday.

If the people of Canada want to call it "Canada Day," I am perfectly content to accept that. If they do not, I also accept that fact. What I cannot accept is a bill coming to us for the sober second thought for which the Senate was created, having gone through the other place without any debate and perhaps without even a quorum. This private bill now becomes a public bill because of its passage in the other place. Therefore, it is government-sponsored and, as usual, we will see the whips put on to avoid what, to this government, seems to be the most important thing to avoid—loss of face.

● (1500)

Honourable senators, as the situation stands, I cannot vote for this bill. I would like to repeat and emphasize, however, that if a bill comes forward in the normal way, if it is considered by a majority of the members of Parliament and is favoured by both houses, and if the public has the chance to express itself, I will quite happily support it. The present effort is quite unworthy both of this house and of the government of the day.

Hon. Jack Marshall: Honourable senators, I am glad to follow two such distinguished senators. In his speech last evening, Senator Macquarrie indicated that he was not going to refer to the incident in the other place—but I am going to.

Honourable senators, we have had many opportunities to carry out our responsibilities in this chamber in accordance with what the Fathers of Confederation envisaged to be our duties. Having looked through the *Debates* of the other place, it is evident that, some 35 years ago, the Senate did stop the passage of a similar bill to change the name "Dominion Day" to "Canada Day." It was moved by Mr. Côté from the riding of Matapédia-Matane. I give full marks to the honourable senators of that day who stopped the passage of that bill.

Honourable senators, I will not repeat the various incidents that gave rise to the opportunities for senators to stop legislation which was not in the best interests of Canadians of all regions of the country. As well, without reminding honourable senators of the number of times we have merely "rubber stamped" such legislation against our consciences, I will say that we now have an opportunity to stand up against a bill—be it private, public or whatever—a piece of legislation that will only fester the "sores" that are spreading throughout this Parliament and across the country.

Bill C-201 we do not need, honourable senators, and I appeal to every senator in this chamber to show his independence so that, once and for all, we can stop what can only be referred to as a mischievous act perpetrated by a dozen members of Parliament. These members have proven their lack of patriotism, certainly as evidenced by the fact that they knew what they were doing, by a lack of courtesy toward their colleagues in not giving them the opportunity to speak, and by

their seemingly hypocritical attitude towards their oath of office and towards the wishes of their constituents.

Let me say, honourable senators, that I am aware that the passage of Bill C-201 was carried out in a manner which was technically correct. The Speaker in the other place, in not allowing any members to protest, was carrying out a procedure which, although technically right, was certainly not morally right. In fact, the entire exercise was not carried out in the Canadian way.

I ask honourable senators this question: Is it the Canadian way for a member who was present in the house at the time—who did not even know what he was voting for, much less what the house was voting on—to agree to the passage of the particular phase of the bill in question?

The mover of the bill, back in 1980, made a speech in which he referred to having written to the Secretary of State, the Honourable Francis Fox, about a bill that had been brought forward at that time. He said that the exercise was an example of the power of a very small minority that was strong enough to block the passage of legislation that could obtain all-party support and thus pass the house vote with an overwhelming majority. At that time he complained about the fact that half a dozen Conservative MPs who were vehemently opposed to the change could stop the bill. Honourable senators, that is what is called "the pot calling the kettle black." The honourable gentleman was against such a practice in 1980, yet, strangely enough, he was not against this practice, whereby 12 members of Parliament were able to pass a bill which so affects this country.

Again I ask honourable senators: Was it the Canadian way to use the authority to place the house into committee of the whole, with only 12 members present and not one question having been asked of anyone? Was it the Canadian way to agree to all clauses of the bill, to report back to the house, to read the bill a third time and to pass it, all of which took place in five minutes?

Honourable senators, bearing in mind everything that has gone on in the other place with respect to parliamentary reform, surely this is a perfect example of where that reform is needed. If 12 members of Parliament can collaborate and, in five minutes, can change the course of our history, seemingly untouched by their consciences and lacking knowledge of the feelings of the majority of Canadians they represent, then I suggest that honourable senators put a stop to this hypocrisy. I think that it is easy to recognize which end of the Parliament Buildings ought to undergo reform.

Honourable senators, I have no objection to a private member's recommending a change by whatever method he deems fit. That is his right as a Canadian member of Parliament. The method used in this case to get the passage of a bill through the other place, however, is one to which I object most strenuously. It can and should be stopped in this chamber. Surely there must be a sufficient number of us here who recognize that we can, as is our duty, send the bill back to the House and ask for a government bill to be presented in a

straightforward and decent, democratic way. Let the critics have their say. This bill should be allowed a debate in the other place, whereupon it should be sent back here to be put through the same process. Let us not allow ourselves to be put in the position where we permit less than 3 per cent of the parliamentarians to collaborate in a plan to undermine and alter the traditions that used to make us the envy of the world.

Honourable senators, this is another attempt to undo the past, to rewrite history, to revoke and revise the few traditions we have left. Most importantly, however, it allows Canada to be changed without the consent of the people of this country. I ask honourable senators this question: What harm would we be doing to anyone by doing what is right?

Perhaps, honourable senators, a majority of Canadians do want our Holiday Act amended to change the name from "Dominion Day" to "Canada Day." Why do it, however, in a manner that further embitters our citizens? As Senator Hicks has done, I will read from only two of the many letters I have received on this issue. A lady from Waterloo, Ontario, wrote:

I would simply like to urge, in the strongest terms, that the Senate give serious consideration to the cogent arguments for the retention of the present name. It is my feeling that Canadians have been seriously shortchanged and the historical and spiritual traditions of our country eroded by the swift passage in the Commons last week of the private member's bill to alter the name.

A man from Scarborough, Ontario, wrote:

Dominion Day is a part of the great historical heritage of this nation, taken as it is from Psalm 72:

He shall have dominion also from sea to sea.

The new Constitution has enshrined the term "Dominion" in the Constitution Act, 1867, section 3:

—the provinces . . . shall form and be one Dominion—

We are celebrating on July 1 the commemoration of Confederation and, thus, our independence. "Dominion" in no sense of the word is "colonial." Canada existed long before 1867, and the term "Canada Day" is surely neither meaningful of the present or future.

Honourable senators, with the greatest respect for Senator Bird, who opened the debate, I must disagree with her. In her speech she made mention of something that is very close to me—the Canadian soldiers who fought overseas. She said that they wore flashes bearing the name "Canada"; and I do not disagree with that. She failed to recognize, however, that a lot of the soldiers and servicemen also wore their provincial flashes. The North Shore, New Brunswick Regiment, for example, wore a badge which had "Canada" on it as well, as did the North Nova Scotia Regiment. I would like to remind honourable senators of the pledge that all members of the Canadian forces took, many of whom died overseas. Our servicemen still take the same pledge, which is:

I . . . do swear that I will be faithful and bear true Allegiance to Her Majesty Queen Elizabeth the Second, her heirs and successors according to law, so help me God.

There is no reference to "Canada" in that pledge, which is, as I understand it, taken from the British North America Act.

What about the veterans who came back? What about the one million veterans who are the ones we should still look to for the reasons why Canada is such a great nation? What do they do across the country in their Legion branches? What are the words of the ritual they use every time they meet? The ritual goes like this:

● (1510)

Before we proceed to the consideration of the business which has brought us together, let us pause for a few moments to think reverently of those of our comrades who by sea, by land and in the air, laid down their lives for their Sovereign and country . . .

Honourable senators, that same Canadian Legion, when they write to me, do so in letters headed, "The Royal Canadian Legion". Most of the letters are written by the Dominion President or the Dominion Secretary. This is on their letterhead, which they are proud of. I am not going to say that there are Legionnaires who do not want Canada Day, but this is the sort of thing we should be looking at.

I was reading a letter I received from the Dominion Chairman of the Monarchist League of Canada. On the letterhead is also mentioned the Dominion Secretary. As a matter of fact, they were asking me for my dues, which I was late in paying, but here is what they said about the monarchy. They reminded me that:

Monarchy prevents the growth of power by denying ultimate power to any politician;

Monarchy assures that our freedoms and liberties depend upon an institution above politics, which endures above the partisan battles and controversies which may divide Canada;

Monarchy enables men to oppose the government's policies without being accused of disloyalty to the state, as it maintains separation between head of state and head of government;

Monarchy exemplifies the family life, which must be at the base of any stable society;

Monarchy stands for the moral order of the country, which endures whatever the trends of the day.

Honourable senators, many editorials have been written in connection with this matter, but I am not going to talk about the editorials in the famous national papers; instead I am going to go right to the far corners of little Newfoundland. For instance, I am sure that nobody has ever heard of *The Coaster*. This is published in a little town about 350 miles up on the northern tip of the peninsula. This deals with Canada becoming 115 years old, and points out that even though they were all in favour of Canada, and talk about how wonderful things were in Newfoundland after Confederation, they say that we should never forget something that happens every year in Newfoundland on July 1.

However, we must not allow the birthday celebrations to erase the memory of the Battle of Beaumont Hamel on July 1, 1916, during the First World War, when the Royal Newfoundland Regiment was decimated and the cream of this province's youth were killed. That disaster did not stop others from promptly filling their places, many of whom also paid the supreme sacrifice. It was the willingness of these heroic men to fight for what we today call democracy, that makes it possible for us to celebrate our freedom and our greatness as a nation.

Another editorial is from the southern part of Newfoundland, and is from a newspaper called *The Gulf News*. They finish their editorial by saying:

Canada is like a huge body. The Utopian concept would see us aiding each other and observing some sort of balance arrangement for the good of the nation.

They are discussing the fact that Canada was spending \$5 million on celebrating Canada Day.

Instead some portions are shovelling the benefits in while others are starving and struggling to get to where there is full and plenty. This has been ongoing for some time and now the bloated areas are beginning to throw up the wastage. The five million spent July 1 is little more than a giant Rolaid. The situation persists.

"Ottawa: any millions of dollars or even thousands you have available for spending or wasting, please advise a community on the southwest tip of Newfoundland named Channel-Port aux Basques. When our problems are taken care of and this nation is on an even footing then there is time for celebration."

I have wondered over the years, honourable senators, and wonder now, what the changes that are today going on in our country are really destined to accomplish for the citizens of Canada. Was the country in such a mess prior to 1965 that we had to fight about a distinctive flag? We only have to ask ourselves what has happened to Canada in the intervening 17 years. Why did we have to rush into achieving a Canadian Constitution that further divided the country? Is Canada now better off? Are Canadians better off today? Are the poor any more capable of finding enough food or shelter or housing? Are the one and a quarter million Canadians who are out of work any surer of getting jobs? Can the youth of our country get a start in life? Can they begin a career and have a future? Is there unity among the provinces and in federal-provincial relations? Are Canadians happier than they were before we patriated the Constitution? Do the people love their government more? Is it not rather true that we are in a worse mess now than we ever were, with a government that is so blind to the realities of life that they are trying to bribe the citizens of Canada?

I say, if you want to have a Canada Day, have it. Have a Canada week. Have a Canada Month. Canada, however, is not a day, or a week or a month; it is 365 days a year of Canadians living together, it is hoped with leadership from a government that thinks of its people. But you cannot ram something down

the throats of Canadians because you think it is best for them. You cannot bully people into doing something against their will, and you cannot bribe people with Canadian flags and balloons and pins, and money besides, because what is going to happen is what happened out in Belle Plaine, Saskatchewan, where a group returned a cheque for \$1,250, with the words, "We don't want your money or trinkets. We want leadership."

No, honourable senators, you do not create unity by using methods that are underhanded. People are too smart. You do not legislate unity, in a country of 23 million people, by 12 members of Parliament sneaking through a bill without caring about the consequences. Canadian unity comes from the hearts of individual Canadians who care about their country, and they will celebrate it in their own way, without interference from those they have lost confidence in.

Finally, if you want to have a Canada Day, have it, but do it, I repeat, in the Canadian way, through the acceptable rules laid down by the Fathers of Confederation, who created the Dominion of Canada, which is good enough for me.

Hon. Douglas D. Everett: Honourable senators, I should like to intervene very briefly in this debate. One of my reasons for intervening now is that my preference is that the matter be debated this afternoon and voted on, since I think that this is an issue that should be dealt with while we are all here, not with the idea of restricting debate, but with the idea of debating the matter now and bringing it to a vote as soon as everyone has had his say.

I want to speak principally because of the three speeches that were made today. There were aspects of those speeches that interested me very greatly.

Personally, I do not care whether we call this national holiday "Canada Day" or "Dominion Day." Perhaps I should care, but I just cannot find myself moved by the arguments on either side, although they have been, indeed, eloquent.

What I am concerned about, honourable senators, is the way in which this is being done. Senator Marshall and Senator Molson raised a very valid point, that here is an issue that deeply interests a great many Canadians, who have not had the opportunity to state their concerns, to debate the issue, or to appear before a parliamentary committee and make their input part of a general debate in either the Senate or the House of Commons.

The fact of the matter is that this is what should happen. I believe that what the Senate should do is refuse this bill. It ought to do so on the basis that the House of Commons must bring forward a proper bill, refer it to a committee, hear argument, have full debate, pass it, and then send it to the Senate for approval. If that is not to happen, then it is my belief that what we ought to do here is refer the matter to a committee, and undertake the process I have referred to ourselves.

• (1520)

So, honourable senators, I cannot add to the debate. All I could say has been said by others, and far more eloquently. I merely want to put on record the fact that I will vote for a

referral of the bill to a Senate committee for proper hearing, or I will vote against the motion for second reading.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, this has been a difficult question over the years for many of you, and, no doubt, for many members in the other place; but it seems to me that, as a nation and as a Parliament, we have dealt with important and difficult questions in the past, all of which were part of our evolution as a nation.

Hon. David Walker: There was a vote of 13 out of 282. Have we ever done that before?

Senator Argue: It was unanimous.

Some Hon. Senators: Oh, oh!

Senator Argue: It was done properly. The Conservatives were represented there too. I believe, from what I have read, that the leader of the Conservative Party, the Right Honourable Joe Clark, is in favour of this bill.

Hon. Raymond. J. Perrault (Leader of the Government): And Stanley Knowles, and Walter Baker.

Senator Argue: So it was done properly. It was done under the rules of the House of Commons. If one wishes to go back in history, one will find that it is not the first time that this was done in the House of Commons.

Senator Walker: Are you in favour of its being done in that way?

Senator Argue: Of this bill?

Senator Walker: Are you in favour of the way it was done in the House of Commons?

Hon. Royce Frith (Deputy Leader of the Government): Give him time to finish.

Senator Argue: I am in favour of its being done in the form of a public bill in the name of a private member, and I cannot see why anyone, in either the House of Commons or the Senate, as an individual member of either house, should say, "The government has to do it; the government has to bring it in." Of course, if the government brought it in, then honourable senators opposite would say, "It's a party matter, a political matter; they are going to use their majority to shove it down our throats."

I was saying it is a difficult bill, a difficult subject. It is difficult for some people to decide whether or not July 1 should be called "Canada Day" or "Dominion Day". I was raised on the prairies—

Hon. Jacques Flynn (Leader of the Opposition): You grew up on the prairies.

Senator Argue: Those interruptions are getting some attention from senators close to the honourable senator who leads the opposition, but not much from other honourable senators.

When July 1 arrived it was generally not known as "Dominion Day" but as the "July 1st holiday". Canada is evolving as a nation and in its national aspirations. I was in the other place

when the Canada Citizenship Act was passed, and I have been proud to say I am a citizen of this country. I was on Parliament Hill when we decided it was okay for a Canadian to occupy the position of Governor General, and I believe that to have been a good move. I was not here at the time, but I followed closely the legislation adopting the Canadian flag. That was a difficult process and there was great division, not only as to whether there should be a distinctive Canadian flag but also as to what its design should be. I believe that Canadians today are happy that we have a Canadian flag, and most are happy with the design. We adopted "O Canada" as our national anthem, and I believe that Canadians are happy with that. Our Constitution is now home.

I forecast that this legislation will pass, and that when it passes, and we have adopted "Canada Day" and the debate is behind us, we are not likely to have private members' bills seeking to change the name once again.

Senator Walker: Can twelve people change it again?

Senator Frith: You will have your turn.

Senator Argue: If it is changed again, with the unanimous approval of the quorum, or whatever number there may be in the House of Commons, and that quorum is recognized by the Speaker, and the measure is given Royal Assent, then I believe that will be the proper and constitutional way to do it.

An Hon. Senator: Sleazy.

Senator Argue: How many Conservatives were in the House? I do not propose to cast an aspersion on the Conservative members in the other place. I have been around here since 1945. I sat for 18 years in the House of Commons. This discussion is not new. I believe there have been approximately 23 private members' bills over the years seeking to have this done—

Senator Walker: Not with a vote of thirteen.

Senator Argue: Back in 1946 a bill was presented by Mr. A. P. Côté of Matapédia-Matane. It was Bill No. 8, respecting "Canada Day", a public bill in the name of a private member. The date was April 4, 1946. It was a simple bill. The subheading that appeared in *Hansard* was: "Substitution of Word 'Canada' for Word 'Dominion'." The bill had a good deal of support. I could quote from views expressed by honourable members who participated in the debate. They sound similar to what is being said in connection with the present bill. Here is one quote:

To me the name Canada has music in it. To me it represents the greatest country on earth.

That was said by Mr. Daniel McIvor, the member for Fort William.

The debate continued and there were a number of votes taken on the question. It was moved by Mr. Tom Church, of Toronto, that the bill "be not now read a second time but this day six months hence." That motion was defeated. Another motion was moved that the committee rise and report progress, and that also was defeated. Then there was the vote on the bill itself. The yeas totalled 129, and the nays 59. So a bill, similar

to Bill C-201 now before us, was passed by the House of Commons by a large majority on April 4, 1946.

Senator Walker: What was the wording of the bill?

An hon. Senator: There was good government.

Hon. George J. McIlraith: May I ask the honourable senator a question? Would he not agree that that bill was passed after a full debate in the other place?

Senator Argue: Yes, it was passed after a debate that took up a large part of a day. I guess that is a full debate.

Senator McIlraith: Would the honourable senator not agree that the earlier bill as well as the "O Canada" bill were passed after debate and referral to committee. The flag bill was examined at many committee sittings at which many representations were heard.

Senator Argue: This debate has been going on in Canada in many forms for 30 years. It has been going on in Parliament for 30 years. I have mentioned the debate held in 1946. It is interesting to note that the list of those who voted yea in support of the bill in 1946 includes the names Argue and McIlraith. I was in good company in those days, and, in connection with second reading of the bill now before us, I anticipate that I will be in good company again.

The Senate did not exactly cover itself in glory. I believe that back in 1946 it moved to send the bill to committee. I hope that in 1982 honourable senators will take a more progressive attitude and will not try to send the bill to committee, which, in view of the possibility that we may be adjourning in a few days, is likely, in effect, to kill the bill.

I believe the Senate is now really under the gun. I believe the Senate is being watched. I believe the Senate will do itself justice if it supports the bill and passes it. I take second place to no one in this chamber—and I do not want anyone to take second place to me—in believing I am a good Canadian. I believe that Canadians generally, by a growing majority, think that we should know July 1 as "Canada Day". I am pleased to repeat in 1982, when the opportunity arises, that I support the same kind of favourable vote for the same kind of bill that I voted for on April 4, 1946. My only hope is that in 1982 the Senate will act responsibly and pass the bill.

● (1530)

Senator Walker: Honourable senators, I move the adjournment of the debate.

Senator Frith: Honourable senators, I rise on what, I suppose, is a point of order. I do not intend to oppose the motion that the debate be adjourned, but I hope that honourable senators will remember that, as I said earlier, the government wishes this bill to come to a vote and to pass before the recess. It also wishes all honourable senators to have an opportunity to debate it. Of course, we do try to have, as we have had today, more than one or two interventions per sitting. I hope that honourable senators who wish to intervene in the debate will be ready to do so soon.

[Senator Argue.]

Senator Flynn: I am sure Senator Walker is prepared to yield to anyone who is ready to speak.

Senator Frith: Yes, I am sure he is.

Senator Flynn: Then I do not see why the honourable senator intervened at this point.

Senator Frith: The reason I intervened is to inform honourable senators that I hope there will be many speakers tomorrow.

Senator Flynn: We have had enough for today.

Hon. Daniel A. Lang: Honourable senators, I rise on a point of order. Last night I asked the Chair for a ruling with respect to the relationship of Bill C-201 to Rule 93. I am wondering whether that ruling will come forward at an early date, or, at least, before the conclusion of the debate on second reading.

The Hon. the Speaker pro tem: The Speaker will be here tomorrow, at which time he will give his ruling.

On motion of Senator Walker, debate adjourned.

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1982-83

SECOND READING

The Senate resumed from yesterday, the debate on the motion of Senator Frith for the second reading of Bill C-125, to provide supplementary borrowing authority.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, we now have to make a complete change in our mental scenery. We are shifting minds from Bill C-201, which deals with the name of our national holiday, to the consideration of some of the mundane facts and statistics, mostly unpleasant, in connection with our economic situation, and in particular, Bill C-125. For the last little while we have been discussing a bill that has to do with one of the important national symbols of the country, and it is only natural that such a discussion should engage our attention and our emotions on a quite different level from the subject matter about which I propose to say a few words now.

Bill C-125 has to do with the power the government seeks to borrow money to pay the bills of the country. This capital loan bill is really, in effect, a crystallization of a trend in the public financing and public management of our economy that goes back over some period of time. It represents as well a climax in our economic affairs. It brings us to a point in connection with the fiscal management of the country which we have never seen before and, I feel sure, some of us wish we did not have to face today. However, the facts are different.

I want to make one minor comment before I get into the bulk of what I have to say. It has to do with the subject of lapsing. As I recall, the Deputy Leader of the Government, when speaking on his motion for the second reading of this bill, made a point to the effect that the government had given up the policy of carrying borrowing authority on beyond the end of the fiscal year, and that any unspent monies would lapse. That is what I thought as well, until I read the bill.

Hon. Royce Frith (Deputy Leader of the Government): No.

Senator Roblin: He says no.

Senator Frith: It was not quite that way, but go ahead.

Senator Roblin: If I misunderstood what the honourable senator said, he can put me right. I would simply say to the Chamber that according to clause 2(2), any borrowing authority which remains unused by March 31, 1983 expires only to the extent that it exceeds \$4 billion. The implication of that clause is clear, that if the \$4 billion happens to be unencumbered at that time it does not lapse but carries on. I just wanted to make sure that point was not lost sight of in the discussion on the bill.

Let us get to the substance, which is that the government seeks authority to borrow \$7 billion in the balance of this fiscal year. They first asked for \$11 billion, but they found that they were able to climb down from that rather awesome perch in double quick time and reduce their requirement to \$7 billion which, I think, amply confirms the advice given the Minister of State (Finance) who appeared before the Standing Senate Committee on National Finance on the subject. Some of us then told him that this would be the best thing to do. However, to that \$7 billion, which is sought in this bill, has to be added the \$5.6 billion of presently unexpended borrowing authority. That means that when this bill passes, the government will have authority to borrow up to \$12.6 billion between now and March 31, 1983. That is the largest sum of money that has ever been contemplated for a government loan in a period of eight months in the history of this country.

The request for this borrowing authority arises because we have a deficit. It arises because we have a cash flow bind which has to be met by borrowing. I am not dogmatic on the subject of government deficits, because there are times when it is useful to run a deficit—for example, in order to give the government some elbow room to improve the stability of the country in order to see that jobs remain open for people who want them and that the economy is kept on a more even keel. But that is only sometimes. It is not a good idea to have deficits all the time. That, in effect, is what we have had since the fiscal year 1969-70, which is the last year the budget was balanced. In every year since that time—that is, for some 12 years—there has been a deficit, and over the last few years that deficit has been growing bigger and bigger.

Apparently nobody involved with the financial management of the government saw fit to pay heed to the advice that Joseph gave Pharaoh when he told him to provide for the evil times when times are good. We failed to do that and, as a result, we have had deficits on our fiscal balance sheet for the past 12 years.

According to the November 1981 budget, the deficit was estimated to be \$10 billion. The cash shortfall that had to be borrowed was \$6 billion. Now, some six months later in the June budget, we are told that the deficit has doubled to \$19 billion-plus, and that the borrowing requirement has just about tripled to \$17 billion-plus. It is quite obvious that the estimates of the November 1981 budget were so far off the track as to

represent, in my view, a triumph of wishful thinking over any reasoned approach to what the near future was likely to bring.

● (1540)

I want to discuss for a moment the burden that this policy will impose upon several sectors of our economy. What does borrowing all this money mean anyway? Is it just an exercise in financial gymnastics? Do the figures have any meaning for ordinary people? What harm does it do to the nation to indulge in borrowing of this kind?

Let me just deal with the burden on the economy in general, to begin with, and the effect of the borrowing on investment and growth in the country. In the fiscal year 1981-82 we borrowed approximately \$9 billion for the federal government, which was 44 per cent of all the net new security issues floated in—dare I say it?—the Dominion of Canada. In the eight months that are left of the fiscal year 1982-83, leaving aside all the borrowing that went on in the first four months, with the passage of this bill we will be borrowing some \$12.6 billion. That means that in all probability the government will mop up much more than 50 per cent of all of the savings made available to it by the people of Canada. In other words, it will mop up 50 per cent or more of all of the savings that have been accumulated and that are available to finance growth and development.

The public sector will probably crowd out the private sector, but, if that does not happen, either one or both of those sectors will abandon the Canadian market as being inadequate for their requirements and will be borrowing money abroad. Let's see what that does to the government's Canadianization policy.

The enormous impact of the federal government's borrowing call on the pool of savings in this country will not only crowd out the private sector but, and this is perfectly obvious, will prop up the high interest rates we are presently experiencing in this country. I will return to that point a little later.

In some financial quarters of the United States there is deep concern—almost panic, in fact, because the government in that country is going to have to borrow something over \$100 billion. What would those concerned people think, if they had a borrowing requirement, or a deficit, of some \$200 billion, which is the relative comparison between the Canadian and American situations? There would be panic concerning interest rates.

I cannot conceive how the government of this country—to say nothing of what the provinces need—can go into the Canadian pool of savings for over 50 per cent of what is there, without drastically affecting the interest rates in this country. It is simply a fact that those interest rates will rise, and, if there is any one factor leading to the high rate of inflation in this country today which bears so heavily upon all of us, surely it has to be the rate of interest. In my opinion, no other single factor bears as heavily on the economy of this country and the question of inflation as the rate of interest we have to carry, and yet the government, when it has to come to the Canadian economy for this kind of borrowing, is making sure that that interest rate is propped up.

Let us consider now what this borrowing means to the government's own position. I have said something about the economy in general, but what about the federal treasurer? Where does he find himself? I suggest he finds himself in a rather uncomfortable position. When this bill passes and we have to find the money to pay the interest on the total debt of this country, we will find that, of every dollar of revenue this administration takes in in this fiscal year, over 30 cents will be paid out in interest. That is not my calculation; that is the government's own figure—30 cents on the dollar. But is that for interest on debt and for retirement of debt? No such thing. It is for interest only. Thirty cents out of every dollar this government will collect from the taxpayers of this country will go to pay the interest on the national debt in this fiscal year. If that is the case now, project your minds ahead a year or so and ask yourselves what the situation will be then. How long can this go on before we find ourselves in a crisis that cannot be handled?

Honourable senators, I cannot overstate this point. We are going to have to borrow enough money in this one fiscal year just to pay the interest alone. The entire cash shortfall of some \$17 billion-plus will be borrowed and will be needed to pay the interest on our debt alone, and on nothing else. Nothing will be left over for productive investment. It will be solely for running expenses, for the operating expenses of this country. How long can such a situation go on?

Let me give you another way of looking at the interest weight on Canadians. It is practically 5 per cent of the gross national product. Out of all the productive effort of every sector of our economy, 4.9 per cent—make it 5 per cent—goes to pay the interest on the national debt. That gives you some idea of the kind of situation in which we find ourselves today. There is just no room in which to manoeuvre.

At a time when, if ever there was a time, we should be able to look to the government to do something about unemployment, this government, by virtue of its own actions in days gone by, finds itself incapable of acting. It is like Gulliver, tied down by a thousand financial strings, unable to rise up to help the people of this country, as we would hope it could do.

That is the economy and that is what it means to government. What does it mean to private citizens? I will give you a few figures on that. For every citizen of this country, man, woman and child—all 22 million of us—it will cost \$723 this year just to pay the interest on the national debt. There will be no investment in productive capacity and no great advantage for anyone in new production in this country. That \$723 per person will be just to pay the running expenses of the government, and to cover the interest on the national debt.

We find, thus, a lockup of the savings of the country just to support the public debt, and that is for running expenses only and has nothing to do with investment, development, progress or the jobs that this country so desperately needs.

Honourable senators, surely we have to take into account these factors when we are trying to make up our minds about Bill C-125.

[Senator Roblin.]

Let me say something now about the trends in government policy, because I find those trends truly alarming. Obviously, trends are not an infallible guide to what the future may bring, but very often they provide us with at least a notion of the dangers we may face by continuing to pursue a course of action without a change in policy. I repeat that, in my opinion, the trends in government policy are truly alarming.

Just look at the period from 1969-70 to the present time. We see ever-increasing deficits culminating in this \$20 billion deficit and this enormous borrowing demand we have before us now. But as far as one can tell, the government's main worry is how they will get the money. Will they tax for it or will they borrow it? Those are two options. There is a third option about which we hear very little, and that is the policy of restraint. Oh, sometimes we hear about it, admittedly. There is lip service to restraint, just as there is lip service to some form of control of government expenditures, but there is mighty little sign of either restraint or control taking place. In a day or so we will be talking about Bill C-124, which has to do with wages for civil servants. Well, how did those wages become so high? How did they reach a sum which we think we cannot support? It was because of negotiations between the government and the civil service unions. The government has to take the responsibility for that. You cannot put all the blame for that on the unions. As it is, we will be reneging on settlements which the government made with the unions, but it was their settlements and they are the ones who offered them.

What of some application of efficiency considerations to government activities in Canada? When Mr. Macdonnell was Auditor General, he told us all that the working effectiveness of the civil service of the country was measurable. He said we could determine how efficiently the civil service was operating. He said, "I am here to tell you that it operates at 60 per cent of capacity." That is a little better than half capacity.

I am not saying that the people in the private sector are all that wonderful, or that their productivity is 100 per cent. I don't think it is. I think you could go to any group in the country and find that the workers are not working to the maximum of their reasonable capacity in the particular jobs they have to do. So I attach no particular opprobrium to the civil service, if they have that problem, but to have it to the extent that 40 per cent of the work day is wasted seems to me to be somewhat extreme, and I would expect that, if the government had any concern about restraint, it might have tried to get that 60 per cent up to 70 per cent or better. That would certainly have avoided altogether the necessity of this 6 per cent world with respect to civil service salaries. It would have left all of us feeling much happier.

In terms of restraint, yes, you can say that the government will place a restraint of 6 per cent on some prices, but we are not just sure whose prices those will be, or whose activities will be affected. We can be pretty sure that the activities of the government itself will not be affected. There will be no 6 per cent rule there, and it will be somebody else whose prices will be affected by the 6 per cent rule. That is very handy, but it does not seem to do much for the restraint policy of the

government. When the government implements its six per cent policy, I wonder how many jobs will be lost if that is really carried through without compensation to those whose net incomes are reduced.

● (1550)

What of the record of the government itself? In the three-year period ending in 1982, according to the Public Accounts, what happened to the expenses of the Government of Canada? Well, they went up, we all know that, but I am not sure that all of us know that they went up by 55 per cent.

Just roll your tongue around that number, if you will: a three-year increase in expenses of this government by 55 per cent. That indicates a trend that is certainly unsustainable, that cannot continue indefinitely.

If one wants another measure of government expenditures, one can take the percentage of government expenditures as they relate to the gross national product. The percentage of government expenditures as a percentage of the gross national product in 1981—and this figure is interesting because it is before transfers to the provinces, keep that in mind—was 17.4 per cent. In 1982, so far, they have gone up to 19 per cent, and in 1982, on a seasonally adjusted basis, after transfers to the provinces, they have gone up to 23 per cent.

The percentage of the gross national product that the federal government is consuming is rising. It is too high and ought to be reduced. It compares, in a rather ironic way, with the pledge offered to the Canadian people when this government sought election a few years ago, when it said that it was going to keep the increase in government expenditures down to the rate of inflation. I am happy to say that at no time over the past two years has the inflation rate been at 17 per cent, 19 per cent or 23 per cent, but government expenditures have.

Perhaps that is one of those "Whelan pledges". That is a new term that ought to be enshrined in the political lexicography of this country. The Minister of Agriculture made pledges during the election campaign, but has since had the candour—and I salute him for that—to say: "Oh well, that was just an election promise!" There are not many politicians who are as candid as that; nor, I hope, need all of them have recourse to such candour. It seems to me that the promise offered to the people of this country that expense increases would be kept down to the rate of inflation is a revealing comment on the situation in which we find ourselves today.

This trend is continuing. There is an interesting report relating to government and inflation that has not yet reached the desks of the members of this house. The report was prepared by Statistics Canada. No one dare say "the Dominion Bureau of Statistics," because that is neo-colonial: we have to say "Statistics Canada." In any event, Statistics Canada has prepared a report. I do not know whether it is a secret report. I know it has not been published. I know it has been leaked, and I know that it packs a punch, so I suspect we may not see it for some time.

That report endeavours to analyse what is happening with inflation in the public sector as compared to the private sector.

The figures are self-explanatory. That report advises us that in the private sector at the present time inflation is running at 9 per cent. It is at 9 per cent and, most interestingly, it is falling. In the manufacturing industry alone, it is at 6 per cent. That is a high rate, but it is falling. That indicates to me that the private sector has come to terms with some of its problems.

The figure for the government sector is distressing, because we are informed that the government sector inflation rate is not 9 per cent, but is double that: it is 18 per cent. Even that would not be so bad, but it is not at 18 per cent and falling; it is at 18 per cent and rising. That trend surely must give us cause for concern.

So, as far as inflation is concerned, while the private sector may have its problems, the real problem is in the public sector, and one has to ask oneself, when one compares these trends, the deficit, the cash requirements and this bill in front of us, whether or not the public finance situation is out of control. I hope it is not, but it is a basic problem and it is not something new; it arises from some 12 years of Liberal policies that have not been working very well insofar as the government sector is concerned.

In June, 10.9 per cent of the work force were unemployed. That has to be the number one problem. Sadly, the unemployment rate for young men under age 25 is 21 per cent.

One has to say that inflation with full employment is one thing. Then inflation becomes the number one priority. But inflation with massive unemployment is surely another thing. Then we must ask ourselves whether unemployment is not the number one priority.

Right now, the Conference Board of Canada, in its forecast for the balance of this year, tells us that the gross national product, in real terms, is going to fall 2.8 per cent; it tells us that unemployment will continue at over 10 per cent; it tells us that interest rates will remain in the stratosphere; it tells us that in 1983 there will be a continuing struggle to get any of these economic forces under control.

I do not know if the Conference Board of Canada is right. I know that a great many economic forecasts we receive these days are not right, and most of them seem to err on the side of optimism. I hope that that is not the case in this instance, but I am convinced that Bill C-125, and the money we authorize in it, does nothing for inflation, does nothing for interest rates, does nothing for unemployment; that all it does is pay the running expenses of this administration for another 12 months.

The C.D. Howe Institute had some not very complimentary comments to make about the government today. The C.D. Howe Institute is not divinely inspired either. It is just another institute staffed by men and women, but it has a wide constituency, it is widely based in the economic community of the country, and has had a reasonably acceptable record of dealing with matters of public economic policy.

I do not think the government will enjoy its judgment rendered yesterday. It describes this budget as an:

abysmal stewardship report for which the federal government must take full responsibility—

I quote from its observations, as reported in the Ottawa *Citizen* of today's date.

Government policies since the early 1970s, it said, "have had the effect of encouraging Canadians to believe they were largely immune to the severe problems facing other national economies."

Isn't that the truth? Have we not done that? Have we not done it here when we manipulated the price of oil with our so-called "made in Canada" oil price, which turned out to be just as expensive as the non-manipulative prices in the United States?

Honourable senators can think of other examples to back up that sombre point of view.

The article goes on to state:

The institute, although conceding most of the federal government's past economic measures had been "well intentioned,"

I am sure that that is so.

—said many have been based on forecasts "that turned out to be quite wrong."

That is the truth. The article goes on to state:

Many more measures, it said, have been based on efforts to centralize power "for power's sake; or on a willingness to respond to pressures from certain groups whose advice has been based more on wish than reality."

"This kind of leadership," the institute said, "has placed Canada in a very serious economic predicament."

Of course, this bill bears out every word of that sombre judgment.

What to do? I do not intend to oppose this bill. I think it would be irresponsible to oppose this bill, because no matter what the reason is, the money must be made available to carry on the Queen's government in the country; and against all the evidence, and against all the experience, I, for one, think we must hope, and I, for one, say we must help, so that these matters may be brought under control, and so that during the months of office that remain to this administration something better can be developed than a borrowing program which makes it necessary for us to give approval to Bill C-125.

Something better must be done, something better must be devised to give the country a good lead that it can follow. Something must be done to reverse the unfortunate and counterproductive policy that this administration has been following over time. Something must be done to restore the confidence of the people of Canada that those in charge of its federal government know what they are doing. Something must be done to restore the confidence of our people in their country, their confidence in its future, and the things we can do together. No matter how much I may oppose this government on matters of policy, on the record of its administration, I say this: If they will bring in policies that will do something to restore the confidence of the people in the government, to reverse the trend in interest rates, to reverse the trend in unemployment and to get our productive machinery off the 66

[Senator Roblin.]

per cent basis it is on now and make the country work, I promise my full support.

● (1600)

I will vote for this bill, but under protest, and I look forward, not with confidence but at least with some expectation that the government will see the error of its ways and will do better in the days to come.

Hon. Ann Elizabeth Bell: Honourable senators, would Senator Roblin answer a question for me? I ask this question in all seriousness and not as a feminist. When he indicated the figure of unemployment among young men, was he speaking generically and including young women?

Senator Roblin: I think the question is well taken because I made the distinction myself in dealing with the matter. I was speaking entirely of males—young men. The figure for women is in the same order of magnitude. It may not be any better.

Senator Bell: Honourable senators, I have a few comments to make on Bill C-125. I think it would be interesting if one looked at this bill with the following story in mind. We could also keep this story in mind when we think of Bill C-111, which we passed a few weeks ago, and perhaps Bill C-103 where we gave the Minister of Energy, Mines and Resources unlimited authority to borrow money for purchasing oil companies such as Petrofina. As we are dealing with billions and millions of dollars, I should like to relate this little story. A man said to his wife, "Here is \$1 million. Go out and spend it at the rate of \$1,000 a day and don't come back until you have spent it all." His wife was very dutiful and she spent the \$1 million at the rate of \$1,000 a day. She returned to him two years and nine months later and said, "I have spent it all, dear." He replied, "Very good. Well done. Now I am going to give you \$1 billion and I want you to take it and spend it at the rate of \$1,000 a day and don't return until you have spent it all." Off she went again. She returned 2,740 years later and said: "I have spent it all, dear."

My only question with regard to Bill C-125 is: Whatever happened to the Comptroller General?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker pro tem: I wish to inform the Senate that if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Frith: Honourable senators—

Senator Roblin: If Senator Frith would like me to stay to listen to him, I will be happy to do so. Otherwise, I will attend the National Finance Committee meeting.

Senator Frith: I can tell Senator Roblin very briefly what I propose to say.

Senator Roblin: Then I will stay.

Senator Frith: The first thing is that I was wrong in creating the impression that the \$4 billion did not lapse. It is the unused authority up to now that is going to lapse. He is quite right.

The only thing that has been changed is that instead of \$11 billion, of which \$4 billion would have been the subject of clause 2(2), it is now \$7 billion, a total of which \$4 billion is subject to that clause. So I overstated the case. The principle of non-lapsing and the attitude of the committee that was taken with regard to non-lapsing was with regard to all previous unused authority, not the \$4 billion contingency in the bill, and he is quite right about that.

The rest of what I propose to say will deal with the 6 per cent and 5 per cent, and he may not want to stay to listen to that. I will be making reference to his intervention with regard to his support of this bill under protest because he was not satisfied that any of the trends that gave rise to this requirement were being changed.

As he implies, this borrowing authority bill is a part of the budget proposals and, in a sense, is a companion piece to Bill C-124. The position of the government with reference to the present economic situation, and the steps it must take with regard to leadership in changing that direction, is that the restraint program that is provided for in Bill C-124, plus the steps that have been taken to implement it, are going to and, in fact, are now changing some of the trends Senator Roblin criticized, quite justly.

Put very simply, the government's position is that most of the economic ills can be traced to inflation in the following sense. Interest rates cannot come down until inflation comes down. If interest rates do not come down there will not be the needed investment. If there is no investment, there will not be any jobs. If there is no investment in production, productivity will not go up. That is the government's position and the philosophy, as I understand it, behind the 6 per cent and 5 per cent proposals. As to whether or not that is going to affect confidence in the country, there is certainly some evidence that it already has. Business leaders and, in some cases, labour leaders and other sectors have said that they support our objectives and plan. To that extent it has resulted in a significant measure of confidence. Mr. Sam Hughes, for example, said virtually precisely that just last week.

I do not think I can add anything further at this stage, honourable senators. In a sense, Senator Roblin and I agree that the borrowing authority has to be given, or ought to be given, to a government as a corollary to its economic program. I say it should be given to support what I think is a good program. He remains unconvinced about the program, but accepts that if the program is to be implemented the borrowing authority has to be a part of it.

I will make no further comments at this stage, but ask honourable senators to support second reading of this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Frith moved that the bill be referred to the Standing Senate Committee on National Finance.

Motion agreed to.

SMALL BUSINESSES LOANS ACT

BILL TO AMEND (NO. 3)—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Perrault for the second reading of Bill C-122, to amend the Small Businesses Loans Act (No. 3).

Hon. Nathan Nurgitz: Honourable senators, due to the lateness of the hour and the number of orders yet to be dealt with, I will be very brief and indicate, on behalf of the opposition, that there is agreement that this bill ought to pass. I suspect there is no reason why it should be referred to committee, at least at this point.

I regret that so little is being done for so important a group, the small business community—a community that is in considerable trouble. Statistics Canada has shown that, in every part of what could be considered the small business community, bankruptcies have increased over the years 1980 and 1981. For instance, there is not a great deal of difference in the years 1980 to 1981, but there is a rather dramatic leap in the 1982 figures. Whether you are talking about construction, real estate, transport or trade, or even the old reliable insurance industry, there has been a tremendous failure rate.

• (1610)

As I said, there was virtually no change in the number of bankruptcies from 1980 to 1981, but from 1981 to 1982, in many of those sectors, the incidence of bankruptcy has increased by 100 per cent. I hope that the passage of Bill C-122 will shed at least one small ray of light for that group. As all honourable senators are aware, that group provides employment for fully two-thirds of the Canadian population.

While today the small business community and, indeed, the small businessman can reflect on Bill C-122 as being some small help, I am sure that, as well, they will not be pleased with the report released today by the C. D. Howe Research Institute, referred to by my deputy leader. Both the president of that institute, Carl Beigie, and the executive director, Wendy Dobson, have blamed Canada's economic predicament on a decade of federal mismanagement. I am suggesting to you, honourable senators, that that mismanagement has funnelled down in no small way to the small businessman, the backbone of this country.

I do not recall the section of that report that was quoted by Senator Roblin but, in reference to the two recent federal budgets, the report called them an "abysmal stewardship report for which the federal government must take full responsibility." There was reference to such measures in the federal government policy based on efforts to centralize power.

Hon. Royce Frith (Deputy Leader of the Government): It is a strange coincidence, but you have just repeated the exact quotation which Senator Roblin used.

Senator Nurgitz: That Roblin is a bright fellow. I just wanted to tell Senator Frith that great minds think alike—and I will not say what follows.

The report concludes that it is that kind of leadership that has put the country and, indeed, the economic community into an awful predicament.

I believe that Canadian small business deserves better. I am happy that this much is being done, so let us get on with it. I think we need other measures. We need a more welcome attitude not only to domestic but also to foreign investors. We need a change of climate for people who want to invest money in this country.

I wish the government would show the kind of persistence in a policy for small business as it shows, for example, in regard to changing the name of our national holiday to "Canada Day." Rather than be hung up about Canada Day, I would much sooner worry about Canadian small business and, what is more important than that, something that more than a million Canadians yearn for—a Canadian job.

With that, honourable senators, I conclude my remarks. As I said earlier, I do not believe this bill need go to committee, and there is no reason to delay it at this time unless some other honourable senator wishes to participate in the debate.

Senator Frith: Honourable senators, I am authorized to intervene on behalf of Senator Perrault. Therefore, I suppose the rule would apply.

The Hon. the Speaker pro tem: Honourable senators, I wish to inform the Senate that if Senator Frith speaks now his speech will have the effect of closing the debate on second reading of this bill.

Senator Frith: Honourable senators, Senator Perrault has not asked me to add anything substantial to what he said earlier. We have taken note of Senator Nurgitz's comments, which I think can be summarized as, "Half a loaf is better than none."

Since we are agreed on that concept, I ask honourable senators to support second reading of this bill.

Motion agreed to and bill read second time.

The Hon. the Speaker pro tem: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, there seems to be no reason not to have third reading now, except for the general principle that could be called the "Flynn principle," namely, if we are not having Royal Assent today, why abridge the time in the rules? Therefore, I move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

[Translation]

**NATIONAL HARBOURS BOARD ACT
GOVERNMENT HARBOURS AND PIERS ACT
HARBOUR COMMISSIONS ACT
CANADA SHIPPING ACT
FISHING AND RECREATIONAL HARBOURS ACT**

BILL TO AMEND—SECOND READING

Hon. Léopold Langlois moved the second reading of Bill C-92, to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions

[Senator Nurgitz.]

Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act.

He said: Honourable senators, the history of the bill now before this house goes back to the beginning of the sixties. Preparations involved various studies, many consultations and considerable discussions, which resulted initially in the tabling of Bill C-61 in the other place in July 1977. However, the bill died on the Order Paper shortly afterwards, because of the summer recess.

At the time, the aim was to submit a first draft to the shipping community and other organizations with an interest in port operations, which would then have an opportunity to consult and to comment on details of the new legislation. Consultations took place during 1977, and an improved version of the bill was tabled in November 1977 as Bill C-6. For various reasons, the second bill was not scheduled for second reading until May 1978. Because of the heavy workload in the other place, the second version of the bill died on the Order Paper as well.

During the last few months of 1978, the parties concerned started to wonder whether the legislation would ever be introduced again, but this did finally happen in March 1979 when Bill C-50 was tabled.

However, Bill C-50 went the same way as its predecessors when Parliament was dissolved. The bill had given rise to considerable controversy, because many people seemed to think it was too ambitious since its objective was to put all Canadian ports under one and the same administration. My honourable colleagues will appreciate that the diversity of our regional perspectives is such that it is far from easy to gain the approval of all parties concerned for a bill of this scope.

In the course of 1979 and into early 1980, it became clear that, in view of the time factor and the volume of priority legislation in the other place, and the widely diverging interests and viewpoints raised in connection with Bill C-50, it would be practically impossible to obtain the required priority scheduling in order to reintroduce the legislation and have it considered in committee. It was therefore necessary to consider the various concerns expressed across Canada.

• (1620)

In this connection, I may note that eastern Canada preferred the crown corporation concept, while western Canada seemed largely in favour of one harbour commission for all Canadian ports.

Considering various problems arising from Bill C-50, it was decided to capitalize on the obvious attraction of existing legislation, while at the same time correcting the weak points. As a result, the latter objective was borne in mind when preparing Bill C-92 which is now before the Senate.

I shall initiate consideration of this bill by referring first of all to the least complex part, namely, the harbour commissions. This concept served as the basis for Bill C-50, since the Canadian harbour commissions were generally satisfied with their legislation, although they did suggest a few minor improvements. Essentially, the harbour commissions legisla-

tion had remained practically unchanged since the 1964 legislation. At that time, the objectives and principles that were later repeated in Bill C-50 and which had met with a high level of approval across Canada, were introduced with the approval of the harbour commissions.

The basic concept of Bill C-50 was to achieve a greater degree of decentralization or autonomy for most Canadian ports and to have an improved system for the administration of public wharves.

As far as the public wharves are concerned, there are now some 550 small harbours in Canada which have been administered by three different pieces of legislation, namely, the Government Harbours and Piers Act, the Canada Shipping Act and the Public Works Act, without provision for individual responsibility.

In this connection, it was agreed with the Department of Public Works and other federal departments to consolidate all provisions arising from the 1936 Government Piers Act and to make some improvements in the legislation that would assist the orderly development of government piers. This proposal found general acceptance. The major part of Bill C-92, as honourable senators are aware, deals with ports that are now being administered by the National Harbours Board of Canada.

My honourable colleagues will know that the National Harbours Board Act goes back to 1936, and was prepared against the background of the Depression and the resulting quasi-bankruptcy of some of Canada's major ports. As a result, the legislation was very centralized and rigid and gave rise to considerable concern, problems and even frustration on the part of some of Canada's major ports which have now matured and have become financially independent.

Some of the things Bill C-92 is intended to accomplish include substituting for the National Harbours Board, which consists of four members, a board of directors of seventeen members, and organizing the corporation as a crown corporation, but in such a way that the board of directors would represent all provinces and sectors of Canada. The bill is also intended to remove the restrictive clauses contained in the National Harbours Board Act. I shall give only one example, namely, the clause requiring approval by order in council for any contract in excess of \$50,000.

In 1936, honourable senators, \$50,000 was worth considerably more than in 1982. However, the \$50,000 ceiling is still there in the National Harbours Board Act, and the result is that every contract in excess of that amount involves a tremendous amount of paper work and endless delay before the ports can proceed with the work.

In addition to the clause I have just mentioned, there is also a provision to create a local port corporation, with a local administration office. Furthermore, and this is aside from the present bill, the National Harbours Board, with the approval of Treasury Board, has been refinanced so that all ports that can be put on a sound financial basis can consolidate their

existence as a local port corporation by freezing their existing debts, without repayment and without interest.

As part of the present bill, an attempt was made to either eliminate provisions or, in certain cases, maintain the status quo on controversial points that were raised in connection with Bill C-50, and in this connection, I would like to mention specifically the provisions regarding the police force. As you probably know, the National Harbours Board has its own police force, under a central administration. A provision in Bill C-50 would have decentralized the police force, which met with strong opposition from the provinces because of federal-provincial disagreements with respect to the application of the Criminal Code, and so, with the consent of all provincial solicitors general, it was decided to maintain the status quo as that was considered to be the most acceptable solution.

At the beginning of my speech, I said that the objective of this bill was to confer a greater degree of autonomy on Canadian ports. To this end, clause 24 of the Ports Corporation Bill stipulates that the corporation may:

(1) —invest any moneys not immediately required for the purposes of the Corporation in bonds or other obligations of Her Majesty in right of Canada.

(2) —transfer or lend to a local port corporation any moneys not immediately required for the purposes of the Corporation.

(3) —with the approval of the Minister of Finance, invest any moneys not immediately required for the purposes of the Corporation in bonds or other obligations of a person other than Her Majesty in right of Canada if the name of the Corporation is added to Schedule D to the Financial Administration Act.

Regarding Schedule D of the Financial Administration Act, I may add that, with the consent of Canada's ports, it was decided that the Canada Ports Corporation would be added to Schedule D of the Financial Administration Act. In this connection, perhaps I should remind honourable senators of the difference between a corporation under Schedule C and a corporation under Schedule D of the said act.

A corporation that is added to Schedule C becomes a crown corporation and is required to obtain government approval for awarding any major contracts and also for its operating and capital budget, while a corporation added to Schedule D, such as, for instance, Air Canada and Canadian National, has a higher degree of autonomy and requires government approval only for its capital expenditures program, and is not required to submit contracts for government approval.

The decision to add the corporation to Schedule C, while keeping the option of adding the corporation to Schedule D, was made for a number of specific reasons, first of all, because the government is now reviewing certain regulations governing Schedule D corporations. Thus, until the new regulations are published, preference has been given to Schedule C status.

The second reason is that a Schedule D corporation is subject to income tax, while a Schedule C corporation is not and can thus keep such funds for reinvestment purposes.

Finally, a Schedule D corporation is obliged to pay dividends, while a Schedule C corporation usually does not and can therefore keep such funds for reinvestment as well.

This is therefore a strategic decision, while if the board of directors of the Canada Ports Corporation finds it will be to the advantage of the corporation, it may, with the approval of the governor in council, add the corporation to Schedule D without having to amend the legislation.

Incidentally, adding a corporation to Schedule C or D requires only an order in council, pursuant to the Financial Administration Act, and thus no new legislation is necessary.

If honourable senators require any further information, I shall be very happy to oblige. In concluding, I would like to remind honourable senators that the bill was referred to the Senate Committee on Transport and Communications for preliminary study which started last week. However, at the end of the debate on second reading, I intend to propose to honourable senators that the bill be again referred to the Senate committee before proceeding with the third reading stage.

• (1630)

[English]

Hon. G. I. Smith: Honourable senators, there are just a few things I would like to say about this bill. I begin by saying that I do not rise to oppose it. However, there are some things to which I wish to draw attention.

Before proceeding to do so, I would like to congratulate the sponsor of the bill on his clear explanation of its major provisions. I agree with him that the bill has a long history of being worked upon before it reached the form in which we see it before us today. Before it got to the House of Commons, it was the subject of much debate among the people who were consulted and who were engaged in preparing it. It was the subject of much debate in the other place, and especially before its Transport Committee. I think it is fair to say that the Transport Committee of the other place deserves a good deal of credit, not only for the way in which it dealt with representations made to it but also for its readiness to consider amendments which not only improved the bill, in my opinion, but also brought agreement which, if not enthusiastic, was at least tolerant, from all parties in the other place.

The report may be found in issue No. 79 of the proceedings of the Committee on Transport, of July 14, at pages 5 and immediately following. This report, as of course it would need to do, mentions all the amendments that were accepted by the committee itself and, therefore, recommended to the other house. I do not propose to deal with all of them, but in looking through them it is apparent that these amendments were made to some ten clauses of the bill as presented to the other house and, therefore, not only were there ten amendments but also in fact several amendments to each of a number of the clauses, so that altogether, if one were to count each separate change that was recommended by that committee, one would find amendments greatly in excess of ten.

[Senator Langlois.]

Some of those amendments were considered to be very important by members of the committee, and, it seems to me, rightly so. One of them made it possible for the Auditor General to be the joint auditor of the financial affairs of the Canada Ports Corporation, and of the local port corporation for each of these Canada ports. I do not recall whether the sponsor mentioned how many of these ports there are, although he did deal with the different kinds of ports that we have; but my recollection is that there are some 15 Canadian ports under the jurisdiction of the National Harbours Board now, and that each of these ports is likely to become a local port corporation pursuant to the provisions of this legislation, if the appropriate action is taken to bring that about.

Another important amendment was that:

Every Report laid before Parliament under section 32—

Which deals with financial reports.

—and every direction under subsection 22.1(4) stands permanently referred to any committee of Parliament established for the purpose of reviewing matters relating to transportation.

So when any auditor's report, or, as I read it, any similar official financial report about the Canada Ports Corporation, or a local port corporation, is made to Parliament, then, without any further action, the committees of Parliament which are established for the purpose of reviewing matters related to transportation have the right to consider those reports as if they were a special reference to the committee.

Another amendment which I think is of considerable significance is to the effect that people appointed to the boards dealing with the local port corporations shall be residents of the vicinity of the port itself, which will ensure that those people who are appointed to these very responsible positions in relation to any of these local port corporations will be people with direct knowledge of the port and with a direct concern for its welfare because of their place of residence. That is, they would not be absentee management, which, to some of us who have in times past noted the effects of absentee management, is a matter of very considerable significance.

Hon. Royce Frith (Deputy Leader of the Government): Positive concern.

Senator Smith: Yes.

There is another rather important financial transitional amendment which provides that the balance of money in the hands of any of the national harbours boards shall be paid not into the general treasury, or consolidated revenue fund, but to the Canada Ports Corporation.

There were some other matters introduced into the legislation, not by way of amendment on that particular occasion to which I have been referring, but in the development of the legislation, to which I want to make reference. One is what has come to be referred to by those concerned with the bill as the banking principle, which, as I read it, is to the effect that if any of the local port corporations are fortunate enough to create a surplus of money in their operations in any given year,

that money should be paid not into the central revenues of the country but into the treasury of the Canada Ports Corporation, and credited in the accounts of that corporation to the local port corporation from which it came, and that it should be available on the principle of bankers lending money, and also available, and available only, for return to that local corporation or loaning out to some other local corporation, presumably on commercial terms, to assist in financing any particular improvement authorized to be carried out by that local corporation.

One other very important thing relates to the degree of autonomy of local port corporations as compared to the local autonomy of present National Harbours Board or port authorities. The legislation gives jurisdiction, provided certain conditions are met as to tendering and so on, to local port corporations to let contracts up to \$10 million on their own initiative. The present authority in that respect, given to local authorities under the National Harbours Board Act, is \$50,000. So the power of the local ports in this respect is increased from \$50,000 to \$10 million, which, it seems to me, should greatly cut down the paper work as between the local corporations and the Canada Ports Corporation, and will enable the local corporations to have much greater jurisdiction over the manner and timing of construction or improvement efforts in connection with their local port.

● (1640)

I believe the sponsor of the bill made some reference to police forces. From reading the *Debates* of the other place, and from early discussions before the Transport Committee in the other place, I understand it was a matter of considerable concern to a number of honourable members. However, after exploring the matter carefully, the organization regarding the police, whose duty it would be to look after the policing of the local ports, will remain much as it is at the present time, except that some national standards will be laid down in connection with the way in which the police conduct their affairs.

There is one other point that I should like to make. It is with reference to the appointment of the boards that will govern these corporations. The present ports, now under the National Harbours Board, will become local port corporations. There will be 15 of them, and so there will be 15 boards to appoint, as well as the board of the Canada Ports Corporation, which is the umbrella organization which has jurisdiction over not only those 15 ports but also the other classification of ports mentioned by the sponsor of the bill.

The bill provides that appointments to the boards of all of those corporations, including the Canada Ports Corporation, be composed of people whose experience and abilities qualify them for the management of ports; and while that entails a sort of subjective judgment in the selection of particular individuals for appointment, it is to be hoped that the provision in the bill will be carefully followed by the appointing authority, which, of course, is the government.

It seems to me, as apparently it did to members of the other place on all sides of the house, that the bill is an improvement

over the present situation. It is not a perfect bill. As I followed the proceedings of the Transport Committee in the other place, and also the debate in that place, it seemed to me that almost everyone had a particular improvement that he was prepared to advocate; but, equally, almost everyone expressed the view that the bill is an improvement and that in its present form it is probably as good a bill as could be achieved and could find its way through Parliament.

Accordingly, I am pleased to support it, not on the basis that it is a perfect solution or that it is perfect legislation, but on the basis that it is an improvement on what now exists. Apparently it is acceptable to all sections of the country and to all parties represented in Parliament. I therefore intend to vote for the bill, and I agree with the sponsor that the bill should be referred to the Standing Senate Committee on Transport and Communications.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Léopold Langlois moved that the bill be referred to the Standing Senate Committee on Transport and Communications.

Motion agreed to.

FOREIGN AFFAIRS

LEBANON—MOTION RECOGNIZING COURAGE OF CANADIAN EMBASSY STAFF

Hon. Peter Stollery, pursuant to notice of Wednesday, June 23, 1982, moved:

That the Senate of Canada recognizes the courage of the staff of the Canadian Embassy in Beirut for staying at their post to do their duty under very dangerous conditions.

Hon. Royce Frith (Deputy Leader of the Government): Explain.

Senator Stollery: Honourable senators, in view of the fact that the hour is growing late and that the subject matter is self-evident, I do not intend to speak at any great length, but I would ask honourable senators to consider the situation that our ambassador in Lebanon has faced for the past two months.

We have read with interest—I might say, rather nervous interest—of the events that are taking place in the city of Beirut as we sit here in the Senate. We are aware of the extreme danger that the staff of the Canadian embassy in Beirut has faced for a long time. According to press clippings in my possession, the Canadian ambassador is the only western ambassador who has stayed on in West Beirut, and it has been an act of courage on his part to remain at his post. I believe that the building next to the one he lives in was hit yesterday by a high explosive shell. More than 30 diplomats have been killed in Beirut since 1976. When I was there at Easter, I looked with great interest at the Iraqi embassy. While I have seen many civil wars over the past 20 years and many buildings blown up, and have been under fire myself on occasion, I

have never before in my life seen anything like the attack on the Iraqi embassy in Beirut. The building, when it was standing, was a modern reinforced concrete structure of several stories. It is now a pile of rubble, the highest point of which would be no more than 10 feet. In other words, it is just a hole.

● (1650)

I would also point out that approximately a year ago the French ambassador was murdered, and that several other members of the French embassy staff were murdered approximately six weeks ago. So, as I have said, the motion is self-explanatory. I think that our ambassador and his staff deserve recognition for the position they have taken, that of staying at their posts in the part of Beirut known as West Beirut, when it has been under continual fire by a major military force for about 20 months. I hope that honourable senators will join with me in honouring the Canadian staff that has stayed on there.

Hon. John M. Macdonald: May I ask a question of the honourable senator?

Senator Stollery: Yes.

Senator Macdonald: Who makes the decision as to whether the ambassador and his staff stay? Is it made by the ambassador, by the Department of External Affairs, or by the ambassador in consultation with the department?

Senator Stollery: That question should be directed to the Secretary of State for External Affairs, but I am quite certain that he would not ask an ambassador to stay on at a post if that particular ambassador did not think that he and his staff were safe. I suggest that the third possibility mentioned by Senator Macdonald is probably the correct one. I think that the decision would primarily be made by the ambassador and the heads of the mission.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, before we adjourn for the day, has the Deputy Leader of the Government anything to report with regard to any agreement in the other place as to the summer adjournment?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have received no negative news. I left the chamber briefly in an attempt to find an answer to that very question, and I was told that it seemed very possible that Bill C-124 would be passed in the other place this week.

Senator Flynn: This week, yes; but will it be tomorrow?

Senator Frith: I mentioned to the individual, at the time, the observation made by the Leader of the Opposition in the Senate regarding the leave that would be necessary to abridge the time provided for in the rules on second reading, two days' notice, and that it was very doubtful that he, quite reasonably, would be prepared to give such leave if the bill were dumped in our laps, expecting us to give it third reading within a matter of hours. That comment, however, did not seem noticeably to

dim the possibility of our receiving the bill in time to deal with it on Friday.

We should be looking at the possibility of sitting on Friday and perhaps even on Saturday, but only in the event that we would clean up our work and adjourn for the summer.

Senator Flynn: And only if there is agreement forthcoming from the other side.

Senator Frith: Precisely. I informed the person in the other place, to whom I spoke, of our position in the Senate which, I think, is supported by most senators; namely, that we shall be prepared to sit longer if we see the possibility of completing our work by the end of this week. Otherwise, if we do not receive the bill within a reasonable time, in the context of its referral for pre-study to the Standing Senate Committee on National Finance, so that there is a substantially large piece of light at the end of the tunnel, to use the hackneyed phrase, we shall come back on Tuesday rather than go beyond our normal sitting times.

At the moment, I am not preparing a motion for adjournment tomorrow, in the hope that we will sit on Friday to that end; but I will have it in my pocket in case it turns out that we are not going to get the legislation soon enough to deal with it by Friday or Saturday.

Senator Flynn: I suggest to the deputy leader that if an agreement is reached before two o'clock tomorrow afternoon, we will be prepared to co-operate. But if there is no such agreement, it seems to me that the only reasonable course of action will be to adjourn tomorrow and to come back next Tuesday.

Hon. Duff Roblin (Deputy Leader of the Opposition): Agreed.

Senator Frith: The only other comment I wish to make is that that is a reasonable position.

Senator Flynn: In any event, you know what it means.

Senator Frith: I thought I made it clear.

Senator Flynn: I just want to be sure that you understand what I mean.

Senator Frith: Honourable senators, so that we all understand, and to put it in very clear terms—

Hon. Jack Marshall: And succinctly.

Senator Frith:—the eventuality that would give us an opportunity to finish would be, first, the receipt of Bill C-124, with a reasonable opportunity to give it third reading some time before the end of the week—depending on what we call the “end” of the week—and there will be no consent given to abridging the time provided in the rules for second reading notice unless we know by the beginning of our sitting tomorrow that we are going to get the bill this week, and that, otherwise, if we ask for an abridgement of the rules and for leave we will not get it. Is that clear enough?

Senator Roblin: It is very clear.

Senator Flynn: Yes.

The Senate adjourned until tomorrow at 2.00 p.m.

THE SENATE

Thursday, July 29, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[Translation]

THE LATE HON. JOHN J. CONNOLLY, P.C.

TRIBUTES

Hon. Rhéal Bélisle: Honourable senators, I have known Senator Connolly for more than 20 years, both inside and outside the Senate, and I was always most impressed by his desire to be helpful and by his kindness to everyone who consulted him. The speeches made by our Speaker, the Honourable Jean Marchand, by the Leader of the Government in the Senate, the Honourable Raymond J. Perrault, by my own leader, the Honourable Jacques Flynn and by all my colleagues who paid tribute to Senator Connolly certainly came as no surprise.

I had the honour of sitting with him on a committee whose existence may have escaped the attention of the Senate. About ten years ago, when the Archbishop of Ottawa, His Excellency Mgr. Joseph Aurèle Plourde, organized a diocesan council, Senator Connolly and I were asked to serve as spokesmen for the anglophones and francophones, respectively. We were assisted by the two auxiliary bishops, the chancellor and several other church officials. Senator Connolly was a wise man who rarely expressed an opinion until the other person finished what he had to say. Yesterday evening, Senator Croll confirmed that the senator was a very good listener, and I feel that the description was very apt.

His profound faith permeated his religious and political thinking, and he was untiring in his willingness to help others.

[English]

BORROWING AUTHORITY

REPORT OF NATIONAL FINANCE COMMITTEE TABLED AND
PRINTED AS AN APPENDIX

Hon. Douglas D. Everett: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on the subject matter of Bill C-125, to provide supplementary borrowing authority.

I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix, p. 4735.)

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1982-83

REPORT OF COMMITTEE

Hon. Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, presented the following report:

July 29, 1982

The Standing Senate Committee on National Finance to which was referred Bill C-125, "An Act to provide supplementary borrowing authority" has in obedience to the order of reference of Wednesday, July 28, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

D. D. EVERETT
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Everett: With leave, now.

Hon. Royce Frith (Deputy Leader of the Government): I think Senator Everett is referring to the report. I am about to make a motion in connection with the bill.

Honourable senators, I move that Bill C-125 be placed on the Orders of the Day for third reading at the next sitting of the Senate.

I believe that Senator Everett was asking for leave to have the report of the committee on Bill C-125 taken into consideration now. Is that correct?

Senator Everett: No—

Hon. G. I. Smith: Honourable senators, before Senator Everett responds, may I have your indulgence to make a comment. I wonder if it would inconvenience Senator Everett if I were to present some reports of the Standing Senate Committee on Transport and Communications before he begins?

Senator Everett: Honourable senators, I had no intention of asking for leave to deal with the report now. I think it has been superseded by the fact that the bill has been reported without amendment. I was replying to his Honour the Speaker's question as to when the bill should be read the third time. I believe it is normal for the chairman of the committee to answer that question.

Senator Frith: I think not. I believe it is normal, in the case of a report, for the chairman of the committee presenting the

report to state when it should be taken into consideration; but in the case of a bill, it is usual for the sponsor to move third reading.

Motion agreed to.

NATIONAL HARBOURS

REPORT OF TRANSPORT AND COMMUNICATIONS COMMITTEE
TABLED AND PRINTED AS AN APPENDIX

Hon. G. I. Smith: Honourable senators, I have the honour to table the report of the Standing Senate Committee on Transport and Communications on the subject matter of Bill C-92.

I ask that this report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(For text of report see Appendix "B", p. 4737.)

● (1410)

NATIONAL HARBOURS BOARD ACT GOVERNMENT HARBOURS AND PIERS ACT HARBOUR COMMISSIONS ACT CANADA SHIPPING ACT FISHING AND RECREATIONAL HARBOURS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. G. I. Smith, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Thursday, July 29, 1982

The Standing Senate Committee on Transport and Communications to which was referred Bill C-92, an Act to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act", has, in obedience to its order of reference of Wednesday, July 28, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

GEORGE I. SMITH
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Léopold Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

[Senator Frith.]

TRANSPORT AND COMMUNICATIONS

CANADIAN RAILWAY EMPLOYEES' PENSION ASSOCIATION—
REPORT OF COMMITTEE PRESENTED AND PRINTED AS AN
APPENDIX

Hon. G. I. Smith: Honourable senators, I have the honour to present the report of the Standing Senate Committee on the presentation by the Canadian Railway Employees' Pension Association.

I ask that this report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day, and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see Appendix "C", p. 4738.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Smith: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

CRIMINAL CODE (SEXUAL OFFENCES)

NOTICE OF MOTION TO AUTHORIZE LEGAL AND
CONSTITUTIONAL AFFAIRS COMMITTEE TO MAKE STUDY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(e), I move:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and consider the subject-matter of the Bill C-53, an Act to amend the Criminal Code in relation to sexual offences and the protection of young persons and to amend certain other Acts in relation thereto or in consequence thereof, in advance of the said Bill coming before the Senate, or any matter relating thereto.

The Hon. the Speaker: Is leave granted honourable senators?

Hon. Jacques Flynn (Leader of the Opposition): No, I do not think we should agree to give leave at this time. It makes no difference, because when we come back the motion will be on the Order Paper and we can deal with it at that time.

The Hon. the Speaker: Leave is not granted, honourable senators.

Hon. Jack Marshall: Good. You, on the government side, are just trying to push everything through.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwith-

standing Rule 45(1)(g), I move that when the Senate adjourns today, it do stand adjourned until Tuesday next, August 3, 1982, at 2 o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, before we leave Notices of Motions, and since leave was not granted on my first motion, it is understood, I hope, that I was giving notice of that motion according to the rules and without leave.

Hon. Jacques Flynn (Leader of the Opposition): You mean the previous motion?

Senator Frith: Yes. I hope that was understood.

Senator Flynn: But we are dealing with the motion to adjourn now.

Senator Frith: I want to be sure that it is clear that on the previous one due notice has been given.

● (1415)

Senator Flynn: Am I correct that the motion to adjourn until Tuesday next at 2 o'clock is now before the house?

Senator Frith: Yes.

Senator Flynn: In respect of that motion, then, can the deputy leader inform us of our prospects for next week? I gather we are still waiting for Bill C-124.

Senator Frith: Yes.

Senator Flynn: On top of that, it seems we may have Bill C-53, if I understood the previous motion correctly. I further understand that there is the likelihood of our having to deal with Bill C-85, the Canagrex bill.

In the light of that, could the deputy leader explain to us why the motion for adjournment is for 2 o'clock, rather than 8 o'clock, next Tuesday? I am sure there are valid reasons behind that decision, but we would find it helpful to have them on the record.

In that it may be difficult for some honourable senators to be here at 2 o'clock next Tuesday, is it the intention of the deputy leader that the Senate also meet at 8 o'clock on Tuesday evening? If so, will he give us an assurance that, if there is to be a vote, it will not be taken until the evening sitting so that all senators can be present?

Senator Frith: Yes, I can give you that assurance. For the rest, the situation is much as it was yesterday, when Senator Flynn indicated to the Senate that he would not give leave to abridge the time provided in the rules for second reading of Bill C-124 unless I could tell him that, as of today, there was evidence of an agreement in the other place regarding adoption of that bill there this week. I can now tell him and all honourable senators that there is no such agreement. That is the reason I am not asking honourable senators to meet for the balance of this week.

With respect to Bill C-124, I believe, although I am not sure, that notice either has been given or is about to be given under the House of Commons Standing Order 75c for completion of the debate on that bill early next week. Next Monday is the expected completion date and we will probably receive Bill C-124 on Tuesday. That is one reason why I think we should meet at 2 o'clock. Another reason is that by that time we may have received the Canagrex bill, as the Leader of the Opposition said, in which case meeting at 2 o'clock might at least give the steering committee of the Standing Senate Committee on Agriculture the opportunity to plan how to deal with that bill. In short, honourable senators, I hope that we can get a head start on the week by meeting at 2 o'clock on Tuesday afternoon.

Just to repeat the assurance I gave Senator Flynn a moment ago, if there are to be any votes on Tuesday, we shall certainly not have them before Tuesday evening, at which time we can also deal with any matters left over from the afternoon.

In summary, honourable senators, the program for next week is much as I outlined it yesterday. We will deal with Bill C-124, if it is referred to us. We will have third reading of Bill C-125, the borrowing authority bill; perhaps Bill C-109, the UFFI bill; and Bill C-92, the Canada Ports Corporation Bill. If we receive the Canagrex bill, we would like to deal with it also.

With respect to the Holidays Bill, C-201, we would like to complete debate on that matter and have a vote on it next week, either on Tuesday or Wednesday, depending on how many senators still wish to speak on the matter. If it appears that we are able to have Royal Assent on Wednesday, obviously we will want to vote on Bill C-201 before then. If it turns out that we cannot have Royal Assent until later in the week, then there is no reason why we should not have a longer debate on Bill C-201, especially if there are other senators who wish to participate in it.

● (1420)

I thank Senator Flynn for giving me an opportunity to explain what the calendar looks like. If we get the right bounces, I think we have a good chance of adjourning on Wednesday of next week.

Hon. Martial Asselin: We had a chance of finishing this week, but that has not happened.

Senator Frith: That is right, but that is the way it is with chance.

Senator Flynn: For those who may not have heard correctly, I should like to have confirmation from the deputy leader that we intend to sit on Tuesday evening.

Senator Frith: That is right.

Hon. Raymond J. Perrault (Leader of the Government): As well as on Tuesday afternoon.

Senator Flynn: With respect to Bill C-201 receiving Royal Assent, it seems to me from what the deputy leader has said that that would preclude the possibility of that bill's being

referred to a Senate committee. I take it that that is the intention, if I correctly understood what he said.

Senator Frith: That is correct. The government's position is that Bill C-201 need not be referred to a Senate committee.

Senator Flynn: Then the motion has been adopted?

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[English]

FOREIGN INVESTMENT REVIEW AGENCY

DECISION RE J.B. LIPPINCOTT COMPANY OF CANADA LIMITED

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. It has been reported that a company that has been part of the Canadian publishing scene for some 80-odd years will close shortly, and that 12 people will lose their jobs, as a result of the refusal of the Foreign Investment Review Agency to allow the company to be sold to a major U.S. publisher.

The current owners, Harper and Row Publishers Inc. of New York, appear to have been unsuccessful in their efforts to find a Canadian buyer for the J.B. Lippincott Company of Canada Limited, of Toronto, a company which FIRA decided in 1981 could not be owned by Harper and Row.

Honourable senators, this company has long been involved in publishing for the medical profession. Its sales have never surpassed \$3 million or \$4 million a year but, as the company has stated, there probably is not a doctor or nurse in the country who has gone through his or her training without having had the benefit of the use of some of its publications.

Could the Leader of the Government in the Senate tell us whether the apparent changes to the Foreign Investment Review Act will allow a review of this decision so that another 12 Canadians will not become unemployed?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

[Translation]

FOREIGN AFFAIRS

LEBANON—SAFETY OF DIPLOMATS—ROLE OF CANADIAN AMBASSADOR

Hon. Martial Asselin: My question is directed to the Leader of the Government in the Senate. In view of the very difficult times now being experienced in Lebanon, the bombings and the increasing number of victims of these bombings, what is, basically, the reason why the Secretary of State for External Affairs has not recalled our ambassador to Lebanon, although

his home has already been destroyed by the bombings and his life is certainly in danger, like that of the rest of the population of West Beirut?

What is the actual reason behind the position taken by the Secretary of State for External Affairs for letting the ambassador decide for himself whether or not to leave his post in Lebanon? This morning, the minister claimed that the ambassador was there to safeguard Canadian interests. However, we have been given to understand that there are no longer any Canadians working in Lebanon at the present time. There must be another reason.

Could the Leader of the Government inform the Senate what the real reason is behind the decision of the department or the Secretary of State for External Affairs not to recall our ambassador and his staff?

• (1425)

[English]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Ambassador Arcand, his wife and his staff have demonstrated an immense amount of courage during this entire ordeal.

Senator Asselin: We know that. There is no doubt about that.

Senator Perrault: I know that the honourable senator does not dispute that point.

Senator Asselin: Not at all.

Senator Perrault: I am just underlining that fact. It is something for which he is to be commended.

The Secretary of State for External Affairs has the power to ask any ambassador to return home, as the honourable senator knows. In this particular case the Secretary of State for External Affairs has, in effect, said to Mr. Arcand, "You are on the scene; you are in place; you determine whether or not you wish to return." Apart from that, there are a number of useful contacts being made in Lebanon. Both Mr. Arcand and the government are of the view that even under the present difficult circumstances useful work can be done by Canada's representatives there, and useful work can be done on behalf of Canadians who live in Lebanon.

The ambassador divides his time between West and East Beirut. He has had difficulty, of course, recently with car searches undertaken by the Israeli army. A protest has been lodged on this point, and Israel has promised there will be no more searches of the ambassador's car.

When in West Beirut, where the majority of his time is spent, the ambassador has, for the past month, been put up in the chancery, not his official residence. The chancery is in an area of downtown Beirut which has not so far been subjected to Israeli naval bombardment.

This reply is dated July 26, but there have been other bombings since. The ambassador's apartment, of course, has been destroyed.

[Senator Flynn.]

We are in daily touch with the ambassador to assess whether the level of safety for our skeleton Canadian staff is acceptable.

LEBANON—INITIATIVES TAKEN BY GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, regarding some of the work of the ambassador or, at least, Canadian representatives in Lebanon, a question was asked yesterday by Senator Haidasz concerning talks with representatives of the Palestinian people.

Up until this time the Canadian ambassador has only been forbidden to meet with members of the Palestine Liberation Organization but not with any other representatives of the Palestinian people. However, other staff of the Canadian embassy in Beirut can and do meet with members of the Palestine Liberation Organization on an "as needed" basis.

LEBANON—SAFETY OF DIPLOMATS—ROLE OF CANADIAN AMBASSADOR

Hon. Raymond J. Perrault (Leader of the Government): The essential question asked by Senator Asselin is why the ambassador is not called home. The ambassador has been told that he should decide whether, at some point, his services are no longer needed and he should return home.

[Translation]

Senator Asselin: I have a supplementary. I would like to point out to the minister that if there were any victims among our Canadian delegation in Lebanon or the ambassador was wounded, our Department of External Affairs would be blamed for failing to take appropriate action to prevent such an occurrence. Could our ambassador not perform his duties just as well if he moved to East Beirut like the other ambassadors in Lebanon? They are doing their work just as well. My second question is: Are we to interpret the minister's answer as indicating that Canada is acting as a mediator between the Palestinians and Israel? Is Canada playing an official role, in addition to the one being played by the U.S. ambassador at the present time? Does our ambassador have the responsibility to represent Canada so as to enable our country to play an official role in mediating between the Palestinians and Israel?

[English]

Senator Perrault: Honourable senators, there has been a reduction in the Canadian embassy staff as Senator Asselin may be aware. Canada continues to talk to both sides on an informal basis to this point in time.

Senator Asselin: Informal?

Senator Perrault: I will take the question as notice, and determine whether or not an official statement on the level of contact can be given to the Senate at the next sitting.

● (1430)

LEBANON—ISRAELI INVASION—GOVERNMENT ATTITUDE

Hon. Robert Muir: Honourable senators, all of us must have seen our ambassador to Lebanon on CTV television last night.

I believe I am paraphrasing him when he posed the question, "Where is the Israel we once knew?"

Canada has been a long-time supporter of Israel, providing not only lip service but other services as well. In the name of God, in the name of humanity, is there nothing our government, through the Secretary of State for External Affairs, can do to prevail upon the Government of Israel to ease off on this terrible slaughter, this blitzkrieg, that is going on, such as was used against the good Jewish people in Europe? Can something not be done?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in previous statements given to the Senate on behalf of the Secretary of State for External Affairs, I indicated Canada's great concern with the actions by Israel in Lebanon.

The Canadian government has called on Israel to withdraw its troops to its own borders. In the initial stages, of course, the operation was designed to move beyond Israel's borders to mop up areas which, undoubtedly, contained very large stores of PLO military material, and so on.

Canada, together with almost every other nation in the world, has called for a withdrawal of these forces. As I stated in response to Senator Asselin earlier, it may be useful to have a statement from the Secretary of State for External Affairs indicating the Canadian position as of now. Perhaps that can be brought to the Chamber at the next sitting.

LEBANON—STATEMENT BY YASSER ARAFAT

Hon. Lowell Murray: Honourable senators, by way of supplementary, I heard the Secretary of State for External Affairs at an early hour this morning on television alluding to some clarification that was, apparently, obtained from Yasser Arafat of the PLO with regard to previous statements concerning U.N. resolutions on the Middle East. Does the minister have an official statement on that matter?

Senator Perrault: On the Arafat statement?

Senator Murray: Yes.

Senator Perrault: I do not have an official reaction to the Arafat statement available for the Senate this afternoon. However, the observation of Senator Murray will be communicated to the minister and may form part of tomorrow's statement.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

INDIAN ACT—DISCRIMINATORY PROVISIONS

Hon. Martha P. Bielish: Honourable senators, I have a question for either the Leader of the Government in the Senate or Senator Austin, Minister of State. Another session has virtually ended without the government delivering on its commitment to eliminate section 12(1)(b) of the Indian Act, which section the United Nations has found to be discriminatory against Indian women.

Would the leader or the Minister of State tell the Senate now when the government will act to remedy this gross injustice?

Hon. Jack Austin (Minister of State): Honourable senators, I would draw the attention of Senator Bielish to the fact that the government has placed that question before a standing committee in the other place with authority to hear evidence while that chamber is in recess. The matter is ongoing and under active review in the other place by members of all parties.

OFFICIAL REPORT (HANSARD)

CHANGE IN FORMAT

Hon. Heath Macquarrie: Honourable senators, I have a question which I should like to direct to the deputy leader in his special role as custodian of the purity of our procedures.

While it was traditional for Senate *Hansard* to have a table of contents at the beginning of each daily issue, a few days ago I discovered that it is now at the end.

I rarely read this document because I am always in the chamber, but there are some who do read it carefully.

I wonder if this change is as a result of administrative absent-mindedness or some bureaucrat's dream of progress. Is it money-saving or is it emulation of the other place? Whatever it is, it is a practice which I would not altogether commend right now.

● (1435)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will see whether it is any one of the enumerated possibilities. Whichever one it turns out to be, I shall certainly check as to its procedural purity.

FOREIGN AFFAIRS

LEBANON—STATEMENT BY YASSER ARAFAT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information which I would be pleased to communicate with regard to the Arafat statement that was made the other day.

The embassy in Beirut contacted a representative of the PLO last Monday evening, July 26, to ask about the Arafat statement. It is clear from the comments of this representative that the PLO cannot confirm that the Arafat statement represents a change in their policies.

Despite initial hopes, the PLO has not, by its statement, unequivocally accepted Resolutions 242 and 338, which include the right of Israel to exist within secure boundaries. The Canadian view is that, unless this right is recognized, along with the legitimate rights of the Palestinians, peace will be elusive in the Middle East.

Our embassy continues to have contacts with the PLO in Beirut and elsewhere concerning the Lebanese crisis. These contacts in no way reflect Canadian recognition of the PLO as

the sole representative of the Palestinian people, although we appreciate the importance of the organization.

In order to update honourable senators on the initial reaction of the minister to the Arafat statement, I shall quote him. He said:

I have seen the press reports about a statement signed by Yasser Arafat, which is said to read, in full:

Chairman Arafat accepts all U.N. resolutions relevant to the Palestinian question.

Mr. MacGuigan went on to say:

I cannot say whether he in fact committed the PLO to accepting the existence of Israel in a peace settlement.

He said that some U.N. resolutions, notably Security Council Resolution 242, clearly implies such acceptance—without mentioning the Palestinians except as “the refugee problem”—while numerous others which were passed by the General Assembly deal with the Palestinians directly but contain no indication whatever of acceptance of Israel. Further, they include formulations which are highly critical of Israel, which would seriously prejudice the shape of a settlement. The minister said that we should have further information from our embassies in Beirut, Tel Aviv and Washington in the course of the day.

The Canadian position continues to be that Israel's existence and legitimacy should be recognized, just as there should be recognition of the legitimate rights of the Palestinian people, including their right to a homeland in the West Bank and the Gaza. Otherwise, peace in the Middle East will remain elusive.

If it were true that the PLO had unequivocally accepted Israel, a major and very welcome breakthrough would have been achieved. In such circumstances, we could see the PLO participating in the peace process for resolution of the Palestinian problem.

Canada has had informal exchanges with the PLO for some years and has had useful discussions with them in Beirut and elsewhere on the current situation. While acknowledging the importance of the PLO, we do not, however, recognize it as the sole, legitimate representative of the Palestinians.

TRANSPORT

AIR CANADA—MONTREAL-TORONTO—FARE REDUCTION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question which was asked by Senator Marshall on April 9, 1981. He asked about an Air Canada fare reduction between Montreal and Toronto.

The setting of fares is a complex and delicate matter which must take into account the needs and desires of the travelling public, rapidly rising costs, the frequency and size of equipment available, and competing services. If Air Canada is faced with excess capacity, it may decide to reduce fares on certain routes to attract more passengers during specific periods of time. Since it must also attempt to cover its costs, fare reductions may not be appropriate on all routes or at all times

of the year. The specific situation described by the honourable senator is no doubt a manifestation of this fare-setting process.

I am not sure whether this reply satisfies the honourable senator, but at least the philosophy of the fare-setting procedure is there.

Hon. Jack Marshall: I cannot even understand it.

● (1440)

Senator Perrault: The question has been well considered.

Hon. Jacques Flynn (Leader of the Opposition): Long considered!

AIRLINES—SALE OF NORDAIR

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Asselin inquired on June 10 of last year and on February 17, 1982 about the sale of Nordair. In a question asked on February 17 last he referred to a letter from the Minister of Transport to the President of Air Canada, which was made public at the time.

The honourable senator's specific questions of February 17 are addressed in that letter. The situation has not changed materially since that time.

The Minister of Transport is continuing to explore options for the rationalization and improvement of regional air services in central Canada. It is in this context, and only under the circumstances described in the letter, that a merger of Nordair and Quebecair remains a possibility.

CANADIAN NATIONAL RAILWAYS

REPLACEMENT OF RETIRING PRESIDENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Smith on February 3 of this year with regard to the appointment of a new CN president.

He inquired about a successor to Dr. Robert Bandeen as CN president, and asked whether the new president would come from within CN. As honourable senators now know, the new president is Dr. Maurice LeClair, who was formerly CN's senior corporate vice-president.

Hon. Jacques Flynn (Leader of the Opposition): He was appointed about two months ago. That is pretty good.

Senator Perrault: I am sure that the senator's question had something to do with the appointment.

NATIONAL DEFENCE

SUGGESTED CONVERSION OF MIRABEL AIRPORT TO CANADIAN FORCES BASE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to the question asked by Senator Marshall on July 20, 1982, concerning the conversion of Mirabel airport into a Canadian Forces base.

Honourable senators, the Minister of National Defence informs me that no consideration has been given to this idea.

Hon. Jack Marshall: It is too good an idea.

AIR CANADA

DISCOUNT FARES

Hon. Jack Marshall: Honourable senators, I have a supplementary question on the matter regarding Air Canada. There was a second part to that question which I asked on July 20 last. It concerned low middle-of-the-week fares between different parts of Canada. I indicated that you could go from Ottawa to Halifax for \$89 instead of \$135, but not beyond that. It seems that there is a sort of Berlin wall from Halifax east.

Could I have an answer to that question, and an explanation of that kind of discrimination?

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator can look forward with the utmost confidence to a reply some time in the future.

REQUEST FOR ANSWERS

Hon. Jack Marshall: With regard to unanswered oral questions and questions on the Order Paper, can we look forward to receiving answers before the Senate adjourns next week, whether they are a month old, or six months old, or a year old?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, we are doing our utmost to provide answers to as many of the questions as possible that have been on the Order Paper, in some cases, longer than we would have wished.

TRANSPORT

QUEBEC AIRPORT—STAFFING OF CONTROL TOWER

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I was wondering if Senator Perrault has a reply to my question about the Quebec airport situation.

Hon. Raymond J. Perrault (Leader of the Government): The reply has not yet come in, but is being prepared.

AGRICULTURE

ATLANTIC REGION—PROPOSED VETERINARY COLLEGE

Hon. Heath Macquarrie: Honourable senators, I would like to ask the Minister in charge of the Canadian Wheat Board if he could look at my question that was asked on March 25, 1981 regarding the veterinary college in Atlantic Canada, and bring me an update.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Agreed.

SMALL BUSINESSES LOANS ACT

BILL TO AMEND (NO. 3)—THIRD READING

Hon. Raymond J. Perrault (Leader of the Government) moved the third reading of Bill C-122, to amend the Small Business Loans Act (No. 3).

Motion agreed to and bill read third time and passed.

HOLIDAYS ACT

BILL TO AMEND—SECOND READING—SPEAKER'S RULING—
DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Bird, seconded by the Honourable Senator Lamontagne, P.C., for the second reading of the Bill C-201, intituled: "An Act to amend the Holidays Act".—
(Honourable Senator Walker, P.C.).

The Hon. the Speaker: Honourable senators, before Senator Walker continues this debate, will you allow me to give my decision on the point of order raised by Senator Lang on this motion?

Hon. Senators: Agreed.

The Hon. the Speaker: On Tuesday, July 27, 1982, during the course of the debate on the motion for second reading of Bill C-201, *An Act to amend the Holidays Act*, the Honourable Senator Lang rose on a point of order and asked whether the Bill is a private bill within the meaning of Rule 93 of the *Rules of the Senate of Canada*.

Rule 93, which appears under *Part VII—Private Bills* reads as follows:

After its second reading, a private bill shall be referred to a committee, and any representations before the Senate for or against such bill stand referred to such committee.

I would like to quote the definition of private bills from *Bourinot's Parliamentary Procedure*, 4th Edition at page 558. The definition reads as follows:

Private bills are distinguished from public bills in that they directly relate to the affairs of private persons or of corporate bodies, and not to matters of general public policy or to the community at large. They pass largely through the same stages as public bills, but, at the same time must originate by petitions and be subject to certain special rules in both Houses of Parliament.

Bourinot states the following with respect to public bills at page 489:

Public bills may be introduced by members of the ministry as government measures when they are for purposes of procedure placed on the Government Orders after their first reading. Other public bills are those introduced by members of Parliament, not in the administration, and these, for purposes of procedure, are after a first reading placed on the Order Paper on what is styled "Public Bills and Orders".

So I have to declare that the point of order raised by the Honourable Senator Lang cannot be maintained.

Hon. David Walker: Honourable senators, I think we were all delighted yesterday when Senator Everett, the Chairman of the Standing Senate Committee on National Finance, got up and told us exactly what he thought about this bill, namely, that it should be dropped. He said that there are another 11 months in which to introduce a new bill; that such a bill, without the faults to be found in this one, should be introduced in the House of Commons; that it should be proceeded with stage by stage; that after second reading there should be referral to a committee; and that the bill should be perfected.

It would be very worthwhile to do that. To hear one of the leading Liberals make that suggestion is, to my mind, almost an inducement to bring about the adoption of such a recommendation. I would be entirely in favour of that being done.

What Senator Everett said, briefly, was that the Senate should refuse this bill; that the House of Commons must bring forward a proper bill, which must be referred to committee; that arguments should be heard in committee; that arguments should be heard on second and third reading; and that there must be a very full debate. The House of Commons must then pass the bill and send it on to the Senate for approval.

The reason we have not got anywhere so far is that the operators of the Senate over there seem to be in fear and trembling of what happens in the other place.

Some Hon. Senators: Hear, hear.

Senator Walker: We are here as a house of sober second thought to correct the mistakes that are made in the House of Commons from time to time. Usually the members of the House of Commons accept our corrections gladly. From the remarks that I have heard from members of the House of Commons they would be delighted if we would just forget all about this bill, and introduce another one when we get back from our summer holiday.

We know—and you have been told this before—that Bill C-201 is defective, inasmuch as it does not even have a title. A title is very necessary. I remember working with Mr. Driedger when I was a parliamentary assistant to the Minister of Justice. That gentleman has now written a book called *The Composition of Legislation*, and he points out in section 5, on page 162, that headings are regarded as part of the act, and should therefore be carefully prepared by the draftsman. Their language should be consistent with the language of the act.

• (1450)

It would be advisable, I believe—in fact, absolutely necessary—if the government proposes to continue in its attempt to amend the Holidays Act, to withdraw Bill C-201 and to proceed with Bill C-37. That would enable the government to save some time. Bill C-37 is an excellent bill, without any errors. It had its first reading in 1980, and no further action has been taken since that time. Why there should be this sudden flurry and haste is beyond me. We know that following second reading that bill will go to committee. If everyone protesting Bill C-201 is to be heard, it will take longer than

next Wednesday to get through it. There is no way of cutting off, nor should we cut off, a subject as important as this, which is raising the hackles of so many people across Canada. We would start off, of course, with our illustrious former Senator Forsey as witness.

Regardless of what we do, it is impossible to proceed with this bill. Let us have a proper bill on the Order Paper for the fall, and let us then proceed with it with dispatch. This could have been done in any one of the 115 years since Confederation. Why are we trying to rush it through by next Wednesday? It must be because my friend, Senator Frith, promised the Prime Minister he would get it through by then.

Senator, I will do anything to please you—

Hon. Jacques Flynn (Leader of the Opposition): It's very fishy.

Senator Walker: I am always trying to please the honourable senator—

Hon. Royce Frith (Deputy Leader of the Government): And vice versa.

Senator Walker: —and we even used to help each other at the Bar.

Senator Frith: "At the bar", in both senses of the word.

Senator Walker: Let us admit it, you are a nice fellow. You are under pressure. You have your instructions. Come hell or high water, you think you have to get this bill through before we adjourn for our summer holiday. I would do anything to help you, except that. I do not believe in what you are asking.

Senator Frith: I have just the thing you can do.

Senator Walker: Tell me when I am through with my speech. That will be something to pep things up a bit. Senator Everett was annoyed, and I know that other senators were annoyed and upset, to think that members of the House of Commons, who speak so well of themselves—and I am sure they are as good as they say they are—should ever forget that the Senate is the place of sober second thought. However, not all the members in the other place forget that. At least eight members have said to me, "I hope you will undo the harm that we have done". That is what I am trying to do in my humble way today.

I heard someone laugh there, and I am glad he did. There are 282 members in the House of Commons, all of whom we would expect would be on the job that day, vitally interested in any proposed change in the name of our national holiday commemorating the formation of the Dominion of Canada on July 1, 1867. The thing was a slick operation. They waited until everyone was tired out. It was about 4 o'clock, time to go out to get a drink—of coffee.

Senator Flynn: At the bar.

Senator Walker: Everyone had gone, all with a clear conscience. They had laboured all day, and then this slicker, whoever he was, counted the number in the House. He must have thought 13 was a lucky count, and he went after this bill just as fast as he could.

I see a senator leaving the chamber. Don't go, senator. I would like your criticism. Come back, won't you? That member in the other house waited until they had all gone, and he then pulled a trick, and it is important that it should be on the record. We know the story from then on. Before they could get 20 members, the minimum necessary, the thing was slipped through.

However, I am not going into that again. It has been gone into many times. No one intervened. One Tory member came in and asked "What's going on here?" It was 4 o'clock in the afternoon, and the bill went through. Now we have to take our lumps, because of that horrible debauch of the rules of Parliament.

There are, of course, many defects in the bill, which I shall not go into today because it is not necessary. It was hurriedly drafted. No notice of its presentation was given to anyone, and, after the bill was passed by a total of 13 members in the other place, we are now informed by the Deputy Leader of the Government that the bill has to go through without amendment.

Hon. Jack Marshall: Shame.

Senator Walker: That is not like my old friend.

Senator Marshall: He is a nice fellow.

Senator Walker: I do not believe he has been spoiled by power. I am asking: Is there something behind this smart MP, Herbert?

Senator Flynn: Say it in French.

Senator Walker: Is this another trick of Mr. Trudeau's? Is he saying, "To save a lot of trouble we will get rid of 'Dominion Day' and we will have 'Canada Day' in its place"? If he is, we reply that we will not get rid of that historic title of "Dominion Day" which has been honoured for 115 years.

"Canada Day", to me—I do not wish to criticize meanly, so I shall not be mean today—

Senator Marshall: Tomorrow?

Senator Walker: But let us look at "Canada Day". Honestly, it is a subject of mirth. Every Canadian holiday is a "Canada Day", is it not? Canada declares holidays for Canadians, and only Canada can do that. What is unique about calling the greatest day in the history of our country, from the time of the French occupation to the present day, "Canada Day"? What is the use of calling it "Canada Day" when every holiday we have is a "Canada Day"? Every stranger coming to Canada will wonder what "Canada Day" is all about if this legislation is passed. There is no indication of what it is about—none at all. "Canada Day" might mean anything. But the present title means a great deal. The title "Dominion of Canada" is now 115 years old.

[Translation]

I would like to speak in French, but I cannot. I want to describe to the Senate the role played by French Canadians in the history of Canada.

[English]

That was a terrible effort.

Senator Flynn: No, no.

[Translation]

You are free to give it a try and I am proud of you.

Senator Walker: You are a nice boy.

Senator Flynn: I agree.

[English]

Senator Walker: Monsieur Maurice Laliberté and the Leader of the Opposition tried to teach me: "Qu'est-ce que c'est? Je ne comprends pas." At one time in the House of Commons, I could answer questions in French, but I have really forgotten a lot of the language since.

● (1500)

As an English Canadian, speaking to my friends, the French Canadians, I would think that most of them would be more than satisfied with the word "Dominion". Why? It was picked by the Fathers of Confederation. Why? Because every French cabinet minister agreed with that choice. It is true that the reference to Psalm 72 was found by Sir Leonard Tilley, but the French cabinet ministers agreed with that too. Why would French Canadians in that cabinet not agree to it? After all, "Dominion" is an old and ancient word.

Hon. Maurice Lamontagne: Oh, oh!

Senator Walker: Please bear with me my friend, and do not start talking to someone else because this is an important point for you to consider. The title "Dominion of Canada" was picked by French Canadians and by English Canadians and incorporated at the time of our Confederation in 1867. We have heard the word many times. Upon researching the word "Dominion", I learned that it is old French, meaning "puissance" which translates to power or sovereignty. It is a lovely thing to be able to combine into the name of our country a French word, "Dominion" along with the name "Canada." I hope those wonderful people in Quebec appreciate this fact.

I pay tribute to the people of Quebec. I never had a better time in my life than during the summers I spent in Ste Croix-de-Lotbinière. I can remember touring the province as captain of the Ste Croix tennis team. During that tour I met a chap named Taschereau who became the Chief Justice of Canada and who, at that time, was the captain of another tennis team. As he passed my seat one day in the performance of his duties in this chamber as Deputy Governor General—and he was almost at death's door at the time—he leaned over and said to me, "Hello, David, how about a game of tennis?"

My father, a former British Army officer, often reminded me of how the French saved Canada in 1775. We had been invaded by the Americans, and they were beating the hell out of us. They had captured Montreal and they were moving on Quebec City. What a licking they got there. In fact, their leader, General Richard Montgomery, was killed. Of course, the British Commanding Officer, Sir Guy Carleton, knew that he could not win without the French. In order to enlist their

[Senator Walker.]

support, he went to the priests of Quebec, the monsignors, the bishops, and so on, and asked for and received their complete co-operation. He then went to the seigneurs, who were very important in those days. I would point out here that Senator Beaubien's people were seigneurs going back 300 years. With the support of the French, the Americans were given the worst licking they ever had just outside Quebec City. General Montgomery was killed, and the army fled.

Then in 1812 once again the French repulsed the Americans in the Battle of Châteauguay.

Hon. Arthur Tremblay: And that was the last time before Vietnam that the Americans were defeated.

Senator Walker: Senator Tremblay says that that was the last time the Americans were defeated before Vietnam. That is something to be proud of. Of course, I am proud of anything that the French Canadians do well, because I have had such a happy association with them.

It was a little more than 50 years later when they stood up and indicated their support for Confederation and for the belief that "He shall have dominion also from sea to sea, and from the river unto the ends of the earth". The Fathers of Confederation believed in that passage. They liked the fact that it was from the scriptures, and particularly from the Psalms. The word "Dominion" cannot be said to be Anglo-Saxon; it is an old French word. I repeat again that every national holiday in Canada is a Canada Day. So why, in the name of heaven, take away from us the one day we English Canadians, and I really hope French Canadians, love more than any of our other holidays—Dominion Day? We must ask ourselves whether we are willing to make this change, and we do not have long to make up our minds.

"Canada" is everywhere in our legislation, our literature and our thoughts. So, in talking about the greatest holiday in our year, Dominion Day, surely we can think of a better name than "Canada Day" to replace it. What Canada Day? Every national holiday is a "Canada" day. I say to those who support this legislation: When you search your conscience, as I am sure you will—and it is a matter that is above partisan politics, and I know that those on the other side do rise above party politics and that at the long caucus meeting they held yesterday those supporting the retention of the name "Dominion Day" almost won—and when the vote is actually taken, I hope you will support retaining the name "Dominion Day". Certainly you will be assisted by us.

Hon. Sidney L. Buckwold: Oh, oh.

Senator Walker: I love to hear my honourable friend interrupt, because what he has to say is usually very sensible.

Why is it being said that French Canadians do not like the name "Dominion Day," when in the good old days the people of Canada, including French Canadians, were proud to be free of Britain and to be part of the Dominion of Canada? Why are they angry? Why should French Canadians object to this name?

We have been told that Australia has a holiday named "Australia Day". Well, they have nothing to boast about. It

does not mean anything to them. They have no battles, Fathers of Confederation or Confederation to commemorate. So, in that light, it is perfectly proper for Australia to have an "Australia Day". Of course, that does not mean that they were not magnificent fighters in two world wars. But was the founding of their dominion dramatic? Did they have a Quebec Conference? Did they have the Fathers of Confederation? Did they unite two sovereign nations, as Canada has done? Of course not, so please do not compare us with that wonderful country of Australia.

France does not have a "France Day"; they recognize their country on "Bastille Day". "Bastille" is a romantic word meaning a great deal to the people of France, and it is associated with the capture of the Bastille and the beginning of the revolution. People are thrilled upon hearing of such holidays as Bastille Day. I happened to be in Paris one year when the holiday was being celebrated. There was a big parade which was a wonderful sight, and it was all very inspiring to the French, just as Dominion Day is to me. The same can be said about Independence Day in the United States. They are inspired because it reminds the people of that country of the day they obtained their independence from Britain, and that is a wonderful thing. So let us in this esteemed chamber, where there are more brains than in any other legislative body on this continent—

Senator Flynn: In the world.

Senator Walker: No, I will not say that. I will let you say that after you have had your fourth drink—but, then, you never have more than one! Let us beware.

● (1510)

Honourable senators, we are dealing with Bill C-201 today because of a trick played by 13 members out of a total of 282 members in the other place. We should not be here today. We ought to have finished our consideration of legislation. When you consider that what was done in the Commons in respect of Bill C-201 was so wrong as to be almost dishonest, it is pathetic that we should find ourselves still hanging around when we should be on holidays. Having said that, I wish everyone a very happy holiday.

Hon. Daniel A. Lang: Honourable senators, I rise on a point of order. My thoughts are now clear with respect to the nature of this bill.

An Hon. Senator: Finally.

Senator Lang: Since it is not a private bill, I assume it is a public bill and, therefore, a government bill.

Hon. Martial Asselin: Not necessarily.

Some Hon. Senators: No.

Senator Lang: There are only two kinds of bill under our rules, either private or public.

Senator Flynn: Yes, but government bills are something else again.

Senator Lang: This is not a private bill; therefore, it has to be a public bill, being a government bill.

Some Hon. Senators: No.

The Hon. the Speaker: No, that is not so.

Senator Lang: Well, I suggest that you re-read your rules.

An Hon. Senator: You read them yourself.

Senator Lang: Let me refer you to rule 46(a). It reads as follows:

46. No notice is required of the following motions:
(a) by way of amendment to a question;

MOTION IN AMENDMENT

Senator Lang: In the light of rule 46(a), I move, seconded by Senator Bell:

That the Bill be not now read the second time but that it be amended by adding after subsection 2(2), the following new subsection:

"(3) Canada Day may also be called 'Dominion Day'.

Honourable senators, it is my hope that with this amendment we will be able to obviate the ridiculous situation in which we find Parliament today, namely, debating a matter of such utter triviality. Personally, it doesn't matter to me whether the holiday is called Dominion Day or Canada Day, but at least a choice would leave it open to people to use whichever of the two expressions they prefer.

I dislike matters that cause divisiveness and dissension. Surely we can get together on this question and leave aside the stupid arguments we have been hearing.

The people of this country need symbols, not labels, and perhaps they want their own symbols. Let me have my symbols and let the Québécois have their symbols.

An interesting aspect of the amendment I have proposed is that it would make unnecessary the multitude of consequential amendments that would necessarily flow from the change of name proposed in the bill. Those consequential amendments would no longer be necessary because the two names would be interchangeable.

Honourable senators, I will not plead my case other than to say that those who wish to create tensions may continue to create them, but, frankly, I find that distasteful. I doubt that most of those who have been involved in the debate on this matter have been really willing participants; rather, they have been coerced into debating an issue that is more likely to divide than to unite. It is my hope that this amendment will be a means of enabling our two founding races—I hate that expression, because it smacks of racism—to continue to work together, as they have always done in the past.

Thus, I put the motion in amendment to you in the hope that the Senate will consider it a means of obviating the problems that have arisen in respect of this proposed change of name. I hope you accept this amendment:

Canada Day may also be called "Dominion Day".

Hon. Louis-J. Robichaud: Honourable senators, may I also rise on a point of order to suggest to the honourable senator

that, whether it is seconded or not, a motion made on a point of order is entirely out of order.

Senator Flynn: That is true, but I don't think Senator Lang really meant to rise on a point of order. I think he misspoke.

Senator Frith: Yes, he did say he was rising on a point of order, but he was wrong. He was not.

Senator Flynn: The substance of what Senator Lang had to say really had nothing to do with a point of order.

The Hon. the Speaker: Just to clarify the situation, honourable senators, in my opinion, Senator Lang was not speaking on a point of order but was simply debating the question. In doing so, he moved a motion in amendment which was seconded by Senator Bell. He had the perfect right to do that. That motion in amendment is now before the Senate, and I will put the question.

It has been moved by the Honourable Senator Lang, seconded by the Honourable Senator Bell:

That the Bill be not now read the second time but that it be amended by adding after subsection 2(2), the following new subsection:

"(3) Canada Day may also be called 'Dominion Day'".

Are you ready for the question, honourable senators, or do you wish to speak to the amendment?

Senator Frith: I assume that Senator Bell will want to speak on the amendment, since she seconded the motion.

Hon. Ann Elizabeth Bell: Honourable senators, I seconded Senator Lang's motion because I believe the proposed amendment will solve the current problem and at the same time keep everyone reasonably content. I, too, am of the opinion that we should stop being divisive and start attending to, and attempting to solve, the real problems the Canadian people are facing at the moment.

In my opinion, honourable senators, it is extremely irresponsible of us to entertain Bill C-201 at this particular time in our history. I am convinced of that partly because of my own thinking and partly because of the public reaction to the bill in my part of British Columbia. I have never seen such a response to a bill introduced in the House of Commons as there has been to this particular bill at this time.

Let me give you an example to illustrate what I mean. After the bill was passed in the other place, an editorial by Stanley Burke appeared in one of the leading newspapers. It is headed "Canada Day—is it really us, or another con job?" Underneath that there is a coupon that can be clipped out of the paper. It is in the form of a letter addressed to me, and it reads as follows:

Dear Senator Bell,

I (approve) (do not approve) the government's move to change Dominion Day to Canada Day as the name of our national day.

I (approve) (do not approve) of the government's action in passing this bill without thorough debate.

[Senator Robichaud.]

And then there is a space for a signature, followed by "(Signature optional)."

I was astonished at the number of these coupons or letters I received through the mail in response to this editorial by Stanley Burke. I was absolutely overwhelmed at the response. Hundreds and hundreds of coupons came in, in separate envelopes. Of that enormous stack of mail, only four responses were in favour of changing the name "Dominion Day" to "Canada Day". In the main, people were terribly upset at the suggestion that they would lose more of their heritage.

Honourable senators, if you accept this amendment, I believe Canadians will no longer feel that they are losing yet another part of their heritage. For that reason I hope you will support the amendment.

On motion of Senator Asselin, debate adjourned.

● (1520)

INDIAN-INUIT WEEK BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Williams, seconded by the Honourable Senator Adams, for the second reading of the Bill S-28, intituled: "An Act establishing Indian-Inuit Week and Inuit-Indian Day".—(*Honourable Senator Frith*).

Hon. Guy Williams: Honourable senators, the debate on the motion for second reading of Bill S-28 was adjourned by my colleague, the Deputy Leader of the Government, in the hope that other senators would speak on the bill. I am of the opinion that no other honourable senator wishes to speak, so I should like to close the debate on second reading of Bill S-28.

Hon. Royce Frith (Deputy Leader of the Government): I moved the adjournment of the debate, and I do not wish to yield at this time to Senator Williams.

The Hon. the Speaker: Do you agree, Senator Williams, that the debate be adjourned to the next sitting of the Senate?

Senator Williams: To keep harmony in the family, I will accept that.

Hon. Jacques Flynn (Leader of the Opposition): The adjournment was moved by Senator Frith.

The Hon. the Speaker: I simply asked Senator Williams because he talked about adjourning the debate. I am asking him if he is making a motion to that effect.

Senator Flynn: He did not.

Order stands.

UREA FORMALDEHYDE INSULATION BILL

SECOND READING

Hon. Raymond J. Perrault (Leader of the Government) moved the second reading of Bill C-109, to provide for pay-

ments to persons in respect of dwellings insulated with urea formaldehyde foam insulation.

He said: Honourable senators, I know that all honourable senators are concerned about the problems of some Canadians who insulated their homes with urea formaldehyde foam insulation, and there are many of them. I know that all honourable senators want help for those who may already have been affected by the so-called UFFI.

A number of honourable senators have met with victims of urea formaldehyde foam insulation. I have had a number of meetings with people residing in my region, and one can only be profoundly sympathetic. Today I am pleased to be able to move the second reading of this proposed legislation, because it will provide needed assistance to those affected.

The bill is simple and straightforward. The regulations, of course, are going to be of great importance. The bill will allow Parliament to appropriate funds needed to assist those suffering from the effects of this type of insulation, and I am sure that all honourable senators will agree that those people require our prompt assistance. None of us wants to force them to wait over another summer and another fall for a meaningful aid program to be implemented. Some live in trailers in their backyards in order to escape the fumes which they allege come from the insulation in their homes.

I should like to review briefly with you what the government has done and what it will do. There are three main objectives of the bill, the first being to restore confidence in the value of UFFI homes. A number of Canadians installed this material confident that it was a good insulating material which had been approved by the authorities. Having used this type of insulation, some owners have experienced buyer resistance when they have attempted to sell their homes. Some potential buyers, when they learn of the use of urea formaldehyde foam insulation, immediately lose all interest in the purchase of such homes. The second objective is to reassure the public regarding health aspects. And, most important, the third is to help immediately those with health and housing problems caused by the use of this material.

One of the first steps the government took was to establish the UFFI Information and Co-ordination Centre. The centre has served as a focus for the government's broad program by providing advice and information to tens of thousands of concerned homeowners. The centre has carried out a national testing survey involving houses from coast to coast. This has provided a scientific basis for the proposed legislation.

As the first country in the world to ban this material, we are breaking new ground in science, engineering and technology. This centre has helped to bring to bear the combined resources of various federal departments and agencies, and private organizations. In fact, other countries which need information to deal with similar problems are now coming to the Government of Canada as the authoritative source.

I should like to speak now on the three main objectives of the bill I mentioned a moment ago. First, to restore confidence in the value of UFFI homes, the government is providing for:

free tests, on demand, to show whether the formaldehyde is above the acceptable level; free professional advice on solving problems; a list of qualified contractors; and money to help pay for work to remedy the problems.

Second, to reassure the public in health-related matters, the government is providing for: comprehensive research and development to find new and more effective remedial measures; long term medical research; spot checks on UFFI houses in the future; money to help finance independent associations of urea formaldehyde foam insulation homeowners; a UFFI advisory council of homeowners.

Third, to help immediately those people with health and housing problems, we are proposing the speedy passage of this bill to provide funds to carry out this program.

Based on the information gathered in the national testing survey conducted in December, the government announced the assistance program for UFFI homeowners. More than 32,000 homeowners have registered at the UFFI Centre and have been sent application forms. As of Wednesday last, approximately 26,000 homeowners have returned completed forms to the government.

The UFFI homeowner is offered a screening test using a dosimeter, a device for measuring gas levels in the home. Over 24,000 dosimeters have already been distributed. As well, other actions are being taken to help these homeowners.

The aim of the remedial measures is to reduce the formaldehyde concentration to well below the level of 0.1 per million of formaldehyde in the air in the homes, which is a standard set by Health and Welfare Canada. If the test indicates a level of formaldehyde in the home higher than 0.1 part per million, or the homeowner is suffering health problems, the homeowner is to be offered full-scale testing and advice on remedial measures. When the necessary information and professional advice have been prepared, the work is carried out. After inspection, the homeowner receives a cheque, which could be as much as \$5,000.

● (1530)

You may well ask the question: If the homeowner is suffering health problems, how do we judge them? Is there some standard which demands that the homeowner and his family be examined by a government appointed doctor? Only a declaration that that person has had to seek medical help is sufficient to establish that point.

The test results may show a reading below 0.1 part per million, but the occupants of the home may be suffering physical health problems just the same. In that case, this homeowner is also to be offered further testing and advice on remedial measures, and any work required is carried out.

The Government of Canada has taken the initiative on a broad front and has tried to be as responsive and as responsible as it can be when homeowners have asked for help. We have urged the provincial governments and the companies involved in the manufacture and installation of UFFI to be equally responsive. The people of Canada expect all of those involved in this unfortunate situation to take action, not on technical

grounds or on legal grounds but on humanitarian grounds. Homeowners need information; research must be done; remedial work must be carried out; and assistance must be provided to people who are ill. It is not going to help those people who are suffering to have various levels of government discussing and debating who has the ultimate legal responsibility. People are having medical problems. Some people are living in their backyards during the cold winter months and during the wet winter months which we have in some parts of our country. We have to act to meet their needs, and this bill provides for such swift action.

I should like to give you some additional information on this subject because there are a number of misconceptions about urea formaldehyde foam. There has been the suggestion that the government approved the substance and, in effect, endorsed its installation in homes across the country. There have been other suggestions that we have been lagging behind the rest of the world.

I should like to put these facts on the record. Canada is leading the world in taking responsible action to help these homeowners. UFFI is still available in the United States; only two states have banned it. The product is still available in leading countries, such as Germany, the United Kingdom, Sweden, Italy, Switzerland, Spain, France and South Africa. They are still insulating homes with this substance in those countries. The government did not promote the use of UFFI over any other product. Formaldehyde-based products were only 6 of 140 possible insulation materials for which CHIP grants were available. Consumers made their own choice of product.

Another point which should be made is that the federal government does not accept legal responsibility for any problems caused by UFFI. The government is now acting, as I stated, on humanitarian grounds to respond to health problems associated with UFFI.

Based on testing of over 2,000 homes in Canada, 90 per cent of homes, on average, have less than 0.1 part per million. The vast majority of homeowners should not experience health problems below this level. However, some people are allergic to formaldehyde, just as some people are allergic to certain foods and materials in almost minuscule amounts. For these people formaldehyde in their homes may be a problem even if the level is less than the 0.1 part per million standard. In these cases, reducing the level as much as possible must be the target.

To keep the issue in perspective, the outside air commonly has between 0.0005 to 0.05, which is half the recommended level, because this material is to be found in nature. Outside air can be much higher. These are only average figures. If allergy problems persist below outside air levels, people may wish to consult their doctors.

Of the 10 per cent of homes tested which have levels of 0.1 part per million or over, most can be helped by sealing and caulking, ventilation techniques and other methods evaluated by the National Research Council.

[Senator Perrault.]

Manufacturers had the responsibility of ensuring that the product was safe. Under legal principles of product liability, manufacturers are principally liable if a product is unsafe for the use it was intended for. This is often written into provincial sale of goods acts.

When the product was given an acceptance number by CHIP, the acceptance was conditional. The manufacturer was required to train qualified installers, among other listed quality control requirements. Generally, these conditions were not met. Much of the difficulty came about as a result of improper installation. Those are the findings of the committees.

The provinces have jurisdiction over regulating the insulation industry and licensing the installers. Most severe problems are due to poor installation. The federal government is acting now, given the absence of provincial initiatives, out of its general concern for the health of Canadians.

Formaldehyde gas—I am referring to another aspect of the factual record—is naturally occurring in other forms. The health risks from living in a home with the 0.1 part per million of formaldehyde is the same as smoking one-third of a cigarette a day. Cigarettes also contain formaldehyde. Many other common products in the home contain formaldehyde, such as carpets, drapes and cooking oil on electric stoves.

For severe cases, where the sealing and ventilation techniques are not sufficient, more drastic action may be required, and in such a situation legal recourse may be the only answer. The federal government grant, however, should help in the majority of cases. This offer is as much as \$5,000.

Honourable senators, as I said at the outset, the bill is a simple one. It is not going to meet all of the problems of all of the homeowners. There will still be requests for further action. Some people will feel that the grants should be larger. I think this is an excellent program, deserving the support of honourable senators. If questions are asked during the course of the debate, I will do my best to answer them.

Homeowners need information; research must be done; remedial work must be carried out; and assistance must be provided to people who are ill. With this bill, the Government of Canada is attempting to meet their needs. Prompt passage of this bill will speed aid, comfort and financial assistance to those needing help from us. On behalf of all Canadians, I ask the support of the Senate for this measure.

Hon. Richard A. Donahoe: Would the honourable senator permit a question? In discussing the question of what the federal government did, he made the statement that it had been suggested that the federal government had given its approval for this material. Is it true or not that the federal government approved this material?

Senator Perrault: The federal government agencies, acting on the recommendation of an advisory committee involving the industry, involving the provinces and involving many other agencies across the country, put this on the approved list of those substances qualifying for CHIP grants. The suggestion that this was a unilateral federal decision, in which the government endorsed the product, is not true. I would be pleased to

read a list of the organizations which formed the scientific panel which stated that it would be a satisfactory material for use in the home.

● (1540)

Hon. Rhéal Bélisle: Honourable senators, I compliment the Honourable Leader of the Government in the Senate, Senator Raymond Perrault, who sponsored this legislation, Bill C-109, in this chamber. He spoke with eloquence and forcefulness, but he did not convince me that this is a good piece of legislation, although we all agree that it will be of some assistance.

Honourable senators, Bill C-109 provides the Minister of Consumer and Corporate Affairs with the power to pay sums of money, to be fixed by regulation, to persons as compensation for problems arising from the insulation of their dwelling places with urea formaldehyde foam. Persons seeking such compensation must apply for it and must qualify under regulations to be prescribed.

As the leader said, the maximum payment is \$5,000, and eligibility will be determined on the presence in the dwelling of above-standard levels of urea formaldehyde gas or a statement by a physician that the applicant has suffered health problems as a result of the presence of the gas, even if it exists at lower levels than the standard established.

All payments are non-taxable and the Cabinet is authorized to make necessary regulations regarding eligibility and level of payment.

The total spending authority provided for between the date the bill is to be proclaimed and December 1, 1982, is \$55 million. If more money is required, Parliament must appropriate it through another piece of legislation.

Acceptance of a payment under this bill does not prevent persons from suing the government for damages they believe may be the responsibility of the government in respect of urea formaldehyde foam insulation.

The minister is also empowered to carry out and fund whatever training, inspection, testing, advisory and auditing services as are deemed necessary to carry out the provisions of the act.

There it is, honourable senators, this government's answer to the urea formaldehyde foam insulation problem.

There are 200,000 to 300,000 Canadians who have suffered, are suffering and will continue to suffer from the effects of urea formaldehyde foam insulation, and the Government of Canada comes up with this as an answer to their problems. As the leader said, these people have been made physically ill, some of them seriously ill, and all have suffered economic setbacks as a result of this monstrous error, but all the government can provide is this pathetic excuse for a solution.

The bill, which we are now asked to pass, does not spell out who will be entitled to the aid being offered, inadequate as that aid may be. Surely the department concerned has had adequate time to draft the criteria that will apply to the selection of those to be helped and the degree of help to be offered them. Why have we not been made privy to that

information since it is crucial if we are to judge properly the fairness of this whole exercise?

As is customary for this administration, the Minister of Consumer and Corporate Affairs has tried to blame everyone else for the problem that this bill fails to solve. He has blamed the media, the provinces, the manufacturers and the installers. He has even tried to blame the opposition parties in Parliament.

The real culprit is the federal government. It was guilty of inexcusable carelessness and must accept full responsibility for the nightmare that has been visited upon 80,000 to 100,000 Canadian households.

This government was warned as far back as 1974 that urea formaldehyde foam insulation might present a health hazard. The Department of National Health and Welfare as asked to look into the toxicity of the foam. Was it done? If not, why not? If it was, what were the results, the recommendations?

In 1978, Dr. Richard Viau, head of the Chemical and Fire Safety Program of the Department of Consumer and Corporate Affairs warned of the dangers to health of using this kind of insulation. Still the government kept promoting the use of urea formaldehyde foam insulation.

Today it tries to absolve itself of guilt by blaming the manufacturers and those responsible for installing the foam. This, in spite of the fact that scientists have told us that it is the foam itself that is unstable. This, in spite of the fact that the Department of National Health and Welfare has recommended a complete ban on the use of this chemical.

What we have here, honourable senators, is big government and big bureaucracy at its worst and at its most dangerous. What we have here is an administration more concerned with promoting a handout program than it was with the safety of Canadians. What we have here, apparently, is a compliant bureaucracy frightened into silence by its overbearing political master.

What happens? One hundred thousand families are victimized; 100,000 families invest a good part of their earnings in energy conservation and end up with a veritable time bomb which jeopardizes their physical and economic well-being, and this bill does nothing to defuse that time bomb; it offers no solution. It just throws a few crumbs to people who are ill; to people who are stuck with houses they cannot live in and cannot sell.

The minister says we have to be careful; we cannot waste the government's money; we have to be sure that we do the right thing. What is the right thing? He does not know, but he is confident that some day we will find an inexpensive solution to the problem. In the meantime, those who are suffering can only learn to exercise patience.

● (1550)

Would it not have been simpler to look long and hard at the home insulation program before it was promoted at the cost of millions of dollars? Would it not have been simpler to check out those warnings about the effects of urea formaldehyde before recommending it?

Honourable senators, this bill is an aspirin for a dying man. These people are desperate. Some have lost their health; some have lost their homes; some have lost both. Some people have been forced to live in their garages; others, in Vancouver, have used bulldozers to destroy their homes and have only recovered the price of their lots. This government, which got them into this mess, can only offer a maximum amount of \$5,000, and they are not even guaranteed \$5,000—it may be less. When one thinks that the average cost of removing the stuff from the walls is three, four and more times the sum being offered, one realizes the inadequacy of the solution.

In closing my remarks on this catastrophe, I return to the subject of the regulations surrounding this legislation. Why are they not available? This bill has been “in the mill” for months. I cannot conclude other than that the government is trying to pull a fast one on us.

Once again, these people are going to be victimized—as though they have not suffered enough. This government wants to pretend to help, but when it comes right down to it, my guess is that those regulations, which are not being shown to us, will be so drafted that a lot of people will not be helped at all, while others will get much less than they have been led to believe.

What help will be given to those who have already spent thousands of dollars removing urea formaldehyde foam from their homes? What help will be given to those who become ill several months or years down the road? What help will be given to those who have removed the foam and who still cannot sell their houses at a reasonable price?

Honourable senators, this bill is inadequate. It does not offer enough help and it leaves too many matters unaddressed. We could and should do better because the people affected by this catastrophe deserve help. The government led them into their predicament; it therefore has the responsibility to lead them out of it. It has not, with this bill, lived up to that responsibility—quite the contrary.

We on this side of the chamber view this bill as a charade, an exercise in self-absolution. We support it only because it is better than no help at all for those suffering from the effects of urea formaldehyde foam insulation, but it is certainly nothing to be proud of.

Hon. Raymond J. Perrault (Leader of the Government):
Honourable senators—

The Hon. the Speaker: I draw the attention of honourable senators to the fact that, if the Honourable Senator Perrault speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Perrault: Honourable senators, there are some points raised by our respected colleague, Senator Bélisle, to which I wish to reply. He may be unaware of the full extent and implications of this program, and I can quite understand that, since he may not be in possession of all of the information regarding it.

The following changes were made to the aid program following recommendations of the National Advisory Council of

UFFI Homeowners. Previously, only those homeowners whose results showed levels of formaldehyde over 0.1 parts per million, or who presented evidence of medical problems or illnesses that could be attributed to UFFI, were eligible for assistance. The federal government recognizes the principle of “universality.” This regulation has been changed such that all owners of houses insulated with UFFI are eligible for assistance of up to \$5,000 under the federal government’s assistance program. If the amount of assistance is less than \$5,000, it would only arise under those unusual circumstances where the costs of removing the insulation are less than \$5,000.

For example, for a small dwelling where most of the insulation could be removed for \$3,000, the government is not about to pay the full \$5,000, or \$2,000 more than the cost of the work. Therefore, all owners of houses insulated with UFFI are eligible for assistance, whether or not there is a high level of gas; the sole condition is the existence of UFFI in the house.

In order to be eligible for assistance in the past, the homeowner had to carry out the corrective measures recommended by CMHC. CMHC decided whether removal was necessary. The choice is now the homeowner’s. The homeowner has the option of removing the insulation or of taking other corrective measures. In either case, he is eligible for up to \$5,000 in government assistance. It is suggested, however, that UFFI Centre advice be sought, because removal, if improperly carried out, can be dangerous. Therefore, certain prerequisites apply.

Previously, only those homeowners who had removed the insulation prior to the December 23, 1981 announcement of the federal assistance program were eligible for assistance without being registered at the UFFI Centre and without following the procedures that will come into force with the adoption of Bill C-109. This has now been changed so that a larger number of those affected by this problem are now eligible for federal assistance. Registered homeowners who have removed the insulation, or who are in the process of doing so, are entitled to assistance of up to \$5,000.

Previously, priorities were established according to the level of formaldehyde—that is, over 0.1 parts per million—or the severity of the illness in a house insulated with UFFI, even if the level was less than the aforementioned standard. Now, the difference is that people suffering ill health will be given priority. Other criteria will be established in conjunction with the homeowners’ representatives.

Previously, homeowners were not encouraged to take the training course which is run by the government to instruct contractors in remedial measures. The question of taking such courses was never really raised, and homeowners had to pay the same fee as the contractors. This has been changed so that the courses and examinations are free to owners of houses insulated with this material.

Honourable senators, these are just some of the improvements that have been made to the UFFI aid program. Previously, homeowners had to pay \$100 for CMHC inspectors to do the assessment for remedial procedures. Greater accessibili-

ty in this regard has now been provided for homeowners. Those who have already paid will be reimbursed. The \$100 fee for assessment has been lifted. CMHC will continue to do inspections of work for those who conform to the program's requirements.

A question was asked earlier by Senator Donahoe concerning the responsibility of the federal government with regard to the approvals that were given to this material. I have in my hand, honourable senators, a copy of the document issued by the Canadian General Standards Board, document 51-GP-24M for December of 1977. It is entitled "Standard for: Thermal Insulation, Urea Based, Foamed in Situ." The document reads:

This standard applies to urea based thermal insulation for use in walls in building construction.

The government sought scientific advice from numerous organizations before it listed the material—a responsible action to take. The names of the organizations forming the Committee on Urea Formaldehyde Insulation are as follows: Alberta Labour; Department of National Defence; Leger Insulation Inc.; National Research Council of Canada; Central Mortgage and Housing Corporation; Order of Architects of Quebec; Copeland Laboratories; Craston Industries and Enterprises; Department of Public Works of British Columbia; Roblee Enterprises Ltd.; Cantor Heating Insulating Ltd.; Centre de recherche industrielle du Québec; Rapco Foam Inc.; A. C. Wild Ltd.; Underwriters' Laboratories of Canada; Department of Indian Affairs and Northern Development; Ontario Hydro; Department of Public Works; Alberta Housing Corp.; Borden Chemical Co. Ltd.; and the Canadian Government Specifications Board.

● (1600)

All of these organizations sent a scientific representative. They formed a committee on UFFI. The standard was approved, the date on the document being December 1977. Only after receiving the recommendation from this committee of very respected authorities was approval given by the federal government to put this material on the list of those substances which could be approved for CHIP grants. There is a great deal of other very technical information, honourable senators, I will not take the time of the chamber to read it.

I just want to say that the record states that the federal government, without any clear legal responsibility to do so, has gone beyond the measures taken by any other government in the world to help people affected by this substance, and they do not deserve, I believe, with all due respect to Senator Bélisle, the criticism which has been directed at them this afternoon.

Senator Donahoe: I would like to ask the Leader of the Government in the Senate a question. Can the honourable senator tell us if any of the organizations he has listed, and which he says share the responsibility for recommending UFFI, are contributing anything to the sums of money being made available to those who took their advice? In other words,

is any part of the \$5,000 to be paid by any organization other than the federal government?

Senator Perrault: Honourable senators, that is an excellent question. To this time they are contributing only by the tax route, as corporate taxpayers.

There is a possibility, however, honourable senators, of future legal action against those companies, or against the federal government. We are not standing in the way of legal action on the part of any of those homeowners; indeed, we are taking express action to leave the court route open to those who have used this substance.

Frankly, we were in this sort of position. One organization would say, "It is your fault." Somebody else would say, "No, it is your fault." Provincial governments would say to the federal government, "We are not involved." They are supposed to supervise the installation standards, but they said, "No, that is not our responsibility." That is not of one bit of use to somebody who has a sick youngster in their home. We got tired of the buck passing. We said, "We have to make a start some place, and let us get some money in the hands of those people. Let us get some advice and some financial and scientific assistance to these people, and then squabble legally down the road if we have to."

Senator Bélisle: Honourable senators, may I ask a question of the honourable leader? He said it is quite possible that I am not too well informed. That is certainly quite possible. I may not have all your information. I read all the speeches that were made in the other place, however. I also read the comments of the minister, as quoted in the newspapers. On top of that, I requested the Library of Parliament to prepare for me a paper on the subject. Then I called the department and asked for more information. I asked them, "When will the regulations be out?" They said, "We don't know. It is a Cabinet decision."

If you had information you would probably have been well advised to supply us on this side with the information, privileged or not, that you did have, and that we did not have.

Senator Perrault: Honourable senators, that too is a good question. What we have done is establish an advisory committee which is helping to set up the regulations. It is not a matter of the Cabinet or a subcommittee of the Cabinet meeting and saying, "These will be the regulations, and let us try and minimize the exposure of the federal government to demands under this program."

Already, we can see now \$110 million in payments under this program to those affected. By our own approximate measurement, that is what the demand is going to be. We have asked the committee to report their views. We have had a report this week from the committee, in fact, and the regulations are going to be developed as a result of the recommendations which the committee has put forward. The advisory groups are representative of the country from coast to coast.

Senator Bélisle: You mentioned \$110 million, but in the bill, at clause 8, it refers only to \$55 million.

Senator Perrault: That is over a two-year period, at \$55 million a year. The total program is over two years.

Senator Bélisle: But it does not say that here.

Senator Perrault: Nevertheless, it is \$55 million a year, up to a total, over two years, of \$110 million. That is the figure we can see now.

Hon. David Walker: I just want to say, honourable senators, that my honourable friend did very well.

Hon. Guy Williams: Honourable senators, I would like to ask the honourable leader a question that he could perhaps pass on to the Indian Affairs people. What bands are involved with insulation in reservation houses?

Senator Perrault: Honourable senators, I would be pleased to provide that information, if it is available, on third reading. I do not have that information on my desk at the present time.

Hon. Paul Yuzyk: Honourable senators, I have a question to ask of the Leader of the Government regarding this particular substance. The government has apparently recommended other substances that have been used throughout Canada, and yet we hear nothing about those other substances, though some of them could become dangerous also, which would put the government on the spot.

My question, however, is, why has urea formaldehyde been so popular right across Canada—apparently, more popular than any of the other insulation substances? Was a big campaign conducted to promote this particular material?

Senator Bélisle: Millions were spent to promote it.

Senator Perrault: The substance has been very popular from a cost standpoint. It is considerably lower in cost than some of the other materials. Furthermore, I am sure that many homeowners were aware of the fact that such prestigious organizations as the ones I mentioned at least approved of the material and the installation standards connected with it, and felt they could proceed with confidence to invest in this type of insulation.

Senator Donahoe asked a question with regard to what the manufacturers were doing. I have here a note to the effect that to date more than 35,000 of the estimated 80,000 UFFI homeowners in Canada have registered in the federal assistance program. Beyond the immediate financial aid which will be made available on the passage of Bill C-109, their interests are also served by the research efforts of such organizations as the National Research Council and Health and Welfare Canada. More than 30 different investigations of various aspects of urea formaldehyde foam are under way. They are proceeding quickly, but many could proceed more quickly if those responsible for manufacturing UFFI offered their co-

operation in solving a problem which, in fairness, they helped to create.

So far, in such areas as supplying their chemical formulae for UFFI to federal government researchers, the manufacturers have not been forthcoming. In the long run, this information could become available to us through the courts, but many UFFI homeowners do not have time for the long run. They want and need help now. Co-operation rather than confrontation is required. Ignoring the problem will not make it go away. The industry, both manufacturers and installers, should help. The federal government is doing its part; the private sector should follow suit.

There has been a notable lack of co-operation on the part of at least some members of the private sector, I am sorry to report.

Senator Yuzyk: One further question. I think it was about two weeks ago that there was a report in the press that a certain person in Winnipeg had discovered that the use of ammonia could neutralize the harmful effects of urea formaldehyde. Has the government looked into this matter in order to give aid to those who need it most?

● (1610)

Senator Perrault: Yes, honourable senators. In meeting with departmental officials yesterday, I expressly asked the same question. The scientist in Winnipeg is operating on a federal government grant. We are providing grants to scientists across the country to try to find answers, and I have been advised that under laboratory conditions the introduction of ammonia gas, under certain circumstances, does have a neutralizing effect on urea formaldehyde. What is yet to be determined is whether the new chemical compounds created by the chemical action between ammonia and urea formaldehyde might in themselves cause certain health problems of a different sort.

The process is in the experimental stage. It has not gone to large-scale testing, as such, but at least it is most encouraging. But we do not want to wait for another six months of testing before we get some money into the hands of those who have been affected. At least some money now will help.

Some Hon. Senators: Hear, hear.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Perrault moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

The Senate adjourned until Tuesday, August 3, 1982, at 2 p.m.

APPENDIX "A"

(See p. 4717)

NATIONAL FINANCE

REPORT OF STANDING SENATE COMMITTEE ON SUBJECT-MATTER
OF BILL C-125, TO PROVIDE SUPPLEMENTARY BORROWING AUTHORITY

July 29, 1982

The Standing Senate Committee on National Finance to which was referred the subject-matter of Bill C-125, "An Act to provide supplementary borrowing authority", in advance of the said Bill coming before the Senate, or any matter relating thereto has, in obedience to its Order of Reference of Tuesday, July 20, 1982, examined the said subject-matter and now reports upon the same.

On Thursday, July 22, and on Wednesday, July 28, the Committee held meetings attended by the Honourable Pierre Bussières, Minister of State for Finance, assisted by Mr. Bernard J. Drabble, Associate Deputy Minister, Mr. G. W. King, Director, Capital Markets Division, Mr. C. Georgas, Chief, Fiscal Forecasting and Budget Analysis and Mr. R. G. H. Miller, Chief, Securities Markets and Debt Management.

The Minister opened with an account of factors explaining the need for the additional borrowing authority beyond the \$6.6 billion already provided under Bill C-111. He noted that there were two main causes: a very significant decline in revenue due mainly to the slow-down in the economy and some increases in expenditure. Specifically he provided the following information.

A. Reduction in revenue:

| | | |
|--|-----------------|-----------------|
| — reduction in tax receipts | \$4,500 million | |
| — decline in oil revenues due to fall in international price and lowering of energy taxes | 1,500 | " |
| — modifications in tax proposals since the November 1981 budget (limit on taxation of interest income) | 410 | " |
| | | \$6,410 million |

B. Increased expenses

| | | |
|---|-----------------|-----------------|
| — increased cost of debt service | \$1,100 million | |
| — energy related costs due to delay in passage of legislation | 1,100 | " |
| — job creation projects | 300 | " |
| — fiscal arrangements adjustments | 150 | " |
| | | \$2,650 million |
| Total | | \$9,060 million |

Previously the financial needs of the government had been calculated at \$10,000 million, which had been covered by \$6,600 million authorized in Bill C-111 and \$3,500 million which had been carried over from previous years. Of the \$11,000 million authority requested in Bill C-125, \$7,000 million represented the anticipated requirement in 1982-83 and \$4,000 million represented a contingency for 1983-84 until new borrowing authority had been provided.

Several members of the Committee expressed concern at the size of the borrowing authority being sought. Given the extent of the error in the calculations of need since the November 1981 budget, as had been made clear in the Minister's opening statement, they suggested that it would be preferable for the government to reduce its current request and to make a further request late in the autumn or over the winter for the contingency funds needed for 1983-84. By that time, requirements for the next stage could be made more precisely.

In the course of attempting to respond to this broad argument, the Minister and officials identified three principal reasons why the government needed authority to borrow large sums of money:

a) To cover the regular operations of government. The need for authority for this purpose was more regular and predictable, but the Committee could not secure any projections of need on a month-to-month basis. It was suggested that a major requirement was to support large bond sales and the annual autumn sale of Canada Savings Bonds, to the extent that such sales went beyond a rolling over of previously authorized borrowings.

b) To support intervention in the foreign exchange markets in order to defend the Canadian dollar or to cushion violent shifts in the dollar in either direction. The need for borrowing authority for this purpose was quite unpredictable, and could involve large amounts. All but \$44 million of the \$3.6 billion contingency authority had been utilized in the spring 1982 operation to defend the Canadian dollar. Even if stand-by authority to borrow funds had been negotiated with foreign banks, parliamentary approval of borrowing authority was needed before any funds could actually be borrowed.

c) A contingency authority to carry over into the next fiscal year, to be available in case of need until such time as Parliament had passed a new borrowing authority. There could be delay if an election were being held or other parliamentary business had intervened, as had happened earlier this year. It was not possible to borrow under Governor General's warrants.

In response to the suggestion that the Committee might find the request for borrowing authority more acceptable if the total amount were to be segmented and apportioned to the separate needs, the Minister and his officials argued that this would reduce flexibility and could in certain circumstances lead to higher costs for borrowing. They did agree that it would be possible at the end of April to provide complete and detailed figures on the state of the contingency borrowing authority as of the fiscal year end, but they could not predict need in the following months.

The Committee made it clear that parliamentary approval of borrowing was a necessary part of the control of the executive by the legislature. It was not sufficient to claim that Parliament already exercised control through the approval of expenditure estimates. Parliament also traditionally considered the government's proposals for raising revenue including the authority to borrow.

There was some discussion of the extent to which the size of the government's money needs might serve to keep up the rate of interest. The Minister claimed that in 1981-82 the government had only taken up 38 per cent of funds raised in the market. Against the argument that the government's needs in 1982-83 were much greater than in the previous year, he stated

that private sector demand was reduced this year and that personal savings rates in Canada had risen from 12 per cent in 1981 to 13.3 per cent for the first quarter of 1982. He contrasted these figures with a personal savings rate in the United States of 5 per cent in 1981.

The Committee noted that Bill C-125 took account of its earlier criticism of Bill C-111. In the past, the contingency borrowing authority in the amount of about \$3.5 billion had been carried over for several years without being revised or renewed. The Committee observed with satisfaction that Bill C-125 cancelled all previous outstanding borrowing authorities as of the end of the fiscal year. The bill as reviewed by the Committee at this point sought a new contingency borrowing authority of up to \$4 billion for the next fiscal year, treating it however as part of a larger request for \$11 billion borrowing authority. Members of the Committee objected to this linkage and suggested that the government make a separate request later in the year for the necessary contingency borrowing authority for the next fiscal year.

Respectfully submitted,

D. D. EVERETT,
Chairman.

APPENDIX "B"

(See p. 4718)

TRANSPORT AND COMMUNICATIONS

REPORT OF STANDING SENATE COMMITTEE ON
SUBJECT-MATTER OF BILL C-92

Thursday, July 29, 1982

The Standing Senate Committee on Transport and Communications to which was referred the subject-matter of Bill C-92, intituled: "An Act to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the

Fishing and Recreational Harbours Act", has, in obedience to its order of reference of Wednesday, July 21, 1982, examined the said subject-matter.

Respectfully submitted,

GEORGE I. SMITH,
Chairman.

APPENDIX "C"

(See p. 4718)

TRANSPORT AND COMMUNICATIONS

REPORT OF STANDING SENATE COMMITTEE ON PRESENTATION
BY THE CANADIAN RAILWAYS EMPLOYEES' PENSION ASSOCIATION

Thursday, July 29, 1982

The Standing Senate Committee on Transport and Communications which was authorized to receive a presentation from representatives of the Canadian Railways Employees' Pension Association with respect to certain issues relating to the Canadian National Railways Pension Trust Funds, has, in obedience to its Order of Reference of June 17, 1982, examined the said matter and now reports as follows:

In the course of its study, your Committee heard Mr. Earl White, President of the Canadian Railways Employees' Pension Association and Mr. James J. Chester, Vancouver Assistant Manager of the Association. The Committee examined

various aspects of the Pension Funds and Administration of the Pensions of the CP and CN particularly in matters relating to retired employees with a fixed pension without indexation.

Your Committee is informed that the House of Commons Standing Committee on Transport has recommended that it be authorized to undertake a further study of this matter when Parliament resumes after the summer recess. The Committee feels that it is not necessary at this time to duplicate the efforts of that Committee but intends to closely monitor the matter.

Respectfully submitted,

GEORGE I. SMITH,
Chairman.

THE SENATE

Tuesday, August 3, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

THE LATE HON. JOHN J. CONNOLLY, P.C.

TRIBUTES

Hon. L. Norbert Thériault: Honourable senators, unfortunately, I was unable to be present when the Senate was paying tribute to the late Senator John Connolly; nor was I able to attend his funeral. Because of that I ask your indulgence so that I can relate a brief but beautiful experience I had with the senator during my illness.

It is never a pleasure to be sick, and that is especially true of someone like me—a coward when it comes to matters of health. It is not easy to lie in hospital for three weeks awaiting so-called major surgery. Nevertheless, I consider myself fortunate in that during my three weeks in the National Defence Medical Centre—that great, beautiful and wonderful place—I had the occasion to spend a good deal of time with Senator Connolly.

The very day I was admitted to the hospital, Senator Connolly was returned from the intensive care unit to take his place on the same floor as those of us who were either waiting to undergo the ordeal or who had already gone through the ordeal. Prior to that, I had known Senator Connolly because of our association with the Liberal Party. As a young man, when I started out in the party, I came to know Senator Connolly when he was the president. I also remember when he was executive assistant to the Minister of National Defence for Naval Services during the last war.

● (1405)

Those three weeks in hospital gave me an opportunity to get to know Senator John Connolly better. Those three weeks were a learning experience for me. He talked to me about politics, humanity, the church, his country, his city and the Canadian people. One could feel the great love he had for all of them.

At 9 o'clock in the evening, when everyone was supposed to be in their beds, I would go to Senator Connolly's room or, after he started walking again, he would come to my room. I enjoyed the discussions we had, but I did not want to tire him out, so, since I was in better health than he, I told him that I would go to his room at any time, providing he sent for me. I did not want to impose on him. Senator Connolly told me that I was more than welcome, and that when he got tired he would let me know.

During those three weeks I not only got to know Senator Connolly better, but also got to know his wife and his two sons. I felt it an honour to have been able to spend the last few

weeks of Senator Connolly's life with him. He was full of courage and hope. When I was discharged from the hospital, Senator Connolly was in the intensive care unit. The doctors told me that he was fighting hard, so I was deeply moved when I learned of his death, and I regret being unable to attend his funeral.

Honourable senators, I should like to relate a particular incident. One afternoon I walked into Senator Connolly's room while he was on the telephone. When he hung up he told me that he had been talking to one of his grandchildren, a three-year-old grandson, who told him that everyone was asking him—the grandson—to ask little Jesus to make Senator Connolly better. Senator Connolly told him to keep asking little Jesus to make him better, and with that, his grandson said, "Yes, but nobody will give me his telephone number." At that point I told John that if he did not know the number, nobody did.

● (1410)

CRIMINAL CODE (SEXUAL OFFENCES)

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE
AUTHORIZED TO MAKE STUDY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I intend to seek leave to move that the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting today and tomorrow, and that rule 76(4) be suspended in relation thereto.

There is a motion already standing in my name on the Order Paper, namely, Motion No. 3, which asks that the Legal and Constitutional Affairs Committee be authorized to study the subject matter of Bill C-53, to amend the Criminal Code in relation to sexual offences and the protection of young persons and to amend certain other acts in relation thereto or in consequence thereof, in advance of the said bill coming before the Senate.

Because the two motions are so linked, I wonder if Motion No. 3 can be brought forward so that we can deal with it now. Unless that is done, my other motion will not make much sense.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I do not believe we have any objection to that, although I have to confess that I cannot see the wording of the motion on the scroll. Perhaps it appears in the *Minutes of the Proceedings*. However, I, for one, would be willing to have the Deputy Leader of the Government move both his motions *seriatim* if he so wishes.

Leave having been given to proceed to Motion No. 3:

Senator Frith, pursuant to notice of Thursday, July 29, 1982, moved:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and consider the subject-matter of the Bill C-53, intituled: "An Act to amend the Criminal Code in relation to sexual offences and the protection of young persons and to amend certain other Acts in relation thereto or in consequence thereof", in advance of the said Bill coming before the Senate, or any matter relating thereto.

● (1415)

He said: Honourable senators, I ask the Senate to support this motion because I have been told that agreement has been reached in the other place respecting a vote on this bill tonight, which means we shall receive it tomorrow. What we do with it is another matter, but the committee feels it would be useful to have the opportunity to pre-study the bill to assist the Senate to decide on its disposition.

Senator Roblin: Would my honourable friend please enlighten us as to the time factor he sees in connection with Bill C-53. Offhand, it would appear that we might just as well wait until we get the bill, debate it on second reading and refer it to committee in the usual way. I am at a loss to understand what advantage there is in adopting a motion for a pre-study of the subject matter when the bill itself is almost upon us.

Senator Frith: Honourable senators, that is a reasonable question. I discussed with the sponsor of the bill, and with some members of the committee, whether there is any advantage in having a pre-study, in view of the fact, as Senator Roblin has pointed out, that the bill will be before us tomorrow. The answer I received was that it would be useful to have a preliminary discussion on the bill—in effect, from a steering committee point of view—to determine how much time could be saved by planning for dealing with the bill, as distinct from its clause-by-clause study.

The committee wishes officials to be present to explain what is involved in the bill and what would be involved in a pre-study. Accordingly, the committee has tentatively scheduled meetings for this afternoon and this evening for that purpose, and that is why I would like them to have the authority to prepare themselves to consider the bill in that way.

Senator Roblin: Based on the honourable senator's explanation, I do not think I would have any objection to the procedure, but I do hope that we will give this important and lengthy bill the serious consideration it deserves and that we will not skimp on our efforts because of the pressure of time. I am sure there are other methods the honourable senator can suggest by which we can preserve the integrity of this bill and, at the same time, the integrity of the Senate.

Senator Frith: I agree with the honourable senator.

Motion agreed to.

[Senator Roblin.]

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this motion is really corollary to the motion we have just adopted, to the explanation given and to the observations made by Senator Roblin. Therefore, with leave of the Senate and notwithstanding Rule 45(1)(a), I move:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting today and tomorrow, Wednesday, August 4, 1982, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[English]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, some senators have had and are having difficulty reaching Ottawa in time for our afternoon sitting, so I suggest that we postpone Question Period until eight o'clock this evening.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, this matter has been canvassed between the two sides of the house, and we agree that it is the sensible thing to do.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

● (1420)

NATIONAL DEFENCE

CANADIAN FORCES—ACCOMMODATION FOR PERSONNEL

Hon. Jack Marshall: Honourable senators, I realize that Question Period has been deferred until this evening, but I should like to ask the Leader of the Government if he has any new information in answer to the question I asked him about housing for Canadian Forces personnel who are having difficulty in finding accommodation commensurate with their positions but still in line with their pay.

Has the Minister of National Defence announced any plans to deal with the problem, or has any element of that ministry been delegated the responsibility of providing that accommodation? In short, has any progress been made?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as of 2 o'clock this afternoon I had not received any information from the minister with respect to Senator Marshall's question. However, a reply is being prepared.

UREA FORMALDEHYDE INSULATION BILL

THIRD READING

Hon. Raymond J. Perrault (Leader of the Government) moved the third reading of Bill C-109, to provide for payments to persons in respect of dwellings insulated with urea formaldehyde foam insulation.

Hon. Henry D. Hicks: Honourable senators, unfortunately, I was not in the chamber when this bill received second reading. Had I been I would have said that I was extremely pleased that the Government of Canada had resorted to this device to assist those people who, having insulated their homes with urea formaldehyde, now find themselves suffering from various consequential ill effects.

I hope the bill will be administered and implemented in such a way that it will be of the utmost help to those people. Although their choice was based upon the best information available at the time, it was unfortunate that they did choose to use urea formaldehyde foam insulation because it turned out to be harmful to some of them and very disturbing to many others, particularly because of the adverse influence it has had on property values.

Honourable senators, this is good remedial legislation. As I say, I hope it will be administered sympathetically and effectively in the interests of those whom it is calculated to assist.

An Hon. Senator: Don't hold your breath.

Motion agreed to and bill read third time and passed.

HON. L. NORBERT THÉRIAULT

FELICITATIONS ON RETURN TO CHAMBER

Hon. Raymond J. Perrault (Leader of the Government): May I draw to the attention of all honourable senators the presence in the chamber of Senator Norbert Thériault, who has come through a very difficult ordeal in hospital.

Senator Thériault appears in radiant good health today and we are pleased to have him back.

Hon. Senators: Hear, hear.

Hon. L. Norbert Thériault: Honourable senators, I sincerely thank the Leader of the Government for expressing to me the good wishes of the Senate. I should also like to thank all my friends on both sides of the house for their expressions of sympathy during my illness. While I was in hospital it was heartwarming to realize that so many could find time to phone me or drop me a card. That sort of thing makes a person feel good, and I just want to say thank you very much.

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1982-83

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-125, to provide supplementary borrowing authority.

Motion agreed to and bill read third time and passed.

● (1425)

NATIONAL HARBOURS BOARD ACT GOVERNMENT HARBOURS AND PIERS ACT HARBOUR COMMISSIONS ACT CANADA SHIPPING ACT FISHING AND RECREATIONAL HARBOURS ACT

THIRD READING

Hon. Léopold Langlois moved the third reading of Bill C-92, to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act.

Motion agreed to and bill read third time and passed.

HOLIDAYS ACT

BILL TO AMEND—SECOND READING—MOTION IN AMENDMENT—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Bird, seconded by the Honourable Senator Lamontagne, P.C., for the second reading of the Bill C-201, intituled: "An Act to amend the Holidays Act"; and

On the motion in amendment thereto of the Honourable Senator Lang, seconded by the Honourable Senator Bell, that the Bill be not now read the second time but that it be amended by adding after subsection 2(2), the following new subsection:

"(3) Canada Day may also be called "Dominion Day"."—(*Honourable Senator Asselin, P.C.*).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, Senator Asselin will be here this evening to continue the debate on this amendment. I know that he would be glad to yield to any honourable senator who might wish to speak this afternoon. If this item appears on our Order Paper this evening, I know there will be one or two speeches from this side.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I take this opportunity to speak to the amendment. Before doing so, I will assure Senator Roblin that it is my intention, when I am through, to suggest that the debate be adjourned until later this day so that it will appear on the Order Paper this evening.

Honourable senators, I am intervening at this stage to explain, as succinctly as I can, my understanding of why the government is supporting this private member's public bill, and why it is not supporting the amendment.

Because it is necessary for me to explain why the government is supporting the bill in its unamended form, I wish to speak to three points: first, on the substance of the motion itself; secondly, on the question of why the government is supporting this private member's public bill, having in mind, as has been pointed out, the manner form in which it was passed by the other place; and, thirdly, on the problem on consequential amendments to the bill—that is, the amendments that would consequentially flow from the private member's public bill but which are not contained in that bill, although they are contained in the government bill that appears elsewhere on the Order Paper of the other place.

First, as to the substance of the bill itself, I have nothing to add to what Senator Bird has said. The government supports the substance of the bill which, simply put, is that a holiday now known as Dominion Day will hereafter be known as Canada Day.

● (1430)

Therefore, I endorse all the reasons in support of the motion put forward by Senator Bird.

I will now deal with the question of why, when the government had introduced a similar bill in the House of Commons, it supported in that house, and is supporting here, this private member's public bill. Putting the matter as simply as I can, honourable senators, as we have heard in debate, the idea of Dominion Day being known as Canada Day has been around for some 30 years in varying legislative garb. It has been the subject of private members' bills before. In fact, as I understand it, this very private member's bill before us has taken one full tour around the private members' hours. It was talked out, made a re-entry, and finally arrived the week before last at the top of the Order Paper.

To put it in what might be too light-hearted metaphorical terms, although I hope not, the government, many parliamentarians and, I am sure, many Canadians liked the idea of naming this day Canada Day, and when this bill appeared on the Order Paper of the other place, we got a lucky bounce. The ball bounced into our arms, perhaps unexpectedly, but the idea having been around for more than 30 years, and the government having clearly said that it supported the idea, it was not about to say, "Oh, I guess that bounce was a little too lucky," and hand the ball back to the referee or the other side.

Hon. Hartland de M. Molson: An Argonaut bounce.

Senator Frith: As Senator Molson says, "an Argonaut bounce"—or, at least, as it used to be.

Honourable senators, as frankly as I can put it, it is that simple. I do not think it is our business to discuss the procedures of the other place. It is our business to discuss their legislation. We now have their legislation which has come to us, luckily, after 30 years. We are within reach of the goal line now, and that is why the government is supporting the motion

[Senator Frith.]

as it stands and is not supporting this motion in amendment or any motion in any amendments. If the bill is amended at this stage, it will have to be sent back to the other place, and the chances of it coming back into play are not at all good.

It is our opinion, and the opinion of legal scholars, that these consequential amendments, while desirable, are not absolutely necessary. The substance of the bill is contained in its form as it appears before us, and those consequential amendments are simply unnecessary.

I believe that the Leader of the Government in the Senate, understanding senators' concern, is going to give us an official undertaking that the consequential amendments will be presented to Parliament in due course and, certainly, before July 1 next, which the government hopes will then be known as "Canada Day".

Honourable senators, for those reasons, which I hope explain the government's position on this private member's public bill and its position on the motion in amendment, I will be voting against the motion in amendment and asking other honourable senators to follow suit.

As a postscript, I would also ask honourable senators to support this suggestion, that we vote on the motion in amendment this evening after honourable senators have had a chance to speak to it, and then vote on the motion for second reading tomorrow.

Hon. George J. McIlraith: Would the honourable senator permit a question?

Senator Frith: Certainly.

Senator McIlraith: I should like to deal with the early part of his remarks prior to his reference to the subsidiary or auxiliary parts of the bill.

Honourable senators, did I understand the thrust of Senator Frith's argument to be that the government is supporting this bill without amendment; that the government is not making it a government bill although it is supporting it; that the government is also rejecting the amendment, because if it accepted the amendment, and the amendment were passed by this house, the government would have to take the responsibility—which is inherent in responsible government—of submitting it to the elected representatives of the people in the other place? Is the deputy leader saying that, if it were defeated in the other place, this is a matter upon which the government would not go to the country?

Surely that is a pretty dangerous argument. Was that the thrust of the argument on that point? I have never heard of a government wholeheartedly supporting a private member's bill and rejecting incidental amendments and, at the same time, declining to make it a government bill, since the government stands or falls on the consequences of action by the elected representatives of the people. As I understood the argument of the deputy leader, he was saying that the government did not want an important amendment like this to go before the elected representatives of the people. I should like clarification as to the argument of Senator Frith on that first point.

Hon. Joseph-Philippe Guay: Honourable senators, I rise on a point of order. I would like to know whether the honourable senator is now speaking on the amendment or whether he is asking a question.

Senator McIlraith: Honourable senators, I think it is apparent from my remarks that I was asking a question and seeking clarification on what I regard to be a very important argument which was made on behalf of the government and which, indeed, goes to the very root of our system of responsible government. I hope that Senator Guay will come to appreciate that when he reads my remarks.

Senator Guay: I still have my doubts.

Senator Frith: Honourable senators, I suppose the best way to answer the question is to repeat the position of the government, which, as far as I am aware, is this: the government does not consider that its position strikes in any way at the roots of responsible government. It seems to me that it is reasonable to ask the government's position on a private member's bill, in a case where the private member's bill has been adopted in the other place before a government bill, which, in effect, expresses the same principle, goes through the same process. It is also reasonable to ask whether government support makes the private member's bill a government bill. The government is simply saying, "No, we are not making it a government bill."

The honourable senator is now asking the government's position on this private member's bill. The government is simply saying—which I think is consistent with responsible government—"We are in favour of it."

Senator Roblin: Honourable senators, I would like to pursue the question raised by Senator McIlraith, because it does seem to me that this presents something new in my experience. It is not customary for the government to take a position with respect to a matter of policy on a private member's bill in this way, which, in effect, is equal to adopting it, and covering it with the shield of government approbation, followed up—judging from the statements made by the leader of the house previously—by a government three-line whip, or whatever those things are called in the Canadian system.

I would simply like to have the honourable senator explain to me just how it is that the government can adopt a private member's public bill and not make it a matter of confidence or government policy, as he appears to have done.

● (1440)

The deputy leader then comes along, and, if I understand correctly the statement he made, says, for reasons best known to himself, that although the bill is defective in many respects, although there are consequential amendments that must be considered and passed—and I think he is right in that, since the Law Clerk of the Senate advised us on this point—and instead of amending the bill now, which would have been the proper and usual way to proceed he proposes not to do that but to adopt a defective bill with the undertaking—from the government this time, mind you, if I understood him correctly—that the government will, at some time between now and July 1, 1983, produce a bill which amends this one. Well, if

they are going to have some trouble with this bill, what makes them think they will not have trouble with the amendments?

It seems to me that the Senate is owed an explanation as to why it is sound policy for the government to adopt a private member's public bill, make it government policy, and then refuse to amend it, as it should be amended if it is to pass at all, so that the contingent aspects of the matter are properly covered.

I ask my honourable friend to explain to the Senate just why he does not follow this sensible and logical course.

Senator Frith: Honourable senators, both Senator McIlraith and Senator Roblin seem to want me to use, or say I am using, words that I am not using, such as "adopt".

The government is in favour of this bill. The government says to Parliament that it is in favour of Parliament's supporting and passing this bill. It is not adopting it. It is not making it a government bill. I was asked if it was making it a government bill, and the answer is, "No, it is not." The government is simply being frank with Parliament and saying, "As far as we are concerned, we are in favour of the principle of this bill because some time ago we introduced a bill ourselves that embodies the same principle; we therefore want to reinforce and restate the fact that we are in favour of the principle, and of that principle's getting its expression in this bill."

As to the consequential amendments, I did not say that the bill is defective. The opinion we have, and the opinion I have, as a lawyer, is that it is not defective; it is effective. If the matter ever came before a court the court would, in my opinion, say that the consequential amendments should be taken as part of Parliament's intention in passing the substance of the bill. The consequential amendments, therefore, are not something that must be made, they are something that it is desirable to make. The government is simply saying that while it is not absolutely necessary to make those consequential amendments, because the combination of the Interpretation Act and the general rule as to the intent of Parliament would carry them anyway, it is desirable that they be made, and, therefore, it undertakes to see that they are, in fact, made. However, the bill will be effective and take effect without those consequential amendments.

On the two points, therefore, the government is not adopting the bill, but it is simply and frankly telling Parliament that it is still in favour of the principle, as it has been for some 30 years, and that it is in favour of that principle gaining legislative realization through this bill.

Hon. Jack Marshall: Honourable senators, the deputy leader said that they got a "lucky bounce", and that that is why they are supporting the bill and expect it to go through. I wonder if the deputy leader would say whether it is the Canadian way that 12 members of the House of Commons could get a private member's bill, particularly one which is going to change the whole tradition of Canada in the form of a name that has been in existence for 115 years, through by the luck of the draw and a lucky bounce, as the deputy leader

described it. There might be a majority of people in Canada who would support this change of name, but the deputy leader does not know that. Certainly there is a large minority in Canada that does not support such a change.

Does the deputy leader feel, in all sincerity, that it is the Canadian way to change the history of Canada by a lucky bounce?

Senator Frith: Honourable senators, again I do not like to quibble about words. I did not say the government was in favour of passage of this bill because it got a lucky bounce. I said it was in favour of the principle of this bill, and has been for 30 years. It is, therefore, not a matter of saying, suddenly, that because it got a lucky bounce it is against 115 years of tradition. The principle has been around for 30 years. It was purely a matter of taking advantage of a good break, as it turned out, in order to give effect to a principle it has been in favour of for at least 30 years.

I do not know how much confidence Senator Marshall has in polls. He says he thinks there might be a lot of people against it. I understand there is a Gallup poll that shows that 70 to 80 per cent of the people, in every region of Canada, are in favour of July 1 being called "Canada Day."

I know the problem with polls. One man's opinion is as good as anyone else's. Any person, not just a parliamentarian, can stand up and say, "The people out there want . . ." or, "The people out there don't want . . .", or, "They are afraid of . . .", or "They wish for . . .", or "They don't wish for . . .".

Of course there is no ultimate, totally scientific way of measuring that sort of thing, but to the extent that polls do indicate public opinion, my understanding is that at present they indicate an overwhelming cross-Canada, pan-Canadian, support for this bill. That is why I do not feel that there is any disrespect for the popular will in the government's position when it wishes this private member's public bill—which is now, of course, a House of Commons bill, since it was passed there—to be given effect.

Incidentally, I should say something, parenthetically, about that.

Senator Marshall: Passed by how many?

Hon. Maurice Lamontagne: It was passed according to the rules.

Senator Frith: Not only that. I think honourable senators should know that this is the bill's second time around on the Order Paper. It came to the top, two full days' notice was given to the house leaders that it was coming up, it was posted in the caucuses of each of the parties for two whole days prior to its coming up, and those who did not show perhaps had good reason not to do so. It is simply not correct to say that it was slid through by a piece of trickery. Things just did not take place that way.

I want this to be clear, however. I agree with Senator Walker's criticism to the effect that this was not done in as perfect a way as possible. It does not seem, though, to be correct for me to talk about the procedure followed by the House of Commons. I am only giving honourable senators the

facts that I have just mentioned, namely, the length of time this private member's bill had been around, and the fact that everyone knew for two whole days that second reading was to be moved. They could have packed the place if they had wanted to. They could have had 100 per cent attendance. They knew it was coming up. For whatever reason, they did not show up. I do not suggest that it would not have been better if they had had 100 per cent flag-waving in the other place, but that, it seems to me, is not our affair.

I thought it only right, however, since criticism has arisen as to how they dealt with the matter, to make sure that we know what the facts are, and do not misrepresent them. Those, I understand, are the facts.

Hon. David Walker: Honourable senators, it is a fact, though, that 13 members of the House of Commons passed it. It is a fact, too, that a quorum is 20 members. Why in the name of heaven, if the deputy leader is so sure that a bill like this would pass, was it not presented in the regular way? It still is not too late to present it in the regular way. Senator Everett, in his speech the other day, very ably outlined how that could be done.

Canada is a noble place, inhabited by a noble people. It does not seem right to me that the name of Canada's national holiday should be changed from Dominion Day to Canada Day in what would appear to the public, in any event, and to a lot of the members of the House of Commons who were not there, to be a sleazy way of doing it. There is no advantage now in pushing this through today and tomorrow with that background. There are eleven whole months in which to get it done before the next Dominion Day. Why do you not withdraw this bill instead of building your house on crumbling rocks in what appears to be a very suspicious manner?

● (1450)

I am not taking exception to what you are saying but, to anyone who studies the bill, it certainly does not look right, and it is not right. The rule demands a quorum of 20, and because there were not 20 members in the chamber the bill slipped through; and, to make sure that no one would raise any objection afterwards, a member asked for "unanimous consent that the clock now read five o'clock," when, in fact, it was only 4.10 p.m.

Those are the things that do not look well. I shall not go into it again, because Senator Everett explained the situation in such a splendid manner. To have it said, "Oh yes, 'Canada Day'—we got that on a lucky bounce," does not seem right. The Deputy Leader of the Government—who is an able person and one I like very much—is the last person in the world, it seems to me, who would bring this in with a certain amount of glee, saying, "We have this on a lucky bounce. We are not going to give it up again; we are going to stick to it. There were only 13 members present. Sure, there should have been 20, but no one objected at the time and it went through. And to make sure it went through, we adjourned the House." That does not sound like you, my friend. As far as I am aware, in the past you have not supported tactics of that sort.

I will not try to wax eloquent, but that situation hits me right on the nose, as I believe it does many other honourable senators. I beg of the Deputy Leader of the Government, for the sake of the reputation of Parliament, that he not proceed to a vote on this bill. We are likely to be here for only a couple of days. The subject can be raised next year, or at any time the Deputy Leader of the Government wishes, but let us have it dealt with in a proper manner.

Senator Frith: Honourable senators, I am grateful to the honourable senator, who is an able person and one I like very much—

Some Hon. Senators: Oh, oh!

Senator Frith:—for having raised this question.

Earlier today mention was made of dangerous procedure, and I am glad to have the opportunity to explain why I do not believe we should debate how the other place passed a bill. If we do, and it becomes a natural part of our procedure not only to look at the legislation that comes before us, not just to study the debate that took place—that is a different matter, and I believe it is relevant to study the interventions that are made in the other place—but also to criticize their procedure, to say that they did not proceed properly in bringing forward legislation, if we add that to the lexicon of parliamentary study—

Some Hon. Senators: Hear, hear.

Senator Frith:—then, what will happen when we pass a bill, as we have done many times, with less than a quorum? At times an important bill has been passed with less than a quorum. Why? Because we were careless? Because we were negligent? Because we did not care about people? Because we did not care about the principle? No. There was a history as to why we gave second or third reading to a particular bill when less than a quorum was present. It was because we happened to know—which the press seldom gives us credit for—that before we had received the bill, in some cases under the chairmanship of Senator Hayden, we had studied its subject matter in committee for three, four, five, six or seven months; but, as far as the public was concerned and as far as the House of Commons was concerned—

Senator Marshall: They criticize us.

Senator Frith:—they could have said: “My goodness, look at those senators; what a careless, negligent bunch. This bill was sent to them and it came right back. There wasn’t even a quorum, yet they gave it second reading. Then it came up for third reading, and there wasn’t a quorum but they passed it. We can’t put up with that sort of thing. That won’t do. Any time the Senate sends a bill here, we have to be sure they had a full attendance, that everyone who was invited to the party came to the party”—which happened in the other place, because an invitation went out to everyone. It was mentioned in the caucuses. Everyone knew the “party”, was going to take place soon because they could see that the bill was nearing the top of the order paper. Are we going to decide that we have to study how the other place proceeded in passing legislation, and then give them a lecture on how to do it? If that is what we are

going to do, then we will be adding to the volume of our work. I believe that course would be dangerous and unnecessary, because, then, when we send a Senate bill to the other place, they would adopt a similar approach. I consider that to be an unproductive and dangerous way to proceed.

I believe this is desirable legislation. I believe the people want it. I believe that many members of the other place want it, some who participated in the debate and some who did not. And I believe that many honourable senators want it.

That is why I do not believe that we should be embarking on this course. It sets the dangerous precedent of considering how legislation came to us, and of criticizing the other place and saying, “We shall deal only with certain legislation, namely, legislation that we believe is the subject of proper procedure in the other place.”

Honourable senators, let us look after legislation coming from the other place and our own legislation. Let us look after our own procedure, but let them look after theirs.

Some Hon. Senators: Hear, hear.

Senator McIlraith: Honourable senators, I should like to clarify my position. I am sure that the Deputy Leader of the Government has no intention of placing me in any category other than the one I am in in relation to this bill.

The purpose of my earlier question, after the deputy leader had concluded his remarks, was to clarify one point that concerned me greatly, namely, the proposition that the government of the day strongly opposes—I believe those were his words—the amendment now before the Senate with respect to this bill.

In his presentation of the government’s position—I believe it was inherent in his remarks that it was not being made a government bill—the Deputy Leader of the Government went on to say that they did not want the bill to be returned to the other place with amendments.

I was questioning his argument on that, because the proposition that the government could strongly support a bill and yet not be answerable to the elected representatives of the people was not one that I could accept. However, my question had nothing to do with the internal procedure being followed by the other place. I would not wish to be included in the Deputy Leader of the Government’s current criticism.

My position is that I am opposed to the bill in its present form, although on an earlier occasion, and in other circumstances, I voted in the House of Commons for a similar bill.

Senator Frith: Honourable senators, I can put the record straight on that. I understood that in his earlier intervention Senator McIlraith did have some criticism of the procedure followed in the other place. However, there is no doubt that the essence of his question today was not the procedure followed in the other place but the category in which one places a bill when the government supports a private member’s public bill—

Senator McIlraith: Exactly.

Senator Frith:—and also what the consequences will be if the government is against an amendment to the bill.

Senator McIlraith: Exactly.

Senator Frith: I understand what the honourable senator believes would be the consequences, and I tried my best to explain why I thought those consequences did not so flow. We disagree on that point, but I willingly verify that he was not raising the other point in his question.

Senator McIlraith: I am not seeking to deal with the internal procedures followed in the other place.

Senator Marshall: Honourable senators, the Deputy Leader of the Government is evidently a good lawyer—

Senator Frith: Of course.

Senator Marshall:—but he is forgetting the realities of life when he mentions that we are creating a dangerous precedent; that if we sent a Senate bill to the other place we would have to watch to see that the bill was sent forward in a correct manner. The realities of life are that this is the house of sober second thought; that if bad legislation comes to us that is not in the best interests of Canadians or for the protection of the rights of individuals or regions, then we are the ones who should be amending the legislation, sending it back, and saying, "Correct it".

Hon. Louis-J. Robichaud: If it is bad legislation.

Senator Marshall: This is bad legislation, so let us send it back.

Senator Frith: Honourable senators, I would perhaps have to check how it appears in *Hansard*, but as I listened to the honourable senator today I agreed with every sentence, with every comma and with every period of Senator Marshall's.

● (1500)

What I thought the honourable senator said was that it is our duty to send back bad legislation, if we think it is necessary. But we do not think this is bad legislation: we think it is good legislation. The distinction that we cannot seem to get across is that there is a difference between bad legislation and what some people might think is a bad way to arrive at good legislation. We are saying that this legislation is good legislation, that we are in favour of it, and that we do not think it is up to the Senate, for example, to look into whether or not the procedures used in the other place were proper. If, for example, we were dealing with a motion for reconsideration of a bill in the Senate, which would require consent and so on, because the procedures we followed were not proper, then, of course, we could be critical of our own procedures. But when legislation, whether it be good or bad, comes to us, our job is to give it sober second thought, study, concern and improvement, not to give the other place lessons on procedure.

Hon. Eric Cook: Honourable senators, may I ask a question, because I always find everything the Deputy Leader of the Government says very persuasive? Is it the government's position that it is clearly not adopting this bill, but it is clearly, in advance, rejecting any reasonable amendment?

[Senator McIlraith.]

Senator Frith: Honourable senators, it seems to me an irresistible corollary to the statement I made on the very first day the bill came before us and we were asked the government's position, that it wishes the bill, as passed by the House of Commons and now before the Senate, to be passed in its present form. It seems to me that I cannot avoid that corollary expressed by Senator Cook; namely, that that position means we would accordingly be against amendment.

Hon. Douglas D. Everett: Honourable senators, I am seeking the direction of His Honour the Speaker. When I first spoke in this debate, it was before Senator Lang had moved his motion in amendment. I am wondering whether I have the right to speak on the amendment itself.

The Hon. the Speaker: Yes.

Senator Roblin: Before Senator Everett speaks, I have some unanswered questions I would like to put to my honourable friend the Deputy Leader of the Government. I hope Senator Everett will accept my apologies, but I would like to proceed with these questions before I lose the opportunity to do so.

Senator Everett: I have always enjoyed the thought of coming after Senator Roblin.

Senator Roblin: I shall not be speaking to the amendment, but shall be dealing with the points of order raised by the deputy leader, because some of them have some interesting consequences.

I am surprised to hear him say, as he appears to have said, that we cannot take into account what happened in the other place in considering what we must do here. When it comes to criticizing the procedure of the other place, however, my honourable friend may be on sounder ground because I do not want to criticize the procedure of the House of Commons, nor do I want the House of Commons to criticize the procedure of the Senate. But criticizing the procedure of the House of Commons is one thing, and explicating the facts of what happened in the House of Commons is another matter which is entirely different.

I think we are fully entitled to take into account the facts of what happened in the House of Commons when we receive a piece of legislation, even though I think we should restrain ourselves in criticizing the procedure they followed.

Senator Lamontagne: Okay, go on.

Senator Roblin: You are with me so far, and that is good. I do not understand why the deputy leader should feel inclined to say what he said and then proceed to defend the procedure in the House of Commons, which he did by referring to the two days' notice. I simply want to say, based on what I heard from some members of the House of Commons, that the two days' notice was entirely ineffective. I know that if someone posted on my bulletin board a bill with regard to holidays, I might not link it up with the Canada Day or Dominion Day holiday. In any case, the information I have is that that two days' notice was defective in many respects.

But I agree with my honourable friend, and I do not want to criticize the procedures in the other place. That is their

business and we should restrain ourselves from criticizing on those grounds. But, the facts of what actually transpired are pertinent and germane. I think Senator McIlraith was quite right in raising the points he raised. I do not think we should allow this matter to be dealt with in this house accepting the *obiter dictum* of the Deputy Leader of the Government that we are therefore barred from considering the facts as to what happened. Perhaps he will say that that is not what he meant and, if so, I shall be satisfied.

With respect to the procedures that the deputy leader has laid down for us, he has told us that some time in the future the government intends to introduce a bill to amend this legislation. Will that be a government bill? I would ask the deputy leader to tell us, because I think it has some relevance to what we are being asked to do here today. It seems to me quite wrong that the government—having accepted the responsibility for voting for this bill in the house, as it says it is going to, and, therefore, accepting the responsibility for recommending to their supporters that they support this bill—should try to dodge the responsibility of seeing that it takes proper form. I do not see that it can and at the same time discharge its duty properly. I ask my honourable friend to explain why that should be the case.

Also, I say to the deputy leader, if he is so certain about his Gallup polls, and perhaps he is right—I am not going to dispute it because I think that might be the case—why is it that the Senate will not be allowed, as I take it from what he said, to send this matter to committee? Then we would hear those who wanted to talk to us about it, and if there was such overwhelming support for the bill we would have an opportunity to register that fact. I ask my honourable friend, if he has taken note of the several questions I have put to him, to give us an answer as to how we may expect to see this matter proceeded with in the near future.

Senator Frith: Honourable senators, I shall try. First, I shall deal with the question of procedure versus what actually took place. I do not think the honourable senator and I differ on that. There must be some misunderstanding, if he feels I think that senators are barred from discussing what took place in the other place. As far as I am concerned, they are not barred from discussing what took place; nor are they barred from discussing procedure. I just don't think it is a good idea, and I am expressing my views as to why.

It seems to me that the answer as to the procedure followed in the other place can be found in a very short passage in Commons *Hansard*, when the question of due process in the other place was raised for a ruling by the Speaker, and the Speaker ruled that everything that had taken place was in order. I do not think we should go behind that, because it was due process and the bill was properly passed.

On the question of adverting to what in fact did take place, I think Senator Roblin is right. It is not consistent for me to say that we should not go behind the due process ruling and then proceed to go behind it. I can only say in my defence that the reason I did so was because I felt that if other senators did want to go behind the due process followed, which they are not

barred from doing, then they should know the facts, as I understand them, in terms of what took place and the notice that was given.

As far as the amendments are concerned, the government, in stating that it supports the adoption of this bill in its present form by the Senate, is taking the position that the bill is in proper form, that it is correct and effective legally, and that the consequential amendments that appear in the other bill and that appear to many to be desirable are really a matter of form rather than substance. The amendments are desirable, but not necessary, and, because they are desirable, the government felt that it ought to give an undertaking that those consequential amendments, for the sake of form and order, would be made.

On the matter of referring the bill to committee, the government—as a corollary to the fact that it would like the bill to receive Senate approval in its present form before we adjourn—does not feel that the bill should go to committee because it fears that the bill will not be adopted before the adjournment.

Senator Lamontagne: But that is for us to decide.

Senator Frith: That is for us to decide. All I am doing is indicating our wish. There is nothing to stop us from staying here all summer to debate the matter, if honourable senators are prepared to do so. But I am trying to be frank and simply say what the government's wish is, namely, that we support the bill. I am not suggesting any form of closure, because there is no such provision in our rules.

● (1510)

Senator Roblin: In connection with the matter of the committee, when this matter was raised before, the Leader of the Government in the Senate said that he would await second reading debate and then determine, after discussion with the Leader of the Opposition, whether it was appropriate to refer the bill to committee. May I ask the Leader of the Government whether those discussions have taken place?

Hon. Raymond J. Perrault (Leader of the Government): Discussions have been held with the Leader of the Opposition on the subject, yes.

Senator Roblin: Well, Senator Flynn will be here tonight, and he can speak for himself.

Senator Marshall: If I understood the deputy leader correctly, he said that this bill would not go to committee. In other words, he is contradicting what he said before, that we should not question what happens in the other place. And yet here is the government saying, "Don't send it to committee, for fear that something will happen; we want it passed." So the government is not allowing us to take up our responsibilities, and the deputy leader is going along with that. It is a funny kind of justice.

Senator Frith: Honourable senators, I am not sure I clearly understood Senator Marshall's point, but I think he may have misunderstood what I said. I said that I thought it was reasonable for honourable senators to ask the government

what its position is on various matters before the Senate. This is our position. I am not saying the bill will not go to committee. I am saying that the government thinks it is not desirable for the bill to go to committee, and it will ask honourable senators to support it in not referring the bill to committee. However, it is up to honourable senators to decide whether it should or should not be referred to committee.

Senator Marshall: Thank you.

Senator Roblin: Is the deputy leader then telling us that there will be a free vote on this matter? That is the inference I draw from what he has just said. Will there be a free vote on the government side with respect to this matter?

Senator Frith: Honourable senators, my understanding is that all votes in the Senate are free votes, but I did want to make the government's position known to those who want to know and who might wish to support the government in this matter.

Senator Roblin: Has the government asked its members to support it on this vote?

Senator Marshall: Of course it has.

Senator Frith: Not in any way that all members of the Senate have not heard.

Senator Roblin: Yes, that is right, because we certainly heard it. Even before anyone had a chance to speak on this bill my honourable friend had laid down the law. Before this bill was even introduced in the Senate, he had told the Chamber what the outcome was to be—and a grosser insult to the independence of the members of this house I have seldom heard. Not during second reading, not during any other stage of the bill, but before the bill had even been introduced in the Chamber he laid down the law, and his words were quite clear:

The government is supporting that private member's bill and wants it passed in its present form before the summer adjournment. I wish that to be very clear and unambiguous. The government is supporting this private member's public bill and wishes it passed in its present form before the summer adjournment. I am not giving an opinion; I am making a statement of the government's position.

Well, nothing could be clearer than that. Even before we opened our mouths on the subject he had laid down the law, and the government members had better take heed that if they do not vote for this measure they will have to answer to the honourable leader of the house.

Senator Frith: Well, honourable senators, my friend has made a neat rhetorical jump. Because we are so often accused of being ambiguous and not clear in our answers, I gave a clear, open and unambiguous statement—not an opinion—as to what the government's position was; but the jump from that to "laying down the law" is, in the first place, not logically sound, and, in the second place, is pragmatically and realistically fallacious.

Senator Everett is a Liberal senator. I cannot lay down any law to him. You heard what he had to say. Senator McIlraith is not exactly what you could call an NDPer. If anyone in this

chamber has a history in the Liberal Party and in Liberal governments, it is Senator McIlraith, and he has been unambiguous and clear in his statement that he will vote against the bill.

There would appear to be two possibilities—either Senator Roblin is wrong in saying that I laid down the law, or it is obvious that I have no power to do so, because it is quite clear that not all members of the Liberal Party in this house will necessarily vote for this bill. A nice try, but I didn't make it.

Senator Roblin: Well, if my honourable friend is right, I am wrong; if I am right, he is wrong. We will just have to wait to see what happens. However, the natural conclusion of his little essay on the item of independence would be to declare a free vote. If he did that, then we would know if there was any pressure or if it was a matter of the genuine, uninstructed opinion of those taking part in the discussion.

Senator Frith: Honourable senators, I think my statement was clear and unambiguous. I hope it was. As I have said, in my opinion every honourable senator is just as free in this case as he is in every other case to draw his own inferences from the statements that have been made.

Senator Everett: Honourable senators, although I may at the same time have something to say about the bill itself, I want to address my remarks to Senator Lang's amendment, which reads as follows:

That the Bill be not now read the second time but that it be amended by adding after subsection 2(2), the following new subsection:

"(3) Canada Day may also be called 'Dominion Day'".

As honourable senators are aware, I have already expressed my opposition to the passage of this bill. Although I should have liked to, I find that I just cannot vote for Senator Lang's amendment. I am not sure just what Senator Lang's strategy was in moving this amendment. Perhaps it was to neutralize the bill; but in my opinion, if the bill and the amendment were to pass, a great deal of confusion would follow with respect to what is, in fact, the name of a very important day in Canada. I find myself, therefore, in the position of not being able to support Senator Lang's amendment, although it is my intention still to vote against the bill.

The deputy leader has told us that the government had a "lucky bounce." Well, honourable senators, I am not certain that a change in name of this important holiday from "Dominion Day" to "Canada Day" should be based on a lucky bounce.

He says that he does not want this bill to go back to the other place. What I do not understand about that position is that, if he can say that the Gallup poll, and the other polls that have been taken, indicate that the public overwhelmingly wants this bill, then why is he afraid to let it go back to the other place? Why is he talking about "lucky bounces"? If this change in name is so desired by the public, then let the government bring forward a bill and let it be passed in the normal way. Let us not fool around with "lucky bounces." Let

us return it to the House of Commons and let the House of Commons properly debate the matter, taking evidence from the many organizations and people who have expressed concern about this change, and then let the bill come forward in the normal way.

The deputy leader says there was no trickery in the House of Commons. Well, that is very interesting, but I do not think it is important in the consideration of the bill. It is not a matter of whether there was or was not trickery. What is important is that the bill be properly considered.

He says that we should not criticize the procedure of the other place. Well, I think it is clear that the function of the Senate is to make sure that legislation from the other place has been properly considered, that it does represent the will of the public, and that it has gone through a proper process in the other place; and I think it is equally clear that, if it has not, we must refuse it and send it back to the other place.

Hon. Jacques Flynn (Leader of the Opposition): How would you do that?

Senator Everett: How would we do what?

Senator Flynn: How would you return the bill to the other place, as you are suggesting?

Senator Everett: All we need do is simply not pass it. It will then go off the Order Paper. The other place, if it chooses to, will then be in position to bring forward a bill and debate it in the proper way.

Senator Flynn: You mean the other bill.

Senator Everett: No, the other place.

Senator Flynn: But you mean the other bill, Bill C-37; not this bill.

● (1520)

Senator Everett: It could be the other bill; that would be perfectly valid. What is really important is that the bill receive proper consideration.

Hon. Charles McElman: Are you speaking to the amendment?

Senator Everett: I am speaking to the amendment and, as I said when I started, to the bill. I have already spoken to the bill—

Senator McElman: How many times will you speak on the bill without being granted permission?

Senator Everett: As many times as others have today.

Senator Walker: Be quiet!

Senator Everett: It seems to me that everyone has had an opportunity to speak on this several times. I will, if you wish, put my remarks in the form of questions to the deputy leader, as others have done. That is a clever ruse and one I am prepared to utilize.

Senator McElman: They were points of order.

Senator Everett: I do not think they were points of order. Their remarks formed substantive arguments, as far as I could

tell. The answers the deputy leader gave sounded substantive to me as well, but I will put my remarks in the form of questions, if you wish.

Senator Roblin: Carry on.

Senator Frith: Honourable senators, on a point of order—and I do not think anyone wants to be too technical about it—speaking on an amendment frequently requires one, in order to speak fully to the amendment, to make reference to the motion itself. I think that that is quite in order, but Senator McElman's concern, perhaps, is that Senator Everett in this case started by saying, "I am against the amendment". Then he spoke to the amendment and said that he was not in favour of the amendment. He then seemed to start speaking on the motion again, which I suppose, technically speaking, he is not entitled to do having already spoken on it.

Senator McElman: Honourable senators, I am not raising any objection. You will notice that I did not raise a point of order, but what has gone on for the past three-quarters of an hour, I must say, leaves me beautifully confused. I wonder what has happened to the rule book. However, I am not objecting.

Hon. Henry D. Hicks: Honourable senators, why did my honourable friend, Senator McElman, zero in on Senator Everett? It seems to me that the other speakers on this legislation were obviously more out of order and contravening the rules than Senator Everett was.

Senator McElman: Senator Hicks, I am not zeroing in on Senator Everett at all. I am simply trying to find out how long, dear God, we will proceed without any reference to the rules.

Senator Frith: Honourable senators, in fairness to myself and other senators, what took place before took place as a result of questions being posed. I think that that was in order.

Senator Roblin: Yes, honourable senators, because when one receives an expanded answer, as we certainly received in some instances, one can certainly expect expanded questions. I think it is contrary to the spirit of this house that we should be too strict on this matter.

Senator Flynn: That is right.

Senator Roblin: There is a reasonable limit, and Senator McElman thinks we have gone beyond that limit—and perhaps he is right, and I am not going to debate that—but I am anxious to hear what Senator Everett has to say. I think that his remarks are perfectly in order.

Senator Flynn: Agreed.

Senator Everett: I thought what I was listening to earlier was not so much questions on the matter. I thought, indeed, that the answers given by the deputy leader were so expanded on that we had got into a debate.

Senator Roblin: A Committee of the Whole.

Senator Everett: I think that indicates that this particular bill does concern people a great deal. That is why this situation has arisen.

If it is clear that in our judgment the other place has not properly considered this bill, we have the right to not pass it. If that were to happen, and the government wanted the bill passed, it could then re-introduce it, have it given proper consideration in full debate, and if the House of Commons passed it we could then consider it.

If that does not happen, then it seems to me that we should accept that obligation ourselves, and refer this bill to a Senate committee—

Some Hon. Senators: Hear, hear.

Senator Everett:—where it can receive proper consideration.

What I just cannot understand—the thing that really bothers me—is this argument that we have had a lucky bounce. Changing the name of this most important holiday in Canada from “Dominion Day” to “Canada Day” is not a matter of lucky bounces.

Senator Frith: After 30 years?

Senator Everett: Personally, I do not care whether it is called “Canada Day” or “Dominion Day”. What I am concerned about is that the change not be based on lucky bounces, but on mature debate and public representations.

Some Hon. Senators: Hear, hear.

Senator McIlraith: Honourable senators, I want to confine my remarks strictly to the amendment.

Senator McElman: Honourable senators, before Senator McIlraith proceeds, and since we have some breadth of movement within our rules today, may I put a question to the Deputy Leader of the Government at this point?

The Hon. the Speaker: Is it agreed, honourable senators?

Senator Cook: That’s out of order.

Senator McElman: It is out of order indeed; it is in the same category as the other questions put to the deputy leader by other honourable senators.

Senator Roblin: You should have spoken before.

Senator McElman: I have not spoken before, and I am not speaking to either the amendment or the bill. I may have the opportunity to do that later. If you wish to raise an objection, do so now, because I am about to put my question.

Senator Roblin: Go ahead.

Senator McElman: Honourable senators, there is provision in our rules allowing us to rescind a decision taken by the Senate. There is also, very clearly, such provision in the rules of the other place. I understand that a point of order was raised in the House of Commons with respect to what happened on this bill, and that a decision was taken that what took place was in order. Since, under the rules of the other place, it is open to any member to move a motion to rescind third reading, to your knowledge, Mr. Deputy Leader, was any

attempt made to rescind third reading or was it the wish of the members of the other place to leave things as they were?

Senator Roblin: The other place does not have that provision.

Senator McElman: Yes, they do. If you look at rule 47(2) of *Rules of the Senate*, you will see that we do. Of course, the House of Commons has the same provision as well.

Senator Flynn: I object to that question being put to the deputy leader. He has no more authority than anyone else to reply to that.

Senator McElman: I simply ask whether that occurred.

Senator Flynn: Why do you ask him? He is not the one to answer.

Senator McElman: That is as germane as the other questions put to him this afternoon.

Senator Flynn: Perhaps, and if he thinks he has the authority to answer it, let him.

Senator Frith: Honourable senators, I suppose that depends on what we mean by the word “authority”. I did make reference in debate earlier this afternoon—before Senator Flynn came in—to some information I had as to what steps were actually taken in the other place. Perhaps that is the reason why the question was asked.

In any event, the answer to the question is very short. To my knowledge, no such motion was put.

Senator McElman: Thank you.

Senator Roblin: On the point raised, surely the deputy leader should tell us that there is no provision in the House of Commons to rescind decisions of the sort mentioned by Senator McElman. I do not believe the House of Commons has any power to rescind. If so, I would be glad to hear the authority. There may be that power in this house.

Senator McIlraith: Honourable senators, if I may resume my remarks on the amendment to the bill. The amendment, I must say, caught me by surprise, but it seems to me that there is something in it in that it may alleviate the concern of some people who may be opposed to the change of the name of our national holiday to Canada Day. If there is something in the amendment, it deserves our attention, and acceptance or rejection on its merits.

That proposition is simple enough, but what really concerns me about the amendment, and caused me to rise today, were the remarks made by the Deputy Leader of the Government when he made it very clear that the government wants the Senate to pass this bill without amendment, but at the same time is not making it a government bill. He made himself quite clear on that point. Then he went on to his second point, saying that the government—he used a strong adverb qualifying the verb—wanted the Senate to pass this bill as is. He then dealt with the amendment and said that the government wanted us to reject the amendment, an amendment which was moved in this house and never raised or considered in the

House of Commons. The reason he gave for appealing to all honourable senators to reject the amendment was that the government would not have it go before the House of Commons.

● (1530)

I do not accept the doctrine that a bill, which the government regards of such importance, should not go back to the House of Commons if we see fit to amend it. I will not accept the proposition that the government is unwilling to have a vote on an amendment if the result is that the bill will go back to the House of Commons.

I am still naive enough to believe that the bedrock of our system of government is that it is government by the people themselves, and, basically, it carries with it the proposition that the government of the day is always answerable to the people through their elected representatives. I will not vote for a proposition at the request of a government that is asking me to vote that way in order to prevent elected representatives in Parliament from dealing with this or any other measure that is of any importance. That is the proposition that arose in the discussion earlier this afternoon that I cannot accept.

I realize that that is not directly related to the bill itself. I believe it was Senator Argue who pointed out how I voted in 1946, I believe it was, for a change of the name of this great national day—a day that means so much to me and to all Canadians—from Dominion Day to Canada Day. My concern was earlier expressed when the bill first came here. I was careful not to discuss the details of internal procedure in the House of Commons.

The reason given for the government's asking us, and particularly those of us who are Liberals, to vote against the amendment, is not acceptable to me. I am a Liberal and I am proud of it. I have argued as a Liberal throughout my life, but the very basis of that liberalism was the constant answerability of a government to the elected representatives of the people for their actions. I am not willing to deviate from that. As I say, that necessarily means I will have to vote against the bill when it comes to a vote. I believe in the democratic process and the careful observance by governments of the conventions and traditions on which Parliament operates.

The Hon. the Speaker: There was a question put to the Deputy Leader of the Government by Senator Roblin as to whether or not he wanted to adjourn the debate until this evening. I am not sure that that question has been answered.

Senator Frith: I did say that I thought we should adjourn the debate until later this day in the name of Senator Asselin. The Order is for the resumption of the debate on the motion in amendment, and it stands in Senator Asselin's name. Senator Roblin—and Senator Flynn had told me earlier—said that Senator Asselin would yield. He did yield to me, and, as it turned out, to Senator Everett and Senator McIlraith. I think we should now ask that this Order stand until later this day in the name of Senator Asselin.

On motion of Senator Frith, for Senator Asselin, debate adjourned.

INDIAN-INUIT WEEK BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Williams, seconded by the Honourable Senator Adams, for the second reading of the Bill S-28, intituled: "An Act establishing Indian-Inuit Week and Inuit-Indian Day".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I ask that this order stand. I have had one discussion with Senator Williams about it, and I want to discuss it further with him.

Order stands.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

PRIVILEGE

STATEMENT BY SENATOR ROBLIN

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before Question Period is called, I have two points of privilege I would like to be allowed to express.

The first is a personal one. Just before we rose, Senator McElman and I had a word or two together as to whether or not rescission is provided for in the rules of the other house, and I was quite sure it is not. However, Senator McElman was good enough to put me right on that point. He was able to point to the section in *Beauchesne*, which is to be found at page 157, which proves that he had the correct grasp of the situation. I should like to indicate my error in that respect.

The second question of privilege has to do with a comment made by the Leader of the Government this afternoon when we were in the midst of a reasonably heated exchange on the question of "Canada Day". He said several times that the Senate had moved second and third reading of bills with less than a quorum. It may be true that that has been done, but I must say that it has not been done in my experience. I consulted with those who are far more knowledgeable than I, such as my leader, and he could not recall any occasion when that had happened.

I do not want to be too precise or too nice on this point, but I really do not think that we have passed bills in this chamber without a quorum. If the Leader of the Government considers that I am wrong, then he should produce the evidence.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will check to see if I can.

Hon. Jacques Flynn (Leader of the Opposition): You should have done that before making the assertion.

Senator Roblin: I consider it quite important. While I believe we have, quite properly, a self-denying rule here that

we do not criticize the other place, at least we need not inculcate ourselves in a rather serious breach of the rules. Since the deputy leader's remarks will appear in *Hansard*, the small minority of Canadians who read it might come to the conclusion that we really were passing bills without a quorum in this chamber. I would appreciate it if my honourable friend would clarify the point, and if he finds that he has no evidence on the point, then it should be made clear for the record.

Senator Frith: Yes, honourable senators. I wish to make one small point. I do not believe it is in breach of the rules to pass bills, or to deal with business before the Senate, when numerically there is a lack of quorum, because under the rules we can proceed unless someone calls "Quorum". However, that does not change the main point raised by Senator Roblin, and I will check to find out if, in fact, we have ever moved second and third reading without a quorum.

Senator Flynn: Not in the past 20 years or so.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on this point it may be relevant for me to state that on the occasion in question, which has generated so much criticism of activities in the other place, Stanley Knowles was present. He has often been described by members of all parties as being a master of parliamentary rules and procedure and someone who has great respect for parliamentary tradition. Walter Baker, the house leader for the former Conservative government, was also present, as was Mark Rose, the chairman of the NDP national caucus. Are we really suggesting that those members have less respect for parliamentary tradition, and the way in which matters should be conducted in Parliament, than those of us in this chamber? It is rather significant.

Senator Roblin: Honourable senators, I really must protest. That intervention was entirely uncalled for. No one in this house, in this interchange, at any rate, was criticizing the procedures in the House of Commons. This afternoon I particularly made the point that while we could take notice of what transpired there, we had no business casting reflections on their procedures, or on what they were doing, and I believe everyone in this chamber agreed with me. No one was criticizing what happened in the House of Commons, particularly in this interchange. What we are concerned about is our own conduct and whether in this house we have been in the habit of dealing with the second and third reading stages of bills without there being a quorum present. That is the point I wanted elucidated.

Senator Perrault: I want to make it clear that, of course, the honourable senator was not critical of the other place. However, many of his colleagues were, including Senator Marshall. But we can debate this later.

Senator Roblin: The point is, that is not the point of privilege I was raising, and I take exception to my honourable friend's dragging in that red herring to confuse the issue. It is a typical ploy so far as he is concerned, but I, for one, do not intend to let it pass without comment.

[Senator Roblin.]

Hon. John M. Macdonald: Honourable senators, speaking on the point of privilege, I have been the whip of the party on this side of the house for approximately the past 18 years, and I have always been very careful to count the house when a bill has been passed. There have been a few times during the course of a debate when, for a few minutes, there might not have been a quorum until my opposite number brought members in, but never, in my recollection, have we given second or third reading to a bill without there being a quorum present.

Some Hon. Senators: Hear, hear.

Senator Frith: Honourable senators, I am impressed by what Senator Macdonald has just said—

Hon. Jack Marshall: He is always right.

Senator Frith: I have never known him to be wrong. He is probably right in this case and, if he is, I owe the Senate an apology, and I fully intend to give it. However, I would first like to have an opportunity to check to see whether I was totally wrong.

Hon. Arthur Tremblay: Just 99 per cent.

Hon. Daniel Riley: Honourable senators, will the Leader of the Government in the Senate also apologize with respect to his remarks on the question of passing bills without a quorum?

Senator Frith: That is what we are talking about.

Senator Riley: I am asking if the Leader of the Government will also apologize.

Senator Perrault: I am not apologizing for anything. I never made any such statement. Therefore, why should I apologize to you or to anyone else? I made no such charge at any time. My remarks related to events in the other place and some statements which were made earlier by other members in the opposition party. So I have no apology to make to you or to anyone else.

Hon. Heath Macquarrie: You are being nasty to a maritime senator, a great man.

An Hon. Senator: A Liberal!

QUESTION PERIOD

[English]

NATIONAL DEFENCE

RELOCATION OF NAVAL RESERVE HEADQUARTERS FROM HALIFAX TO QUEBEC CITY

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government concerning the surprising move of the naval reserve headquarters from Halifax to Quebec City.

Some Hon. Senators: Shame!

Senator Marshall: Many hodge-podge answers have been given in the other place. There could be some justification for

the move, and I am wondering whether we can obtain some information as to that justification from the point of view of its being a strategic move, or from any other point of view, other than the fact that it has been done for a political purpose. Would the government leader explain whether there is justification for the move. There could be justification for part of the naval reserve to be in Quebec City.

I understand that recommendations were made by experts in the Department of National Defence that the proper course to follow would be to place two naval reserve units in Quebec City. Can we obtain clarification concerning justification for the move with a view to undoing the great harm that is being done across this country?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, apparently in recent hours the honourable senator has had an opportunity to survey opinion across the country and has enough evidence on hand to determine that great harm is being done by the announcement. It is true that Quebec City, as I have been advised this afternoon, has the largest navy cadet involvement of any community in Canada. That is a not insignificant consideration, but so far as the larger question is concerned, it will be taken as notice and a statement brought to the Senate.

Senator Marshall: I also spoke to Senator Langlois, who is the President of the Naval Cadet League of Canada and a most knowledgeable person. That is why I tempered my first reaction to the announcement with the comment that there might be some justification for the move. However, I believe it should be clarified once and for all, because if the country is being divided for no purpose, then someone should tell the Parliament of Canada in order that the public can know.

Hon. Eric Cook: It is being divided on the basis of language.

Senator Perrault: Honourable senators, let us call a spade a spade—

Senator Cook: It is being divided on the basis of language.

Senator Perrault: The honourable senator says it is being divided on the basis of language—

Senator Cook: Yes.

● (2010)

Senator Perrault: It is a classic case of: "Don't confuse me with the facts, my mind is made up." I would ask honourable senators to reserve their judgement until they get the facts and not start exchanging slogans suggesting that this action is divisive and doing great harm. It seems to me that at this particular time in our history, we should try to find ways to unite this country, rather than divide it. The honourable senator may do all the semaphoring he wishes—

Senator Cook: Blah, blah, blah!

Hon. Richard A. Donahoe: Ask the Haligonians.

AGRICULTURE

ATLANTIC REGION—PROPOSED VETERINARY COLLEGE

Hon. Heath Macquarrie: Honourable senators, if there is to be no further attack upon the distinguished Senator Cook, I would like to ask the Minister of State for the Canadian Wheat Board if he now has the information for which I asked approximately one-half or one-third of a year ago about the veterinary college in the Atlantic region, which has brought such very fine statesmanship from the Atlantic premiers and which now awaits positive reaction from the federal government.

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): I expect to have the information for the honourable senator tomorrow.

THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, it is quite obvious that we should terminate this session as soon as possible, before the house catches fire, so I would appreciate it if the Deputy Leader of the Government would tell us about the situation concerning the summer adjournment. We know about Bill C-124, which will be passed tomorrow at 5.45 p.m., according to the order made in the other place. But what is the position with regard to Bill C-53? Is it coming to us after third reading in the other place or will it stay there?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the last information I have on that bill has clouded the screen again. We thought we had a pretty clear picture when I spoke to the leader of the opposition this morning by telephone, and reported to him what seemed to be at least a fairly readable screen though not necessarily a desirable one. However, the last I heard is that there is no longer an agreement in the other place respecting either Bill C-53 or what we might call that hived-off Bill C-blank, which I do not really understand but which I have heard spoken about. What I do understand is that the government has removed parts from the bill and put them into another bill which has not yet been numbered, in the hope that they can get agreement in the other place. The last word I have is that there is no agreement on anything. So there is a chance we might not get that bill at all.

If that is so, and if I can take this occasion to summarize what I understand to be the legislative picture, then the two bills the government would like to see dealt with before the adjournment are Bills C-201 and C-124.

Senator Flynn: Assuming that Bill C-53 does reach us, is it still the position of the government that the Senate will not be expected to deal with it before the summer adjournment, as was expressed to me earlier today by the deputy leader?

Senator Frith: Because of the fact that there is no longer any agreement, I have no information on the subject. From

what I have just said, though, I think it is a reasonable inference to think in terms of what the Leader of the Opposition has just said.

Hon. Joan Neiman: Honourable senators, I would like to clarify one point with the Deputy Leader of the Government. It is my understanding, until we know the exact situation, that we will proceed this evening with the study of the subject matter of Bill C-53 which we started this afternoon, as the Leader of the Opposition knows. We plan to continue tonight if that appears to be in order.

The acting chairman, Senator Stanbury, is not present in the chamber at the moment, and I just wanted some clarification on the committee's intention to go ahead this evening until we receive some word from the other place.

Senator Flynn: That is a different matter. I expressed my view in the committee this afternoon, that it is not very practical for dealing with such an important bill to have only a few meetings of the committee and then to pass it. In any event, the Senate was not expected to pass the bill before, let us say, a few days before we return in the fall for formal prorogation and the beginning of a new session. I expressed my reservations on the situation because I do not think the timing is proper. Only Senator Robichaud was eager and ready to deal with the bill in a few hours, and to have it passed in record time. I simply do not think it is the kind of bill that should be dealt with in this fashion.

My point is that I would like to be sure that the government's view, as expressed by the deputy leader this morning, is still that it does not expect the Senate to deal with Bill C-53 immediately before the summer adjournment.

Senator Frith: I simply cannot say, because I have not been told.

Senator Flynn: I was told by the deputy leader this morning that the government was not expecting us to deal with Bill C-53 at this time.

Senator Frith: I don't think I said that. I think I said that the government would be pleased if the bill did get—

Senator Flynn: It would be pleased if it had passed last week.

Senator Frith: Precisely. As I understand the conversation, it was with regard to the technical difficulties in approving the bill which, in view of the importance of the bill, seemed, at that stage, insurmountable. I am not really trying to avoid anything; I just have not received anything since the change I mentioned a few moments ago.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, may I say that I had a discussion with the Minister of Justice this past weekend, and he stated that the government had received very strong representations from across the country expressing support for the measures proposed in the bill. He expressed the hope that the Senate, should negotiations proceed smoothly with the opposition in the House of Commons, would at least entertain the possibility of giving approval to the bill before the summer adjournment.

[Senator Frith.]

He said that he realized that the House of Commons had been deadlocked on this bill for over four months, and that it would be expecting a great deal of honourable senators to ask them to give their support to a measure after just a few hours of debate.

He stated, however—and perhaps the Leader of the Opposition will wish to check into this—that there was very positive support on the part of the Conservative opposition for early action by the Senate on this measure and mentioned, in particular, the name of Flora MacDonald. I merely convey this information to honourable senators as an accurate reflection of the discussion that we had. I am sure that honourable senators will agree that we have not been pressing the idea that the bill should be passed by tomorrow evening if it comes here tomorrow afternoon. We have not suggested that for a minute. There are representations abroad, in the land, from people of all political persuasion, suggesting that some of the measures in the bill are of such importance that they deserve early action.

Senator Flynn: I would like to remind the Leader of the Government that this bill has been under discussion for several months, if not years. I would like to check the date of the introduction of Bill C-53. To expect such a bill to go through this house in a few hours, I think is entirely unreasonable. That is my view, and I would like the Leader of the Government or the Deputy Leader of the Government to tell us that they will not press us to take such action. I do not think that we can do a proper job in that time. If the government is satisfied with our merely going through the bill as a matter of routine, then that is its business, but I will not be a party to such a process.

● (2020)

Senator Perrault: Honourable senators, there seems to be a belief that, were the Senate to follow the normal procedure, committee hearings would be advertised in newspapers across the country, and could run to two or three weeks, before there was a report with recommendations and proposed amendments.

Senator Flynn: Is that something different?

Senator Perrault: No, I am just saying that that would be the normal process. I have discussed it with Senator Goldenberg, the chairman of the committee.

The Leader of the Opposition may wish to discuss with the leadership of his party in the other place just what their views are on the subject. Undoubtedly, we shall do the same.

Hon. Heath Macquarrie: Honourable senators, while listening to the Leader and Deputy Leader of the Government I have noted what I consider a wholesome change of mind and a change of strategy. That is an important change. Is there any hope that that attitude will carry over to Bill C-201 and that that bill will be referred to a committee, thus giving the people of Canada, particularly those essentially interested and widely informed, an opportunity of expressing their views? It seems to me that that would be a natural consequence of what has just been stated with reference to the other piece of legislation.

Senator Perrault: Honourable senators, I think Senator Frith expressed the view of the government extremely well this afternoon. Over the years we have been engaged in a prolonged discussion of this proposal. It is not something new; it is not exotic; it is not complicated; it is straightforward; the question and the issues are well known to the Canadian people in all provinces, who say they want this change to take place.

Some Hon. Senators: No, they do not. Not at all.

Senator Perrault: The view of the government is that the measure does not require a reference to committee. It is quite straightforward and representations have been made by many organizations. Therefore, that remains the position of the government.

Senator Macquarrie: Honourable senators, in the light of what the Leader of the Government has just said, I suggest—

Hon. Louis-J. Robichaud: Honourable senators, I rise on a point of order. The subject matter of Bill C-201 will come up for debate in due course. Surely it is not a matter for debate in the Question Period. I find that incredible.

Hon. H. A. Olson (Minister of State for Economic Development): That is quite right.

Senator Macquarrie: Mr. Speaker, I assert my right to ask questions of government members on matters relating to the procedures of this house.

Some Hon. Senators: Hear, hear.

Senator Macquarrie: That is my role.

Senator Robichaud: The matter is coming up for debate.

Senator Macquarrie: I have the right to ask the question, and I ask it again.

The Hon. the Speaker: You may be entitled to put the question, but they are not obliged to answer.

Senator Macquarrie: Well, Mr. Speaker, they are certainly not entitled to interrupt me in my normal, proper, procedural practice of asking a question.

Some Hon. Senators: Hear, hear.

Senator Macquarrie: I have heard about certain events which have caused certain alterations in government policy. It is not at all improper for me to ask in reference to another piece of government legislation, "Has there not been some change?" I am now making an inquiry which is combined with a reasonable, decent suggestion with respect to orderly procedure in this important chamber, the Senate of Canada, and I respectfully request an answer.

Senator Frith: No, honourable senators, there has not been a change. That is the answer.

Senator Macquarrie: All I can say is that it may be a long, hot summer.

Hon. Douglas D. Everett: Honourable senators, I have a question for the Deputy Leader of the Government. I believe he stated that Bill C-124 would likely clear the other place by

some time tomorrow. Has he any idea of how that bill will progress through this house and through committee?

Senator Frith: Yes, honourable senators, I do have an idea. It will be up to the Senate to decide, but, recalling that the committee has done a pre-study of Bill C-124 and has reported with respect to that pre-study, I feel—

Hon. Duff Roblin (Deputy Leader of the Opposition): No, it has not presented a report.

Senator Frith: I thought it had presented a report. Is that not correct?

Hon. Douglas D. Everett: No, we have studied the subject matter of the bill, but the report is only tentatively ready. As we did with Bill C-125, we are holding the report until we receive the bill. Again, as we did with Bill C-125, we will report on the pre-study and the bill at the same time.

Senator Frith: Quite clearly, honourable senators, in that case, if it seems appropriate to the chairman of the committee and accords with the wishes of the Senate, we will refer the bill to the committee. It can then deal with Bill C-124 as it dealt with Bill C-125.

We will not receive the bill until 8 o'clock tomorrow evening. In that respect I am happy that Senator Everett raised the question as Chairman of the Standing Senate Committee on National Finance, because it is now obvious that, if we follow the procedure of referring the bill to his committee and having it present a combined report on the subject matter and the bill tomorrow, it will be necessary for the committee to meet tomorrow evening.

Senator Everett: Well, honourable senators, I assumed that the matter would come before the Senate tomorrow evening, and would be debated tomorrow, and referred to the committee. Consequently, I have tentatively called a committee meeting for 9.30 Thursday morning. However, the committee can meet at another time if the bill is referred to it before then. It was our thought, however, that, if the bill were debated on Wednesday evening and referred to committee, the committee would consider it on Thursday morning with the President of the Treasury Board.

Senator Frith: Honourable senators, there was some hope in the other place that we could adjourn tomorrow evening. If the committee is not able to report the bill, or if we are not able to have all three readings tomorrow evening—and I can understand why that might be difficult—then clearly we will have to adopt Senator Everett's suggestion. We will not be able to complete our business by tomorrow night, because, as I have said, the government would like Bill C-124 assented to before the adjournment.

Of course, the various steps I have enumerated will require unanimous consent. If the bill comes to us tomorrow evening, and there is not unanimous consent, we will not be able to deal with it on second reading until Friday. If, in the light of the pre-study that has been done, however, and if the bill passes all three readings tomorrow evening, assuming we find a way of doing that consistent with the procedures described by Senator

Everett, then the intention is to have the House of Commons also sit tomorrow evening so that the bill can receive Royal Assent. If it turns out that that is not possible, then events will evolve as they must.

Senator Everett: I assume, then, that we will sit tomorrow evening at 8 o'clock, and that very likely we will be dealing with the bill. I did not mean to indicate that the decision to have the committee meet on Thursday morning was crystalized. I suppose, if the Senate gives leave, it is possible that the committee could meet tomorrow evening and deal with the bill at that time, having already done some pre-study on it.

Senator Frith: Yes, that is right, honourable senators. The reason we expect to sit tomorrow evening at 8 o'clock is that the order in the other house calls for a vote on Bill C-124 at a quarter to six. We expect to sit tomorrow evening in the hope that we will receive Bill C-124. We will then see what can be worked out.

NATIONAL DEFENCE

RELOCATION OF NAVAL RESERVE HEADQUARTERS FROM HALIFAX TO QUEBEC CITY

Hon. R. James Balfour: Honourable senators, as a supplementary to the question asked by Senator Marshall, I should like to ask the Leader of the Government in the Senate if I understood correctly that he is prepared to make a statement tomorrow respecting the rationale behind the move of the Naval Reserve headquarters from Halifax to Quebec City.

Hon. Raymond J. Perrault (Leader of the Government): The Minister of National Defence is being asked to provide a statement which can be brought to the chamber for the edification and information of honourable senators. That was the proposal.

Hon. Orville H. Phillips: Honourable senators, would the Leader of the Government in the Senate be kind enough to ask the minister to include in his statement the total cost of that move? Could he also give the Senate some information on the strength and locations of the Naval Reserve units across Canada?

Senator Perrault: I will bring to the chamber as much information as possible. Certainly, there seems to be a misunderstanding on the part of some Canadians that this constitutes a relocation of Maritime Command (Eastern) to Quebec City. That is not the case.

An Hon. Senator: It is the first step. It is the thin end of the wedge.

• (2030)

Senator Perrault: That is not the case.

Senator Balfour: That is clearly understood across the country.

Senator Perrault: I hope that some of these questions are motivated entirely by an interest in national defence and not other issues, such as language and culture.

[Senator Frith.]

THE SENATE

LEGISLATIVE PROGRAM

Hon. Jack Marshall: I should like to ask a supplementary question to Senator Macquarrie's question regarding Bill C-201. Did I understand the Leader of the Government to say that the government would not refer that bill to committee? If I heard him correctly, what is the basis for that reasoning?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I stated that, as far as the government is concerned, it sees no reason for referring that bill to committee.

Some Hon. Senators: Shame!

Senator Perrault: It is an uncomplicated bill; it is a straightforward bill; it has been debated extensively over a long period of time; and many groups have made representations on this subject over a 30-year period. It is not the kind of measure that requires the type of detailed scrutiny for which committees have been established. That is the view of the government.

Senator Marshall: The deputy leader indicated today that 70 per cent of the people were for the change—

Senator Perrault: Of those young people under 30 years of age, 80 per cent are in support of the measure; 70 per cent of the Canadian population generally, with a substantial majority in each of Canada's regions, are in support of the measure.

Senator Marshall: If the figure is 70 or 80 per cent, is it not right that the other 20 or 30 per cent—you might find it is the other way around—have the right to appear before a committee to make their views known? They had that right when we dealt with the Constitution. Everybody was allowed to appear before that committee.

Hon. David Walker: Honourable senators, I am shocked to hear that this is another gung-ho effort to push this thing through Parliament come hell or high water. First of all, they pulled this stunt when the house was nearly empty.

Hon. Joseph-Philippe Guay: Oh, come on!

Senator Walker: Never mind "Oh, come on!". You come on! It would be a change if you did. You have not said anything intelligent over the past three years.

Senator Guay: On a point of order—

Senator Walker: You have always been a point of order.

Senator Guay: Honourable senators, I was in the House of Commons long enough to know that nobody called for a quorum of members of Parliament when similar bills were passed. I am also well aware of the fact that—

Hon. Jacques Flynn (Leader of the Opposition): What is your point of order?

Senator Guay: —Mr. Baker and Mr. Deans agreed that everything was in order and were in favour of the bill's being passed, yet we hear all this talk about the procedure being out of order. It was not out of order in any form, and I think you ought to know that that was the case.

Hon. C. William Doody: What is your point of order?

Senator Walker: That was the first thing. For a nice fellow you can really get angry, can't you? Secondly, when it got 13 votes the next order of business was to shut things up so that no further action could be taken. The final thing is happening now—we are being shut up.

You will hear about this for years to come because of the manner in which you have attempted to ram this thing through the Senate. It is simply incredible.

I have our first witness lined up, a great Liberal, Eugene Forsey.

Senator Guay: Oh, oh.

Hon. Martial Asselin: He is a Liberal no more. He quit the party.

Senator Walker: The government is not adhering to any rules of parliamentary procedure. Something as important as this should be referred to a committee.

You people are becoming quite arrogant in attempting to push this thing through, something you call an unimportant and simple piece of legislation. I can tell you that we are ready to produce any number of witnesses if the bill is referred to a committee. Our first witness will be thorough and will answer all of your questions and will bring you around to the realization that you are wrong. Perhaps that is why you do not want it to be referred to a committee. He is the most brilliant man you have on your side, and he is ready to appear before the committee at 9.30 tomorrow morning.

Hon. W. M. Benidickson: He resigned from the party.

Senator Walker: Pardon me?

Senator Benidickson: He resigned from the party.

Senator Walker: Well, it is nice to see you here. How are you?

Hon. Royce Frith (Deputy Leader of the Government): What is the question?

Senator Walker: I do not think I should have to put the question.

Senator Frith: We are in Question Period.

Senator Walker: That is correct.

My question is, in view of the two very arrogant acts that happened in the other chamber, will you, in justice and fair play, which you believe in and which the Leader of the Government believes in, allow the committee to go into the intricate matters connected with this bill?

This matter may not be important to other people, but it is important to many of us who believe in this, and believe in it deeply. We do not mind losing this, but we hate to be pushed around and we hate to have you tell us that the bill cannot be referred to a committee.

So, would you please give this some consideration? You have lots of time to do so. We are ready to act at any time you

suggest the committee proceed with its consideration of the bill.

Senator Frith: Honourable senators, I tried to make the position of the government on this matter clear this afternoon. I did not expect that everyone would agree with it, but I thought I made it clear that it is not the government's position that it cannot be referred to committee. That is not what I said, of course. If the Senate decides that the bill should be referred to committee, it will be referred to committee.

What I said this afternoon was simply that this is a chamber of debate and people have different views and opinions. We simply tried to make ours clear—at least, I tried to. Our position is as I explained this afternoon.

Senator Flynn: Honourable senators, I should like to refer again to Bill C-124. Does the deputy leader know that the order in the other place is for the House to sit until 10 p.m. and that if at that time Bill C-124 has not passed in this place they will adjourn until Thursday afternoon? I just wonder if the deputy leader knows about that, and that because of that we might have to deal with the bill in two hours—

Some Hon. Senators: Shame!

Senator Flynn: —if we want to adjourn tomorrow. Otherwise we will have to follow the scenario outlined by Senator Everett.

Senator Frith: Honourable senators, I am aware of that. Of course, I only suggest that it is still possible for us to deal with it in that time because of the fact that the committee has conducted a pre-study. However, I think things will have to take their course. I should like to see a decision made on this tomorrow evening, and if it seems we cannot deal with it in that time, that is it. I am simply saying we should do our best, and if we cannot complete it, we cannot.

Senator Flynn: I think that we will have to have meetings during the day so that we can sort out the calendar.

Senator Frith: Thank you.

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. A few moments ago he said that 80 per cent of young people under 30 are in favour of a change. Without asking him what 80 per cent of the old people under 30 are thinking, I would like to know—

Senator Frith: It is “young people”—comma—“under 30.”

Senator Nurgitz: —the source of those statistics and whether they were collected by a scientifically conducted poll.

Senator Perrault: They were collected by a scientific poll, a Gallup poll, in December 1981. The accuracy of the poll is within a four-point range—two points on either side.

Hon. Eric Cook: What was the question?

Senator Perrault: During the course of the debate, because we will have a debate, as Senator Robichaud has pointed out, I would be pleased to read the contents of the document into the record or have that done by one of the other participants in the

debate. Seventy per cent of the population as a whole, and 80 per cent of the population under the age of 30, support this measure. Those over 50 provide most of the support for the retention of the words "Dominion Day."

● (2040)

NATIONAL DEFENCE

RELOCATION OF NAVAL RESERVE HEADQUARTERS FROM HALIFAX TO QUEBEC CITY

Hon. C. William Doody: Honourable senators, I have been struggling to be recognized to ask a question relating to Senator Marshall's question on a supplementary asked by Senator Balfour. I understand the Minister of National Defence will be giving a statement tomorrow to clarify the government's position on the projected change for the Naval Reserve headquarters. Could the Leader of the Government tell us where he is going to make that statement? Will it be in the other place or elsewhere?

Hon. Eric Cook: In Quebec City.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Cook may feel that he is answering questions here this evening but—

Hon. Duff Roblin (Deputy Leader of the Opposition): Do you have a better answer?

Hon. Richard A. Donahoe: He is doing pretty well.

Senator Perrault: I would appreciate the opportunity to be allowed to say a word or two.

Senator Cook: As long as it is only a word or two.

Senator Perrault: The Minister of National Defence is being asked to provide a statement which can be brought to this chamber for the information of honourable senators explaining the rationale for the move. This information has been requested. I understand a statement is to be made in the other place, and it will also be part of a public speech in one of the leading Canadian cities.

THE ECONOMY

EXCHANGE VALUE OF CANADIAN DOLLAR

Hon. Peter Bosa: Honourable senators, my question is for the Minister of State for Economic Development.

Some Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): We had almost forgotten him.

Hon. David Walker: I thought he had resigned.

Senator Bosa: I am flattered at the attention I am given by honourable senators opposite every time I rise to ask a question.

Hon. Martial Asselin: I didn't say a word this time.

Senator Bosa: I was referring to your colleagues.

[Senator Perrault.]

Could the minister inform the Senate as to what the trading rate of the Canadian dollar was today vis-à-vis the American dollar?

Some Hon. Senators: Hear, hear.

Senator Flynn: Can't you read the papers?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am sure that both Senator Bosa and Senator Murray would like to know about the fluctuations that have taken place respecting the Canadian dollar in the last few days. Certainly Senator Murray has displayed enormous curiosity about this subject.

Senator Flynn: Do you have a prepared reply?

Senator Olson: No. Yesterday the dollar fluctuated somewhat, and at one point it was at 80.11 cents U.S.

Some Hon. Senators: Hurrah!

Senator Asselin: What about today's rate?

Senator Olson: It closed at 79.96 cents U.S., so the dollar is currently about two cents higher than it was at the beginning of this month, after you take into account the fluctuations involved.

Hon. David Walker: You deserve a lot of credit for that.

Senator Flynn: Honourable senators, I have a supplementary question. The minister used to say that the decline of the Canadian dollar was due to the fact that the U.S. dollar was getting stronger. Will he admit now that the increase in the exchange rate of Canadian dollar is due to the fact that the U.S. dollar is weakening?

Senator Olson: The matter of weakening or strengthening is always relative to what it is measured against. If the Leader of the Opposition would like a serious reply to his questions, it is probably because there has been—

Senator Flynn: I would like to have it from someone else.

Senator Olson:—a reduction in interest rates in the United States.

ENERGY

GRANTING OF OFFSHORE OIL EXPLORATION PERMITS

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government in the Senate. Could he explain to us what the process is now for the awarding of offshore oil permits? I understand that the Government of Canada has seen fit to award arbitrarily a substantial group of permits worth a great deal of money without tender and without bidding. Could the minister give us an explanation on that as it does not seem to fit precisely within the terms of what is accepted as good business procedure for government at this stage?

Hon. Eric Cook: What about the Canadian embassy?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I understand that the procedures fol-

lowed were quite proper and within the law. Any potential development of this kind is assessed on its own merit. I am sure the honourable senator is not suggesting any impropriety on the part of the government.

Senator Doody: The honourable senator was suggesting that it was being done properly to the extent that it was done within the law. It certainly was not done within good business practices and procedures. The fact that the minister has the right to arbitrarily award millions and millions of dollars' worth of contracts behind closed doors, and not let the taxpayers have a look at these procedures, may very well be within the limits of the law, but it certainly exposes the weaknesses of that particular law which were pointed out when it was passed by Parliament a short time ago. I am asking the minister if he will tell me if this is the sort of procedure that the Government of Canada is going to follow in its future distribution of largesse among the business community of Canada.

Senator Perrault: It is rather surprising that the honourable senator seems to adopt such a negative attitude with respect to this very exciting development. One would think the senator would rejoice over the prospect of a major development of this kind. The government exercised proper authority within the law, but I will ask the minister responsible for this decision for a statement which can be brought to the Senate for the appraisal of honourable senators.

Senator Doody: I thank the honourable minister. I think it would be very healthy if that sort of thing were exposed. It would certainly take away a certain amount of bad taste that is in the mouths of the Canadian people and, particularly, the business community when they see that sort of thing going on.

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. C. William Doody: While I am on this particular subject, I should like to ask the Minister of State for Economic Development to tell us if he is yet ready to indulge in another bit of in-house legerdemain, namely, the report supplied to government by a group of consultants who arrived at the ridiculous price that the government agreed to pay for the shares of Petrofina. The question has been asked time and time again. The last time the minister brought in an answer he said it was proprietary information, and that it was not available to the public. After all, it was only the public's dollars that were being used and they had no right to know why those dollars were being used in that fashion.

I am asking the minister in the name of all that is just and fair in this society to produce for us the basis on which the decision was arrived at for the unholy price that was paid for these Petrofina shares.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, Senator Doody may not agree with the answers that are given. In fact, I would be surprised if he ever did agree with an answer that was given.

Senator Doody: I have not had an answer.

Senator Olson: Oh, yes, you have had an answer, and a very clear one at that.

Senator Doody: I had a refusal.

Senator Olson: I do not think I have anything to add to that answer at this time.

Senator Doody: As a supplementary, would it be fair to ask the minister if he absolutely refuses to justify the price that was paid for these shares, which it has been stated were as much as three or four times their market value at the time.

Hon. R. James Balfour: There is no possible way he can.

Senator Doody: The minister refuses to try to justify this absolutely disgraceful misuse of the public purse.

Senator Olson: That is the terminology that my honourable friend likes to use. The fact remains that the minister responsible has already given an explanation and, therefore, justified that. Whether my honourable friend accepts it or not is his business.

Senator Doody: The justification that the minister gave was that he refused to give any justification.

FISHERIES AND OCEANS

NEWFOUNDLAND—SUBSIDIZATION OF FISHING INDUSTRY—GOVERNMENT POLICY

Hon. C. William Doody: Honourable senators, several months ago I asked if the minister could justify, or, at least, explain to the public, the policy of the Government of Canada regarding financial help for fish companies in the province of Newfoundland. A great deal of help was given to one individual company that was bailed out of an unfortunate situation which happened to be in a particular political or geographical location in Canada, and certainly in a political or geographical location in Newfoundland.

• (2050)

I would ask the minister to explain to me, so I can pass it on to my friends in Newfoundland, what the criterion is for such help. The minister undertook to try to find a public policy to that effect but, to date, I have not heard anything from him. Would the minister tell me now what the policy is for the bailing out of fish plants in trouble in Newfoundland?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I did give some of the reasons why the government undertook to assist financially not only one but, indeed, several fish plants in Newfoundland. If I gave an undertaking to come back with further details, I will look that up and see what undertaking I gave, and I will certainly reply.

However, it is completely unjustified for my honourable friend to make the kind of comments that he has made that no explanation was given as to the reasons why financial assistance was given, not only to one particular company but, indeed, to a number of other fish plants that are operational in

Newfoundland now because of the federal government's action of about seven or eight months ago.

Senator Doody: The people who live in that area are forever grateful, but that has nothing whatever in common with the great many other plants which have problems in Newfoundland.

I asked for some common denominator so that we can explain to the people, and that has not been forthcoming. The honourable minister did come in with information. He told me about the ice conditions in that particular part of Newfoundland. Part of his information was accurate, and a lot of it was not. I forgive him for that because I do not expect him to know all that much about it. I do thank him for coming in with that geography lesson, but tell him that it was really superfluous.

Talking about the criteria for help for companies in trouble in Canada, how big does a company have to be before it qualifies? How deeply in trouble does it have to be? As an example, I would mention the international trucking company that was bailed out just a day or so ago. Is that the new standard? It does not necessarily have to be a resource company. Does it depend on the number of employees, or is it the size of the debt?

There are companies crumbling every day of the week in Canada, some of which do not have many employees. Some are large American companies, which might account for their problems. Many of them are confused and many of them need some guidance as to how they can approach government for help. What doors should be opened; how should they knock; should they knock at government's door, or should they go obliquely to some other corner of this country to try to find help? Perhaps the minister can explain the policy.

Senator Olson: Honourable senators, my friend may be as confused as he appears to be, but I doubt that he is, in reality.

I gave a perfectly reasonable, logical and sensible explanation—

Hon. Jacques Flynn (Leader of the Opposition): If you say so.

Hon. Raymond J. Perrault (Leader of the Government): Excellent too.

Senator Olson: —regarding one of the fish plants, namely, St. Anthony. I also gave him a further explanation of some financial assistance that had been offered, some months before that, to a number of other fish plants. All of that is logical, sensible, reasonable and, I think, in keeping with the responsibility of the government.

My honourable friend now tries to throw in other kinds of criteria that he may, in his convulsions, think are reasonable, but they do not fit in with the logic that we use.

ECONOMIC DEVELOPMENT

RUMOURED REQUEST FOR RESIGNATION OF MINISTER OF STATE

Hon. David Walker: Honourable senators, the minister is making some pretty wild statements here this evening, particu-

[Senator Olson.]

larly those where he is patting himself on the back. Perhaps honourable senators ought to buy him a machine that would do the job properly. Obviously, no one else in this chamber pats him on the back. Very few people in the chamber have use for him.

I would ask him a question which I have heard over and over again: Is it correct that he has been asked for his resignation?

Hon. H. A. Olson (Minister of State for Economic Development): No, honourable senators, I have never been asked for it by any responsible person, and that is one criterion that would be needed.

Senator Walker: I am not in a position to do so, or I would.

THE SENATE

LEGISLATIVE PROGRAM

Hon. Heath Macquarrie: Honourable senators, I should like to ask a question following upon the incisive interrogation by Senator Walker, who is much more brilliant in asking questions than I, as a non-lawyer, could ever be.

I would address my question to the deputy leader, for whose erudition I have the highest respect and to whom I listened with great care this afternoon when he referred to Bill C-201. In very simple terms, and paraphrasing the expression, "Something funny happened on the way to the forum..." I would ask him what has happened to a private member's public bill in the other place that now, in this chamber, has become so sacrosanct that we must pass it in due and proper form at the earliest date otherwise the nation will fall all to pieces.

Why is there some barrier in the democratic process to a decent inquiry through a Senate committee to hear people such as Senator Forsey and the people of Canada who feel strongly about the name given to this holiday? What is, in essence, the reason for this enormous hurry? Why should we have to rush in the summer heat to get this through?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have nothing to add to what I said earlier today as to why the government is asking that the bill be voted on, before the adjournment, in its present form without going to a committee. What I said was obviously unconvincing to some, but I can say nothing more.

Senator Macquarrie: Honourable senators, I am sorry to be among the unconvinced; we always feel that we are select. I am wondering if the honourable senator, who is a very brilliant man and at his best when he is not speaking for the government, if I may say so—

Hon. Jacques Flynn (Leader of the Opposition): That is a rare occasion.

Senator Frith: Since I am never allowed to, that is a pretty backhanded compliment.

Senator Macquarrie: —will realize the accommodation that is being asked of this place; it is enormous. It is quite sufficient to deal with many necessary bills rather than pushing, pushing

and pushing a kind of unnecessary accommodation on a private member's bill. I would ask him to consider that.

Senator Frith: Honourable senators, of course I will always consider anything that is suggested by Senator Macquarrie, but, obviously, at this stage we disagree. I do not think that what is being asked is enormous.

We started the debate by saying we wanted all honourable senators to have a chance to participate in the debate. We answered the question as to what our position is so far as referral to committee is concerned. I think it is clear, although it is obviously not persuasive to Senator Macquarrie and some other senators, that that is democracy. We are clear in our position, but I will consider what he has said. At the moment, I am as unpersuaded by what he has said as he is by what I have said.

Senator Macquarrie: I have asked my question because I think I recall emanations from the other side to the effect that public expressions would be entertained by a committee. If I am wrong in my understanding, I would ask the people across there to correct me.

Senator Frith: I do not think we ever said that. We said we were considering the question of committee and would want to hear debate on second reading, which we have heard. Having heard that, we made the statement that we made today. That is as far as we ever went on the question of a committee. We did not want to take a position until we had heard further debate, which we have. That is why, today, I tried to put forward our position as clearly as I could.

Senator Macquarrie: I appreciate what the honourable deputy leader is saying. He is a most excellent man. All I can say is that, as one who is very sensitive to the heat, July heat in Ottawa is far worse than August heat. We shall see what emanates.

[Translation]

FOREIGN AFFAIRS

LEBANON—ISRAELI INVASION—GOVERNMENT'S ATTITUDE

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government. I wonder whether he could make a policy statement before the end of this session on the situation in Lebanon. It seems that the Canadian government's position is becoming increasingly unclear. Last week, the Secretary of State for External Affairs said that our ambassador was free to leave or to stay, and now we have just heard yesterday that he has ordered the ambassador and his staff to leave West Beirut.

There seems to be a split in the Liberal caucus on recognizing the PLO. The Chairman of the External Affairs Committee of the House of Commons, Mr. Prud'homme, has risen several times in the House to ask the government to recognize the Palestine Liberation Organization. So it would seem there is a split in the Liberal caucus. I would like to know what the Leader of the Government thinks about this and what his position is on this important issue.

I should also like to know what the government's position is on the withdrawal of the PLO guerillas to other countries.

I also would like to know whether the government is in favour of a peace-keeping force and which countries should be asked to participate. Should it consist exclusively of member countries of the United Nations or should only one country be responsible, as requested by the guerillas? In this case, France would be responsible for the peace-keeping activity or for this international position.

Finally, I think it is very important that the government should take a stand and inform us what its position is on this extremely important issue.

At a press conference, we were told by the minister that he could not take any sanctions against Israel because our allies were not doing so. However, I think it would be of interest to know the government's position before we adjourn for the summer recess, in order to avoid any confusion in this respect.

● (2100)

[English]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Asselin stated that he suspects that there is a split in the Liberal caucus. We are a democratic party and there are differences of opinion from time to time on a number of issues. We regard this as a strength rather than a weakness. As the Honourable Senator Olson has pointed out, such differences of opinion may tear other parties apart, whereas they tend to unite our party.

Hon. Jacques Flynn (Leader of the Opposition): Only the power unites your party.

Senator Perrault: We find the comparing of diverse opinions a good process.

Senator Flynn: I would like to see your party after a few years in the opposition.

Senator Perrault: With respect to the closing of the Canadian embassy, the Secretary of State for External Affairs announced that, on his instructions, the Canadian ambassador to Lebanon has closed the embassy office in West Beirut and has moved the remaining six Canada-based staff members to Junieh, which is a coastal town located 15 kilometres north of the capital. Dependents and non-essential Canadian staff members have been in Junieh since the early days of the crisis.

Although a ceasefire prevails at the moment and the area around the chancery has been relatively free from attack so far, conditions in the city have deteriorated substantially over the past week. The increased danger, along with difficult living conditions and increasing interruptions in communications, prompted the decision which was taken on the basis of reports from the ambassador and elsewhere.

The closing is only temporary and the embassy can and will reopen as soon as conditions improve. In the meantime, embassy personnel will be able to provide some services in Junieh.

The Secretary of State for External Affairs praised the work of the ambassador and his staff during the eight dangerous

and difficult weeks of the Beirut crisis, and expressed the hope that the tragedy unfolding in Beirut would soon be brought to an end.

Honourable senators, as far as the policy of the Canadian government is concerned, the Secretary of State for External Affairs has stated that he has decided to protest the latest bombing again to Israel. He added:

I had left the decision to the ambassador as to whether or not he felt he should leave at any time. He did not exercise that discretion. But as a result of the heavy bombardment over the weekend and the fact that our staff there has been subjected to pressure for so long, plus the difficulties we are now having communicating with them—with electricity and other services unavailable, it was very difficult to get through—I felt that the time had now come to ask them to close the embassy in West Beirut and to operate as effectively as they can for the near future from the suburb of Jounieh.

Honourable senators, I have a statement with respect to the U.N. Security Council call for a ceasefire in Beirut. If honourable senators would like that information to be incorporated in the record of today's proceedings, I would be pleased to do so.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The statement follows:)

Security Council resolution 516 unanimously adopted Sunday August 1, 1982 calls for a ceasefire in Beirut to be monitored by U.N. observers. No new U.N. military observers would be required. With the acceptance of the ceasefire by all parties involved, the U.N. Secretary General would propose to deploy U.N. military observers currently assigned to the U.N. Truce Supervision Organization (UNTSO). UNTSO, established in 1948, is composed of approximately 300 officers, including 20 Canadians, drawn from 17 U.N. members. It cooperates with and assists other U.N. peacekeeping operations in the Middle East, specifically in southern Lebanon (UNIFIL) and on the Syrian Golan Heights (UNDOF), and has ten officers already serving in Beirut on the U.N. Israel/Lebanon Military Advisory Commission (UNILMAC) with other officers in Damascus and at its Headquarters in Jerusalem.

The Secretary General has the discretion to deploy UNTSO personnel to the Beirut area. As yet there is no indication that such a deployment will take place until the ceasefire has been accepted by all the parties, nor whether Canadian personnel would be involved.

Senator Perrault: We have received a report that a locally-engaged Lebanese employee of the embassy in Beirut has been killed. We have asked the ambassador to urgently pursue confirmation of this very sad news.

We fully support the Security Council resolution calling for an end to the blockade of West Beirut by the Israeli Defence Forces. We appeal to Israel to comply with this resolution and

[Senator Perrault.]

to take immediate action to allow the dispatch of emergency supplies to the civilian population of Beirut.

Honourable senators, I will be pleased to request a statement of the minister before the summer adjournment.

Senator Asselin: Could the minister tell us whether the Canadian government is ready to recognize the PLO, as has been urged many times by some members of the Liberal Party in the other place?

Senator Perrault: Honourable senators, no such decision has been taken and no such statement has been made. However, I will ask the minister to comment on that subject in the statement which I hope to bring to the Senate chamber.

The minister has said that he has seen the text of the statement on the results of the two-day meeting of the Ministerial Committee of the Arab Foreign Ministers Emergency Conference on the withdrawal of the Palestinian Forces from West Beirut. Such a statement seems promising.

The minister went on to say that he hoped that it represents a positive step toward the resolution of the problem in Lebanon. He will have to have more details on the six-point plan as well as the reaction of other parties before he can judge whether a breakthrough has taken place.

That is all the information I have, honourable senators, with respect to the situation.

Hon. Stanley Haidasz: Honourable senators, may I ask the Leader of the Government in the Senate whether he can expound on the latest news report to the effect that the Canadian ambassador to Beirut, Mr. Theodore Arcand, will be returned to Canada shortly?

Senator Perrault: Honourable senators, Mr. Arcand may be returning to Canada shortly. As some honourable senators are aware, he will be posted to Hungary in the near future as the new Canadian ambassador to that country.

ENERGY

NATIONAL ENERGY PROGRAM—IMPACT OF MODIFICATIONS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer in response to a question asked by Senator Balfour on July 20 with respect to the financial impact of the modifications contained in the National Energy Program Update. Since it is a fairly long answer, and if the honourable senator is agreeable, I propose that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

With reference to a petroleum industry claim that benefits under provisions of the National Energy Program Update, announced on May 31, 1982, will be \$600 million lower than the \$2 billion federal government estimate, I can say that this difference is due almost entirely to the lower allowance made in the industry estimate for ben-

efits that will become available as a result of the Small Producers' PGRT Exemption. An annual credit up to \$250,000 against the Petroleum and Gas Revenue Tax (PGRT) liability of corporations, on their production revenue (as determined under Division 1 of the Petroleum and Gas Revenue Tax Act) will be available.

The industry estimate cited was prepared by the Canadian Petroleum Association on an assumption that the eligible group of companies would number no more than 700. The federal government has data which indicate that companies eligible for the Small Producers' PGRT exemption would be at least double this number.

While it is difficult to be precise about the total number of taxpayers who are eligible and will take advantage of this exemption, nothing that industry has presented in support of its claim would indicate a more accurate way of estimating benefits available under the NEP Update in total than that employed by the government for its \$2 billion estimate.

TRANSPORT

QUEBEC AIRPORT—STAFFING OF CONTROL TOWER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question which was asked by Senator Flynn on July 27 concerning the staffing of the control tower at the Quebec airport.

Senator Flynn was accurate in his description of the situation at the Quebec airport on Sunday, July 25, 1982. The situation occurred due to a misunderstanding. There was a shortage of overtime funds which consequently resulted in restrictions in air service for one day. The problem has been resolved, and will not recur in the future.

OFFICIAL REPORT (HANSARD)

CHANGE IN FORMAT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am sorry to see that Senator Macquarrie is not present in the chamber because I have been eager to give him this information. He will, however, be able to read it in today's issue of *Hansard*.

On Thursday last, Senator Macquarrie asked whether the placement of the table of contents at the end of each daily issue of *Debates of the Senate* resulted from administrative absent-mindedness, some bureaucrat's dream of progress, or an attempt to save money.

I am informed that it results from none of those attributes; nor is it intended to be emulation of the practice of the House of Commons, although that may be its effect.

Its purpose is to facilitate the production of *Hansard*, and the earliest possible delivery of *Hansard* to senators' offices.

The table of contents cannot be completed until the typesetting and page make-up of the body of the *Debates* are finished. If it is to be placed at the beginning, no printing can com-

mence until it is ready. By putting it at the end, the printing of the early pages can be commenced, while the typesetting of those that follow is proceeding. The longer the sitting of the Senate, the more evident this time-saving feature becomes.

Mr. Baker, the Editor of Debates, does not particularly like this change, but when it was suggested to him by officials of the Canadian Government Printing Bureau, he agreed to put it into effect for the balance of the session and await the reaction of senators. However, he stresses that, being a servant of the Senate, he will take directions from the Senate.

In addition, Mr. Baker points out that since this practice was adopted on July 20, Senate *Hansard*, in both English and French, has been delivered by approximately 10 o'clock a.m.

Hon. Joseph-Philippe Guay: I would like to point out, honourable senators, that Senator Macquarrie was present in the chamber just a few moments ago.

Senator Frith: Yes, honourable senators, I am aware of that.

HOLIDAYS ACT

BILL TO AMEND—SECOND READING—MOTION IN AMENDMENT—DEBATE CONTINUED

The Senate resumed from earlier this day the debate on the motion of Senator Bird for the second reading of Bill C-201, to amend the Holidays Act, and on the motion in amendment thereto of Senator Lang.

[Translation]

Hon. Martial Asselin: Honourable senators, I would much rather speak to the main motion. I think that we are now debating the amendment motion and if I were to speak to the main motion now, I would be out of order. I think I will let the Senate vote on the amendment motion and I will speak to the main motion later on, with leave of the Senate, of course.

The Hon. the Speaker: Honourable senators, I do not know what will happen after the vote on the amendment motion; we will see then. But if the Senate agrees at this time not to proceed in such a way as to prevent the senator from speaking—

Hon. Jacques Flynn (Leader of the Opposition): I think that Senator Asselin is relinquishing the floor to Senator Lang on the amendment motion. If no one wants to pursue the debate on the amendment, the Speaker will put the question and Senator Asselin will continue the debate once we have disposed of the motion.

Hon. Royce Frith (Deputy Leader of the Government): For your information, honourable senators, I spoke to Senator Lang and told him that the vote on the amendment will probably be held this evening. In his absence, therefore, we should not propose something of which he is not aware.

Senator Flynn: He is aware.

Senator Frith: Yes.

The Hon. the Speaker: Is it agreed, honourable senators?

Some Hon. Senators: Agreed.

● (2110)

[English]

MOTION IN AMENDMENT NEGATIVED

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Bird, seconded by the Honourable Senator Lamontagne, P.C., that this bill be read the second time.

In amendment, it is moved by the Honourable Senator Lang, seconded by the Honourable Senator Bell, that this bill be not now read the second time, but that it be amended by adding after subsection 2(2), the following new subsection:

"(3) Canada Day may also be called 'Dominion Day'."

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Nay.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

Hon. Jacques Flynn (Leader of the Opposition): On division.

The Hon. the Speaker: The amendment is defeated, on division.

Is it your pleasure, honourable senators, to adopt the main motion?

[Translation]

Hon. Martial Asselin: Honourable senators, on several occasions I hesitated to seek the floor on this bill because, in my mind, it stirs too much emotion and sentimentality. But, since so much significance has been given to this bill, it would be difficult for a Quebecer who has always fought for Canadian symbols to remain silent. That is why I will tell you very briefly what I think about it.

Not unlike other senators who have spoken in this house, I did not like the way the bill was introduced and adopted in the other place. I was a member of the House of Commons for 12 years and I think it is exceptional that a bill of whatever importance be adopted in such a short time, but that is not our responsibility. It is the responsibility of members of the other place and they have made their decision. Whether they had a quorum or not is none of our business. Here we have to decide if we are to accept this bill as it is or amend it and send it back to the other place. I was not here this afternoon when the Deputy Leader of the Government spoke, but apparently he gave the impression that this private bill adopted by the other place would somehow become a government bill since the government, through its spokesmen here, has decided to support the principle of the bill as drafted.

[Senator Frith.]

I respect those who are against the bill and I accept the reasons they gave in this house. It would seem that the word "dominion" has, for some of our colleagues, a historic past which must not be forgotten, which must be preserved. For them, it represents a historic tradition and they cannot live in a country which is renewing itself without that word being in our statutes.

I respect their views and I can understand that in certain regions of Canada the disappearance of that word has an extremely significant connotation. We should not forget that the expression "Canada Day" has, in other regions of Canada, an equally significant connotation.

Some Hon. Senators: Hear, hear.

Senator Asselin: How can we reconcile viewpoints which are different but not contradictory? Of course, certain senators will do that until the end of the debate.

We have been told that the word "Dominion" recalls our historical past, as I said earlier. However, if this can reassure my colleagues who would otherwise oppose this bill, they have to remember that if the government does not correct the irregularities next year by introducing an omnibus bill, and as long as it does not do so, the word "Dominion" will remain in our statutes. The only thing that will change is that the designation "Dominion Day" will be changed to "Canada Day". This is all that will happen.

The word "Dominion" which appears in our new Canadian Constitution will not be changed if this bill is passed, it will remain there, and I emphasize that as long as the government does not introduce a bill in the other place to correct the irregularities contained in our statutes, the word "Dominion" will be included in our laws.

Therefore, we should not say that the word "Dominion" will completely disappear from our statutes. It will simply disappear as far as the designation of our national holiday is concerned. As for me, I do not care to recall a whole historical past involving the word "Dominion"; as you did yourself, I studied the history of Canada. During the recess last year, I read about the beginnings of Confederation under Macdonald, and I would much rather look to the future and think about the great social, economic and political potential of our country. I am much more interested in the future of my country than in its past. I believe that, in the last year and a half, we have undertaken the renewal of the very fabric of our country and that, in the last few years, we have attempted to redefine the sovereignty of our country by adopting purely Canadian symbols. This is a matter of national pride. It is not a matter of past history; we have to look to the future and see how we must rebuild, remake and renew the very structure of our country. Someone said this evening, and I agree, that the young generation of Canadians would prefer the designation "Canada Day". I do not think I would be wrong in saying that over 80 per cent of young people in Quebec applaud this change and I would not be surprised if the proportion of young English-speaking Canadians who support this change were nearly as high. As I said at the very beginning, there are still

those a bit older who remember our historical past and want to preserve it, but this generation should also think that what they are now doing for Canada, they are doing for the young people because our own generation is on the way out. We are building for those who will come after us.

Hon. Maurice Lamontagne: We are not in any hurry to go.

● (2120)

Senator Asselin: Senator Lamontagne says that we are not in any hurry. We are certainly not!

No one is in a hurry to go, but I believe that our efforts and our work to renew our country are aimed at the young generation, in which this country puts all its hopes. Young people support these initiatives enthusiastically in my opinion, and I am convinced—

Hon. Raymond J. Perrault (Leader of the Government): Agreed.

Senator Asselin: I am convinced that they will applaud the decision of the Senate if we agree to this designation. I also wonder why the Senate should not innovate in this area. We would perhaps greatly disappoint our young people if we voted against this bill and let it die in some way, either by amending it or by referring it to the other place. I believe that this would simply postpone its passage. I was among those who voted against the principle of patriation, but not because I was against the fact that this document should come back from England and finally become a Canadian document. I objected mainly to the way the government tried to get patriation of the Constitution passed unilaterally. I opposed patriation in that particular regard because I felt, like many other Canadians, that the government should patriate that constitutional document only with the unanimous agreement of the provinces.

I fought against the unilateral aspect of patriation, just as I fought for all those symbols: patriation of the Constitution, bilingualism, simultaneous interpretation in the other place. With regard to the latter, I fought precisely because I wanted anglophones and francophones to be able to communicate with each other. I remember the days when I was a young MP in the House of Commons. In 1957 or 1958, when the fellows from Quebec first came to the House of Commons, they had a hard time expressing themselves in English. There was no simultaneous interpretation in those days, and we could not communicate with our English speaking colleagues.

Through the initiative of our party, simultaneous translation was set up thus bringing both founding groups closer. I think that both groups which make up this country, the English-speaking and the French-speaking were proud about that. I was proud then and I am still today when I see that we are proceeding a little further in our quest for political autonomy. I think that Canada Day, as it appears in the bill, provides another indication, as it is the climax of our gratitude for having achieved our political autonomy.

I feel that Canada Day is a new extension of that achievement. Those who voted for it should do it again and those who voted for patriation of the Constitution should continue to accept those changes of symbols to be better Canadians. They

will be demonstrating their judgment by voting for the bill and trying to be consistent.

Today at a business meeting attended by the members of a board of directors, I met people from Toronto and Quebec City. At such meetings, businessmen often ask us what goes on in Parliament these days. I told them that the debate on that symbol was carried on in the Senate. I can tell you quite frankly that several were quite surprised because they thought that such an extended debate would only delay the passage of the bill under consideration. They would have been surely less surprised, if we had been dealing with budgetary matters for weeks.

It is a fact that our country's structures are still being questioned, but because of the deep-rooted differences which still exist between anglophones and francophones, we should avail ourselves of every opportunity to demonstrate to French-speaking Canadians that there is room for them in this country. It is through these symbols that we will be able to say to them: Here, come with us, there is room for you and you can get along with your English-speaking fellow Canadians.

I think that we should follow the lead of those who, through their actions, are trying to make this country more Canadian, by accepting symbols such as the one we find in this bill, in order to further develop among our fellow Canadians the notion of Canadian pride and nationalism which I feel are the cornerstone of Canadian unity.

Hon. Lowell Murray: I move the adjournment of the debate.

Hon. Royce Frith (Deputy Leader of the Government): First, honourable senators, may I ask if, in the meantime, other honourable senators would like to take part in the debate.

Hon. Jacques Flynn (Leader of the Opposition): Certainly.

Senator Frith: As Senator Murray has proposed the adjournment, I wonder if he would give other honourable senators who would like to take part in this debate the opportunity to do so.

Senator Flynn: There are none.

Senator Frith: Agreed.

[English]

Hon. Paul Yuzyk: Honourable senators, this bill profoundly disturbs and angers me. I want it to be recorded that I approve the principle of the bill—that is, “Canada Day”—however, I shall vote against its passage in the Senate because I firmly believe that the method of its passage in the other house was improper, undemocratic and unworthy of the respect that Canadian citizens should hold for Canada Day.

Some Hon. Senators: Hear, hear.

Senator Yuzyk: My active participation in the celebration of the centennial of Canadian Confederation in 1967, and subsequently in the celebrations of Canada's birthday on July 1, has convinced me that the large majority of Canadians favour “Canada Day”.

Some Hon. Senators: Hear, hear.

Senator Yuzyk: Personally I consider that "Confederation Day" would be more appropriate, because on July 1, 1867, Canada was founded as a Confederation of the first Canadian provinces with the B.N.A. Act as the Constitution of the new nation.

Having been a member of the Board of Directors of the Canadian Centenary Council in 1965 and 1967, a member of the National Board of Canada's Birthday Celebrations in 1979 and 1980, and President of the Canadian Folk Arts Council since 1975, a national body representing the founding peoples as well as the other ethnic groups of our country in cultural activities, whose administrative expenses are financed by the federal government, I believe that I have a good knowledge of the attitude of Canadians in this sphere.

I should state that I have participated as an organizer of many of the events of those celebrations in all of the provinces, and often as a speaker in the provincial capitals on July 1. Three years ago I spoke at the celebration of Canada's birthday in St. John's, Newfoundland, on July 2, since July 1 in Newfoundland has been designated and is celebrated as Memorial Day.

Some Hon. Senators: Hear, hear.

• (2130)

Senator Yuzyk: For several years these birthday celebrations were held under the name of Canada Week, culminating in the celebration of July 1, the highlight. Never has Canada Day or Dominion Day been officially mentioned, as the leaders were conscious that this matter must be decided by the Parliament of Canada. However, in conversations with many of the hundreds of performing groups across the country and in the local press and media, Canada Day was often mentioned, while Dominion Day was sometimes mentioned in Nova Scotia, New Brunswick and Prince Edward Island. Furthermore, Dominion Day is not meaningfully translatable in French, the Slavic languages and other Canadian languages.

My assessment, based on experience, is that the consensus in Canada favours Canada Day, most notably in Quebec and the western provinces. This is confirmed by the Gallup poll of November 7, 1981, which showed that 70 per cent of the population prefers Canada Day and 23 per cent Dominion Day, with 7 per cent undecided. By mother-tongue, 63 per cent of the English prefer Canada Day and 31 per cent Dominion Day; of the Francophones, 85 per cent prefer Canada Day and only 6 per cent Dominion Day, with 10 per cent undecided; and of the other Canadian languages, 73 per cent chose Canada Day and 22 per cent Dominion Day, with 5 per cent undecided. It is obvious that Canadians want Canada Day, which should be applied to Canada's birthday celebrations on July 1, 1983.

I believe that Canada Day does reflect our nationhood and the high ideals of freedom, democracy, unity and peace as well as the most worthy aspirations of our bilingual and multicultural nation. The enthusiastic spirit of loyalty and brotherhood

and, for that matter, sisterhood, that is manifested in the celebrations of Canada's birthday on July 1 is proof that Canadians love their country and support the unity of all segments of the population. To make this important day more vital for all Canadians it is absolutely necessary that parliamentarians of both houses who represent them should enact the legislation with an overwhelming majority in both houses, as was done with the Official Languages Act in 1970, the resolution on multiculturalism in 1971, and the Constitution Act this year.

Honourable senators, we all know how Bill C-201 was introduced, processed and passed in the House of Commons last July 9. A private member's bill, with the backing of the government, in the late afternoon when only 13 of the 282 members were present, which is much less than the quorum of 20, was rammed through second reading, the committee of the whole house, and third reading in a few minutes—perhaps the fastest passage of a bill in the history of Parliament. This is certainly an item for the *Guinness Book of Records*. What a mockery of democracy! I cannot understand how a government, which pays at least lip-service to democracy, would condone this devious ploy and support this as a public bill. How can manipulations of the government foster the confidence of the citizens in the celebration of Canada Day?

Senator Perrault: Manipulations of the government—garbage.

Senator Yuzyk: How can citizens have confidence in the elected house?

If the Senate passes this bill, it will mean that we shall be condoning a devious, undemocratic method in the legislative process. It will also mean that a stigma will be forever attached to Canada Day. In the name of sincere, honest, law-abiding Canadian citizens, I protest in strongest terms this undemocratic method of legislating.

I appeal to honourable senators to rise above party considerations and, in the best interests of the Canadian people, defeat Bill C-201. Let us remember that the government has a much better bill on the Order Paper. Bill C-37, which would make Canada Day official, should be brought forward, if not in this session then in the next, as there is plenty of time. Debate would be allowed in the other house, and presentations from the public would be made in committee. I believe that such a bill would be passed by a large majority in both houses of Parliament. The large majority of Canadians would then be happy that Canada Day was achieved according to the best democratic traditions.

Canada Day should be the pride and joy of all Canadians of every origin. I would, therefore, like to see Parliament enact legislation in the normal way, and thus ensure that the celebration of our national day is held as a great manifestation of our love of country and Canadian unity.

Hon. R. James Balfour: Honourable senators, I rise on a point of order. Did I understand the Leader of the Government in the Senate to characterize some of the remarks of my colleague, Senator Yuzyk, as "garbage"?

Senator Perrault: Honourable senators, I may make a contribution to this debate tomorrow.

Senator Balfour: Were those your words?

Senator Perrault: I do not believe that many of the sentiments expressed by Senator Yuzyk accord with the facts, and they are not high quality parliamentary merchandise.

Senator Balfour: Did you use the expression "garbage"?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Is that unparliamentary? I tried to have "baloney" withdrawn once, but I lost.

Hon. Duff Roblin (Deputy Leader of the Opposition): "Baloney" is parliamentary.

Hon. Frederick W. Rowe: Honourable senators, I did not intend to participate in this debate tonight, but I am prompted to do so by some of the comments that were made. I want to say, first of all—and I think it was pointed out by my colleague, Senator Doody, and perhaps by others—that as I interpret the reaction in Newfoundland, the people there are not too concerned with this matter, either one way or the other. The reason, of course, is that July 1 has always been of great significance to Newfoundlanders, a day of great sorrow and grief and, at the same time, commemoration.

The grief and sorrow goes back to July 1, 1916, the opening day in the two greatest battles in the long and sad history of human warfare. It was in the early morning of July 1, 1916 that the Newfoundland Regiment, which opened the battle, was annihilated, and I am using my words judiciously. Every home in Newfoundland lost either a relative or a friend, and from that day to the present July 1 has been a day of mourning and of commemoration to all Newfoundlanders.

Having said that, I will add—and I am sure once again that I speak for most Newfoundlanders—that we will be only too happy to be included in that vast number of Canadians who will, if this bill is adopted by this chamber, commemorate July 1 as a day of celebration, a day of joining together of all Canadians, whether they live in Newfoundland or the Yukon.

While I hesitate to tread into this field, there is another point I would like to make. I have been a life-long student of history, but I do not pose as a constitutional expert. It seems to me, however, to extrapolate from what Senator Yuzyk has just said—and others have made the point, too—that we may be on pretty dangerous and slippery ground if we take it upon ourselves to dictate to the other place or admonish them for their behaviour. We can hardly tell them what methods to follow in dealing with legislation. It is hardly appropriate for us to suggest to the House of Commons that they should have had more than a quarter of their number present when the bill was passed, or that they should have spent more time deliberating rather than passing the bill in such short order. Can we take it upon ourselves to suggest to them that they should have spent two weeks on that bill? That is the inference I draw from what has been said.

● (2140)

Personally, I resent that kind of criticism when it is made about this place. I don't like hearing members of the other house expressing criticism, in some cases even ridicule, of the actions we take here. My reaction to that sort of thing has always been: "Look! Mind your own business. We will look after ours here." I think that has to work both ways.

As I say, I can't speak as an expert on this matter, but, frankly, I do not see how we can take it upon ourselves to tell the members of the other place how they should handle any particular piece of legislation. It is none of my business how the House of Commons handles a piece of legislation. Presumably it is satisfied with this bill because it has taken no further action. It is not my place to tell the members there that there should have been more representation; that they should not have passed the bill in the way they did; that they did it in a sneaky way, or that they took advantage of the situation. I don't believe I have that right. By extension, I do not believe any senator, or the Senate collectively, has the right to admonish the House of Commons in that way.

Senator Perrault: Hear, hear.

Senator Rowe: Honourable senators, fears have been expressed by a number of senators about the diminishing of our heritage and, in particular, the loosening of our ties with the old country. I am proud to say I come from Newfoundland, and that at one time we were the most "British" people in the world. Ninety-nine per cent of our people were of Anglo-Saxon and Celtic descent. They were either born in Britain or they were descended from British stock—English, Welsh, Irish and Scottish. I believe, today, Newfoundland is still the most "British" place in the world in that context. Our British descendency is something in the order of 96 per cent. Despite all that, I do not believe for one moment that changing the name from "Dominion Day" to "Canada Day" will affect the heritage of those people one iota. I cannot see its lessening, for example, Senator Doody's interest or concern in his Irish heritage. It certainly won't affect my interest or concern in my English heritage.

I believe what I have said about Senator Doody and myself applies equally to all Newfoundlanders, and, again by extrapolation, I think I can say the same about all of Canada. I believe in the long run this change of name will have a unifying effect.

Senator Frith: Honourable senators, before moving the adjournment of the Senate, I would remind you that we would like to have a vote on this motion tomorrow. Obviously, we do not give notices of votes in this house, because the Senate itself decides when it will have a vote. We hope that there will be many interventions in the debate tomorrow. Certainly, anyone who wishes to speak should do so.

On motion of Senator Murray, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, August 4, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PRIVILEGE

REPLY TO STATEMENT BY SENATOR ROBLIN

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before Question Period is called, I should like to speak to a question of privilege raised yesterday by Senator Roblin on a statement I made during an intervention on the Holidays Bill. I said that we have "often"—I believe that is the word I used—given bills second or third reading with less than a quorum.

If you will indulge me by way of a prelude to what I have to say, honourable senators, I should like to tell a story about H.L. Mencken, who was known as "the sage of Baltimore." I am sure that many of you will remember that he was a bit of a cynic.

Hon. Douglas D. Everett: A "bit" of a cynic?

Senator Frith: Yes, that is a bit of an understatement. For example, Mr. Mencken was the author of the statement that no one has ever lost a nickel underestimating the taste of the American people. He was also a great agnostic and believed that one could never know whether there was a God. On this topic someone once asked him, "H.L., supposing that when you die the first thing you see in front of you is Jesus and the twelve apostles, what will you say then?" He replied, "I will say, 'Gentlemen, I was wrong.'"

Well, honourable senators, I was wrong. For one thing, there is no way to prove whether I was right or wrong, and that is what made me so wrong. Since there is no record as to whether or not there was a quorum at that particular stage, there is no way that I could know whether we have passed legislation under such circumstances. There is further concrete evidence to prove that I was wrong, and that is Senator Flynn's general recollection and Senator Macdonald's specific recollection that they always count for a quorum at the time of a vote, though not necessarily during a debate.

Hon. Jack Marshall: But he may not count right.

Senator Frith: I hope, honourable senators, that when you re-read my intervention and strike out the part that says "We often give second and third reading without a quorum" you will find that there remains some force in the argument I advanced at that time.

Some Hon. Senators: Hear, hear.

QUESTION PERIOD

[English]

ACCESS TO INFORMATION

RESTRICTIONS IMPOSED BY HUMAN RIGHTS LEGISLATION

Hon. Hartland de M. Molson: Honourable senators, I should like to ask a question of the Leader of the Government, but I am not quite sure how to word it.

Hon. Raymond J. Perrault (Leader of the Government): Try.

Senator Molson: I shall wait until Senator McElman has asked his question.

Hon. David Walker: McElman, pay attention!

Senator Molson: I hate to call Senator McElman to order because yesterday he called us to order with great effect.

● (1410)

Hon. Charles McElman: I apologize. I thought you were speaking to the government leader.

Senator Molson: I was, but I think the deputy leader also has to receive a bit of the fallout from these questions.

As I said a moment ago, I am not quite sure how to ask this question. I think I should ask the Leader of the Government whether it has come to the attention of the government that problems have been created by the Canadian Human Rights Act which we passed in 1977. In my opinion, that act has created some difficulties, and I should like to say why I am raising this question.

When I was overseas with the RCAF during the war, there were 26 members in my squadron. There are now six survivors. The other day I received a letter from a former air force person, a pilot in New Zealand, who wanted to know the names of the survivors of our squadron. I replied with a friendly letter, and sent him the names and addresses of five of those survivors. The address of the sixth I was not able to send because I did not know it, but I told him I would find out and send the information to him.

In the light of that I tried to obtain the one remaining name and address from the records of the RCAF. I found that those records are now in the archives. I called the archives and was told that they could not give me any address because that would be an invasion of privacy under the Canadian Human Rights Act. I told them that this would not really invade this chap's privacy, because I simply wanted to get in touch with him for a good and valid reason. They replied that they were very sorry, but they could not give me his address without his

consent. "How," I asked them, "can I possibly get in touch with this old friend of mine?" They told me to write him a letter and they would send it on to him, and they repeated "But unless he gives his permission, we cannot give you his address."

Well, honourable senators, I could hardly ask his permission if I didn't have his address, and did not know how to get in touch with him. It occurred to me that the air force records might be located somewhere else, so I called the minister's office and recounted the history I have just related of trying to find this ex-officer, who, incidentally, was in the permanent force for about 25 or 30 years. The minister's office looked into the situation and then gave me the same answer: To give me the address of a wartime member of my unit, which I wanted for a quite legitimate purpose, would be an invasion of privacy.

Honourable senators, if that is a consequence of our having passed legislation such as this, then I think we may be running into serious trouble. The result is so far out, so far beyond anything reasonable, as to imply a sort of police state attitude.

My question is: Has any trouble of this sort been reported to the government? Is there any trouble contemplated? Have any representations been made to the government?

Senator Perrault: Honourable senators, I have not previously been made aware of this particular type of problem. The question will be taken as notice, and further information will be obtained.

FOREIGN AFFAIRS

LEBANON—ISRAELI INVASION—CURRENT SITUATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I should like to respond now to a question I was asked yesterday concerning Lebanon. I have received two pieces of information bearing today's date.

On August 3, acting on the instructions of the U.N. Secretary General, ten observers with the U.N. Troop Supervision Organization, known as UNTSO, were deployed to West Beirut. They have established the U.N. Observer Group, Beirut, UNOGB, as authorized under Security Council resolution 516 of August 1, which called for a ceasefire to be monitored by U.N. observers. Additional UNTSO observers will be sent to West Beirut as conditions permit.

Following a meeting which was held early on August 4, the President of the Security Council indicated that the council approved of the action taken by the Secretary General and called on all parties to accept resolution 516.

To date, Lebanese and PLO authorities have done so and have agreed to co-operate fully with the UN observers.

Israel has yet to make a decision on this issue, which is expected to be considered at an Israeli cabinet meeting scheduled for tomorrow.

● (1415)

While Canada has 20 officers serving with the 300-man UNTSO, none has yet been deployed to the Beirut area. This

could occur at any time as the Secretary General has discretion to deploy UNTSO personnel as he sees fit. Recognizing the dangers of the situation in Beirut, Canada has confidence that the U.N. in deploying its observers, possibly including Canadians, will try to minimize any risks they may face in carrying out their duties.

Honourable senators, it has unfortunately been confirmed that Mrs. Rima Dagher, a Lebanese immigration program officer at the Canadian embassy in Beirut, was killed on August 2. Mrs. Dagher and a friend were struck down by unknown assailants from a passing vehicle while driving in a car after a family dinner at a restaurant about 10 p.m.. The tragic incident took place not too far from the United States embassy.

No motive has been established, but there is no reason to believe that there was any connection between the killing and Mrs. Dagher's employment at the Canadian embassy. The funeral was held August 3. The ambassador has personally conveyed the minister's sympathy to Mrs. Dagher's husband.

Although Mrs. Dagher had only been with the embassy since last September, she was a highly valued employee.

Technically, the embassy in West Beirut is still functioning because another local Lebanese employee elected to stay behind and continued to work in the information office. We have not had contact with this employee since yesterday, and we have no way of knowing whether she, in fact, has been at the office. The reason could very well be safety, because the most recent bombardments have hit buildings only ten yards from the Canadian chancery.

Fighting at the crossing points between East and West Beirut seem to have prevented any exit from West Beirut for the time being.

The general situation in Lebanon is that the Israelis are in Lebanon in violation of the United Nations Security Council Resolutions, which Canada supports.

As far as the current situation goes, we have received reports that the Israelis started an advance today at dawn, Lebanese time. There are no further details at this time because of the closing of the Canadian embassy in Beirut.

Canada does not recognize the Palestine Liberation Organization as a state. However, Canada accepts that the PLO is a group which represents some Palestinians. We have contact with the PLO from time to time as we think is useful.

On the point Senator Asselin made concerning the evacuation of the Fedayien from West Beirut, it is not our position to comment. We do support the efforts of U.S. Special Envoy Philip Habib to arrive at solutions to the conflict and bring peace to the area.

Insofar as a multinational force is concerned, again it is not for Canada to say whether such a force should be composed of one or several countries. We have stated, however, that we would consider participating in a United Nations sponsored peacekeeping force acceptable to all parties in the dispute, but we are not interested in making up part of an *ad hoc* force.

We continue to believe that sanctions against Israel would not be an effective way of resolving the dispute.

Canada has not been involved in the negotiating or peace-making process, but we have had official contact with both sides.

We contacted the PLO for clarification of Mr. Arafat's statement concerning the U.N. Resolutions, and we have had official contact with Israel to protest the bombing of our ambassador's residence in Beirut and, as honourable senators know, the general bombing of Beirut itself and the harassment of our diplomats.

NATIONAL DEFENCE

CANADIAN FORCES—ACCOMMODATION FOR PERSONNEL— PURCHASE OF F-18A AIRCRAFT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in answer to a question posed by Senator Marshall on July 27 concerning accommodation for Canadian Forces personnel, I have received a letter from my colleague the Minister of National Defence. The minister states:

This is further to the questions from Senator Marshall in the Senate on 27 July 1982 concerning accommodation for Canadian Forces (CF) personnel in Ottawa and the purchase of CF-18 aircraft.

CANADIAN FORCES—ACCOMMODATION FOR PERSONNEL

Currently, there is no accommodation allowance for Ottawa and area. It has been below national average until recently. However, in the last little while the average cost for Ottawa has crept up and the national average has gone down slightly thus giving ground for a possible consideration for accommodation allowance.

The following initiatives are implemented when personnel are posted to Ottawa:

(1) An officer from the organization to which the individual is posted is appointed to provide direct liaison in regard to accommodation hunting;

● (1420)

(2) a list of available accommodation from personnel posted out of Ottawa is kept for reference;

(3) personnel are encouraged to make direct liaison;

(4) listings from nationally represented real estate companies are made available and are brought into contact with personnel posted into Ottawa;

(5) the individual is given the opportunity for a paid house hunting trip into the Ottawa area; and

(6) posting dates are generally finalized only after the individual and his family have confirmation of accommodation.

Honourable senators, the reply is much longer than that, and I suggest that the remainder be taken as read.

Hon. Jack Marshall: Honourable senators, in that reply is there any information available regarding initiatives taken by

[Senator Perrault.]

anyone to provide accommodation, to provide an apartment building or any such accommodation?

Senator Perrault: There is the possibility of adjournment for the summer recess this evening and we are awaiting a message with respect to our negotiations, so perhaps I should read the complete answer.

The letter continues:

There are 750 Married Quarters (MQs) in the Ottawa area. However, by far the largest majority in these quarters are other ranks (mostly of lower rank, i.e. privates, corporals, etc.).

There appears to be little problem for personnel to find suitable accommodation in the Ottawa area and this is best illustrated by the relatively short interim lodging requirement in Ottawa. Under regulations, personnel and their families have an entitlement of being paid up to 21 days interim lodging (hotels and meals). Any additional interim lodging has to be applied for. In Ottawa, this 21 day interim lodging period is seldom exceeded.

CF-18 AIRCRAFT PURCHASE

The Government of Canada is firm in its determination to re-equip the Canadian Forces with the modern weapons systems necessary to maintain Canada's domestic and international defence commitments into the 21st century. The acquisition by the Canadian Government of the CF-18, the world's most advanced fighter aircraft, is clear testimony to that on-going commitment.

On 10 April 1980, when the Government of Canada gave its approval for the CF-18 programme, the Department of National Defence embarked on the largest single military project in Canada's history. The program has been a total success. Not only is Canada obtaining one of the best possible aircraft available in the world today, but we are doing so both on schedule and within the Treasury Board approved budget. Furthermore, the project has already brought to Canada a wealth of economic benefits. It has provided work for approximately 5,900 skilled people in Canadian industry, and has resulted in significant transfers of important technology to Canadian business. To date, the performance of McDonnell Douglas in terms of the level of direct industrial benefit accruing to the Canadian economy has exceeded contractual obligations.

It is without question the world's most advanced fighter aircraft of its class; a state-of-the-art machine that will perform the many roles that Canada requires of a fighter aircraft—sovereignty protection, the interception of manned bombers and tactical operations with our NATO allies. When selecting this aircraft, our first concern was, of course, to give the best to our pilots and to assure their security. I am confident that the sophistication of the CF-18 is their best life insurance policy. By providing our pilots with the best means available to defend themselves; through that superiority, we may well deter others from possible aggression.

We know that this aircraft will provide that superiority because the CF-18 has been subjected to and passed the most vigorous flight-test regime of any aircraft ever built. It has been matched up against a variety of other aircraft in simulated combat exercises and has performed extremely well.

Clearly, the recent news that the Spanish Cabinet of Ministers have approved the recommendation of the Defence Council of Spain to purchase 84 F-18's, combined with the fact that the Australians have ordered 75, and that the US Navy has reaffirmed its order for 1,366, supports not only the enthusiasm of our pilots but also our initial decision. Canada is, more than ever, pleased with its choice in this aircraft.

I remain confident that both Canada and the United States will continue to profit from this historic undertaking, that will enable the Canadian Armed Forces to contribute more effectively to our national security and to the collective defence of the NATO alliance and of NORAD.

The CF-18 will be key to Canada's defence and security network in the years ahead. Together with our other improvements in equipment and capabilities, the Canadian Forces will be ready to meet its challenge.

The letter is signed by the Honourable J. Gilles Lamontagne, Minister of National Defence.

• (1425)

Senator Marshall: Honourable senators, I do not want to belabour the point, but I should like to revert to the question of accommodation for the Canadian Forces.

The leader has provided us with much information, but I am still concerned about the housing arrangements that have been made for troops when they move into the Ottawa area. Has any initiative been taken by the minister responsible for housing, or the Department of National Defence, to attract suitable accommodation, since there is a shortage of that type of shelter for the troops? Is anything in the works? If the Leader of the Government cannot provide an answer today, perhaps he would take the question as notice.

Senator Perrault: Honourable senators, that question will be taken as notice, since I have not been provided with that specific information.

RELOCATION OF NAVAL RESERVE HEADQUARTERS FROM HALIFAX TO QUEBEC CITY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I asked the Minister of National Defence to provide information about the Halifax to Quebec City move of certain naval facilities. I have just received a letter from the minister in this regard, which I should like to read into the record. The letter states:

My dear Colleague:

It is my understanding that you were questioned by Senators Marshall, Balfour and Phillips with regard to

my announcement that the Headquarters for the Naval Reserve would be relocated from Halifax to Quebec City.

Proportionally, the number of francophones in the Navy is lower than within our population as a whole and, indeed, within the Canadian Forces. The percentage of francophones in the Canadian Forces as a whole is 26.5 per cent. Within the Navy only 13.8 per cent of the lower ranks are francophones, and among officers it is even lower, where only 9.7 per cent are francophones. The Navy attributes this situation, in large part, to a lack of opportunity for francophone members to live and serve, at least for part of their careers, in a truly francophone environment.

The Navy has long recognized the difficulties which are imposed by geography in providing opportunities for its members to live in a truly francophone environment. Given the Department's ever limited resources and the geographic and seasonal limitation which would be imposed by stationing operational ships in the Province of Quebec, there has been considerable difficulty in developing meaningful initiatives.

The Naval Reserve Headquarters, which is responsible for the co-ordination and control of naval reserve training across Canada, is a unit within Maritime Command which can be relocated with fewer implications than other units. In fact, the Naval Reserve Headquarters were located in Hamilton from 1953-57, Ottawa 1957-70, Halifax 1970-82 and now Quebec City.

It has been in four different locations. The letter goes on to state:

The relocation to Quebec City will significantly increase the Naval presence in Quebec and will hopefully result in an increase in the francophone participation rate. Initially the move will be co-ordinated by a project team of nine which will ensure the smooth phasing-in of the Headquarters by August of 1983. At present, the staff complement of the Naval Reserve Headquarters is 42: 13 officers, 17 NCOs and 12 civilians. It is not anticipated that these numbers will increase.

The project team will be concerned with establishing the Headquarters and determining their site location, organizational structure, and support requirements. Unfortunately, until these requirements are defined it is impossible to determine the actual cost of implementing this decision. In terms of staff salaries, however, the transfer of Naval Reserve Headquarters will bring approximately 42 personnel to Quebec City, with total salaries estimated at over \$625,000 annually.

There has been criticism that in this time of restraint this move is unnecessary. Well, I am unable to accept that the measures which we have been talking about "don't really need to be done"—the navy tells me, the Chief of Defence Staff tells me, and I fully agree, that this sort of initiative is long overdue.

The recommendation came from the Chief of Defence Staff himself and the navy. The letter further states:

Yes, the Government and the Department of National Defence are exercising fiscal restraint but one must realize that as with any organization, if changes which need to be made are not made in a timely manner then stagnation follows. It is the future of the navy and the Armed Forces that is at stake and unless we find ways of attracting and retaining sufficient recruits from across the entire Canadian population then that future may be in jeopardy. I believe that the measures which we have been talking about are sensible, necessary and are long overdue.

I trust that this information will assist you in responding to Senators Marshall, Balfour and Phillips and I hope that you will continue to rely on my co-operation, whenever possible, in the future.

Honourable senators, I have now quoted the two letters I have received from the Minister of National Defence.

● (1430)

Hon. Orville H. Phillips: Honourable senators, I have a question arising out of the statement that was just read by the Leader of the Government in the Senate. I must say that I am surprised that a decision of this nature was taken without any consideration having been given to the cost involved. Officials in the Department of National Defence have advised me that the minimum cost will be about \$30 million. Would the minister advise us if the approval of Cabinet was requested before the decision was announced?

Senator Perrault: Honourable senators, I do not wish to comment on the amount of \$30 million, except to say that I think it is an excessive estimate. I have asked for the figures, as can be seen from the letter wherein it states that it is impossible to determine the actual cost of implementing this decision. I feel certain that the \$30 million figure is grossly inaccurate, but we will see how the numbers develop.

In answer to the other question, of course a decision of that kind has Cabinet support.

Senator Phillips: I have a further supplementary question, honourable senators. Has a decision been taken on the transfer of the three frigates to Quebec City?

Senator Perrault: Honourable senators, I have no information on that point.

FOREIGN AFFAIRS

LEBANON—ISRAELI INVASION—CURRENT SITUATION

Hon. Heath Macquarrie: Honourable senators, in the minister's reply to Senator Asselin's excellent questions with respect to Lebanon, I noted his saying that the Canadian government would be maintaining contact with the PLO. Having seen Ambassador Arcand on the television last evening, and having observed how very shaken he was by having to move, I was

[Senator Perrault.]

prompted to think that he believed that Canada has an important role to play in these matters.

I think it is significant that, years before Mr. Andrew Young was dismissed from his post, our then Secretary of State for External Affairs indicated to a committee that there was nothing to prevent our personnel from discussing matters with members of the PLO, who were then moving into the U.N. as observers. Perhaps future historians will think it strange that Mr. Habib, as he seeks a solution to the Palestinian problem, travels to Cairo, to Syria, to London and everywhere else, but will not spend the half-hour to travel to meet the PLO in Lebanon.

I am wondering if the move of our distinguished ambassador in any way militates against the policy which has been established for many years by the Canadian government, that policy being predicated upon the idea that to discuss things with people and to recognize countries does not imply moral approval, but simply indicates a reasonable, pragmatic means of obtaining information and, possibly, of influencing events. In that policy, of course, Canadians differ from the Americans, who often have the Wilsonian idea that recognition implies approval.

I would hope that this conceivably important role for Canada might not be lost because of the recent events in Lebanon. I believe that many people are now convinced that the Palestinians and the Israelis must ultimately recognize each other. I notice that the distinguished Canadian, Edgar Bronfman, the president of the World Jewish Congress, made that statement not long ago. I repeat that I hope Canada will not lose her capacity to do something toward that end.

Hon. Raymond J. Perrault (Leader of the Government): I know that all honourable senators appreciate the suggestions advanced by Senator Macquarrie, who has had a long period of distinguished service in matters of foreign affairs. It would be made infinitely easier for Canada and many other nations to talk to the PLO leadership freely and openly if the PLO would make a firm pronouncement now that it does recognize the right of Israel to exist within secure boundaries and frontiers.

● (1435)

The statement that arose out of the meeting with the congressmen the other day, when analyzed, does not constitute a basic change in PLO policy, as I stated the other day in the Senate. If Mr. Arafat and the PLO leadership would say, "Yes, we realize the need for Israel to live within secure frontiers," that would make it possible for a whole new range of negotiations to open up. Canada has been pressing for this for a long time. Other nations should at this time exert even more pressure in that direction. Such pressure may well trigger a favourable response from Israel itself, with the result that a new peace process may begin.

Senator Macquarrie: In that connection, honourable senators, I presume it is our government's view that the recognition would be a mutual process.

Senator Perrault: Yes. The ideal situation would involve recognition by Israel of the Palestinian right to exist on the West Bank and in Gaza, in a state, an area, a jurisdiction, of their own; and in return for that, as the Honourable Senator Macquarrie has stated, the right of Israel to feel that it has the recognized right to secure frontiers would be acknowledged. That has been the entire thrust of the Canadian initiative.

LAW OF THE SEA TREATY

Hon. Jack Marshall: Honourable senators, while we are on delayed answers, the leader will recall that I asked him a question a few weeks ago with regard to the United States position on the Law of the Sea Conference, and the reasons why they did not sign the treaty. I wonder if he has any up-dated information in this regard, especially in view of the fact that the Secretary of State for External Affairs has had discussions with Mr. George Shultz, the new United States Secretary of State. I should also like to hear more about the difficulties with regard to the east coast fishing boundaries.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have not yet received any detailed memorandum from the Secretary of State for External Affairs following his meeting with Mr. Shultz. Consequently, I do not have any information on that point, and the question will be taken as notice.

NATIONAL DEFENCE

RELOCATION OF NAVAL RESERVE HEADQUARTERS FROM HALIFAX TO QUEBEC CITY

Hon. Richard A. Donahoe: Honourable senators, I should like to revert to what the Leader of the Government in the Senate had to say on the transfer of the Naval Reserve headquarters to Quebec City. Can the minister tell us whether the Cabinet, or the minister, or the Prime Minister, has yet given any consideration to what function of the navy will next be moved to Quebec?

Hon. Raymond J. Perrault (Leader of the Government): Well, honourable senators, I do not believe that the question was asked in any serious spirit. Again, it is that kind of question, with that kind of anti-Quebec edge to it, that is a tactic used, unfortunately, in some parts of this country. There are moves made from point to point in this country, all the time. Some moves are made—

Senator Donahoe: Honourable senators, I rise on a point of privilege. I object to having it said of me that I am in any sense anti-Quebec. I represent the constituency of Halifax, and I am pro-Halifax. I would be as much concerned if they had moved the Naval Reserve headquarters to Toronto, or Victoria, or anywhere else in Canada. I am not anti-Quebec. Of all the senators I am perhaps as much pro-Quebec as anyone you can find who is not a francophone. I wish to have those words, to the effect that I am evincing anti-Quebec sentiment, withdrawn.

Senator Perrault: It would have been helpful, honourable senators, if the senator had framed his question differently and had asked what facilities will be moved to another province.

Senator Donahoe: I referred to the fact that Quebec is the province to which the facility in question has been moved, and it therefore seemed logical to me that, if Quebec is the right place to put one function, it would be the right place to put another, in some minds.

Senator Perrault: Information will be provided, as it becomes available, about possible moves of any government department, anywhere in the country, whatever the province. As far as the general question is concerned, decisions will continue to be made, assessing moves not on a geographical basis but on the basis of whether such moves clearly serve the national interest.

Hon. Lowell Murray: Honourable senators, I wonder whether the Leader of the Government has taken note of the strong criticism of the transfer of Naval Reserve headquarters from Halifax to Quebec City expressed by the Leader of the Nova Scotia Liberal Party, Mr. A. M. Cameron. He stated, in particular, that one does not build up the economy in one part of the country by robbing another part of the country of such a facility.

● (1440)

Senator Perrault: Honourable senators, we all have to be careful about criticism of various industries or government departments locating in certain provinces. The province of Nova Scotia, for example, has been the recipient of hundreds of millions of dollars of government aid in the process of establishing a tire factory there. That was a good move for Canada. Other provinces might have asked, "Why is Nova Scotia being favoured over other provinces? Why is a grant being made to the Michelin Tire Company there?", and so on. But that was clearly in the national interest.

Grants are made to other provinces for worthwhile endeavours, including the province of New Brunswick. The province of Newfoundland has received millions of dollars, and other provinces could well say, "This is favouritism on the part of the government; it is unfair."

So, let us keep things in perspective. If we want to get into this game of attacking a government decision every time one is made, on the basis of some hidden motive or reason, that somehow it is a political boondoggle or there is a racist or language reason, we are in a losing proposition, and I would appeal to honourable senators to refrain from doing it.

AIR CANADA

CANCELLATION OF SCHEDULED FLIGHTS

Hon. Douglas D. Everett: Honourable senators, on July 21 I asked the Leader of the Government a question concerning the cancelling of scheduled flights by Air Canada. I wonder whether he has yet had an opportunity to obtain an answer.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I replied to a question on Air Canada a few days ago, which gave some information from the Minister of Transport to the effect that certain flights had to be cancelled from time to time for economic reasons. I do not believe that, as yet, I have a specific reply to the question asked by the honourable senator, but in the official record there is an answer with reference to scheduling, to which the honourable senator may wish to refer.

Senator Everett: May I take that as an answer to my question, or is the Leader of the Government intending to provide me with further details?

Senator Perrault: The reply is still under preparation.

Senator Everett: I am wondering what happens about questions which remain unanswered when we adjourn, for instance, for the summer. The replies cannot be given to the Senate. Are they mailed to senators?

Hon. Jack Marshall: They die on the Order Paper.

Senator Perrault: Honourable senators, it is anticipated that at some point in time we shall adjourn for the summer recess. However, the session will not come to an end this week. It is possible that we shall be back at some date in October, if certain conversations and negotiations succeed, and it is hoped that many of the replies can be prepared during the coming weeks and can be available later in the fall.

ACCESS TO INFORMATION

RESTRICTIONS IMPOSED BY HUMAN RIGHTS LEGISLATION

Hon. Hartland de M. Molson: Honourable senators, I have a supplementary question for the Leader of the Government concerning my earlier question on the application of the Canadian Human Rights Act—

Hon. Jacques Flynn (Leader of the Opposition): The Privacy Act.

Senator Molson: —and I thank my friend, the deputy leader, for the suggestion.

In view of the fact that the adjournment appears imminent and that there will then be a fair hiatus before we resume, if any information becomes available to the Leader of the Government I wonder if he could communicate it to me and not wait for his formal reply to the Senate?

Hon. Raymond J. Perrault (Leader of the Government): I would certainly agree to that suggestion. I would similarly agree with Senator Everett's request that he be given information as soon as possible on Air Canada's schedules. Any material that becomes available will be sent to honourable senators. We are avidly in pursuit of the freedom of information concept.

[Senator Everett.]

AGRICULTURE

ATLANTIC REGION—PROPOSED VETERINARY COLLEGE

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a reply to a question asked by Senator Macquarrie on March 25, 1981, regarding the location of the veterinary college in Atlantic Canada. I am prepared to request that it be taken as read, and I am also prepared to read it into the record.

Hon. Charles McElman: Honourable senators, I have a supplementary question pertaining to this matter. Could the minister at least tell us if the federal government is now prepared to put up its contribution so that this project can go ahead?

Senator Argue: Honourable senators, perhaps I should read the reply, which is not particularly long, rather than give my interpretation of what it says.

Honourable senators, the provinces of Newfoundland, New Brunswick, Nova Scotia and Prince Edward Island have agreed on Charlottetown as the site for the proposed Veterinary and Aqua Marine Centre. Regrettably, it has taken them a long time to agree on a location for the college. The federal government had money committed for the project but those funds could not be held indefinitely while the provinces were unable to agree on a location. But there is finally agreement on Charlottetown as the site, which incidentally was the site recommended by the independent Howell Report. This project is a necessary addition to the agricultural industry in Atlantic Canada and it is imperative that this co-operative venture proceed.

I have been informed by the Minister of Agriculture that he is awaiting a commitment from the Government of Nova Scotia to indicate that it agrees to the same terms and financial support of the project as Prince Edward Island and New Brunswick.

The Minister of Agriculture communicated his position to the Premier of Nova Scotia last week and I quote from his letter:

What I need from your Government is that you will agree to the same terms and financial support as Prince Edward Island and New Brunswick. Surely you can't expect me to give preference to your province financially over Prince Edward Island and New Brunswick . . . While no funds are currently committed I will seek funding for 50 per cent of the capital costs of the facility after I have received your agreement as outlined above.

It is up to Nova Scotia to accept its financing responsibilities so that this project can proceed without any further delays.

Hon. Raymond J. Perrault (Leader of the Government): I hope there will be no protest from other honourable senators that this facility is being located, at some cost to the federal government, in Prince Edward Island.

Hon. Jacques Flynn (Leader of the Opposition): Don't be too provocative.

GRAIN

VOMITOXIN CONTAMINATION OF 1981 ONTARIO AND QUEBEC
WINTER WHEAT CROPS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a reply to a question asked by Senator Haidasz on June 30, 1982, on the use of the pesticide captan. I ask that the reply be taken as read.

(The answer follows:)

I am advised by officials in the Department of Agriculture that captan is not used to control the fusarium fungi which produce vomitoxin. However, captan is being used for other purposes in Canada and elsewhere. It is used extensively worldwide to protect crops from various disease organisms, particularly fruit crops.

AIR CANADA

CANCELLATION OF SCHEDULED FLIGHTS

Hon. Douglas D. Everett: Honourable senators, may I return to my question to the Leader of the Government concerning an answer to my earlier question regarding Air Canada's scheduling? We shall shortly be in recess until approximately October 25. The reply I seek is not a complicated one. Given that an answer could be received within the next week, I wonder if it would be possible to have it mailed to senators?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, while the honourable senator was out of the chamber for a brief period, I undertook precisely that commitment, to send the information to the honourable senator as soon as it was received.

Senator Everett: I apologize for being out of the chamber. I was trying to arrange a committee for later this afternoon.

BUSINESS OF THE SENATE

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(h), I move:

That notwithstanding any Rule of the Senate, the following Bills be disposed of as follows:—

1. That if the debate on any stage of the Bill C-124, intituled: "An Act respecting compensation in the public sector of Canada" has not been disposed of before nine-thirty o'clock p.m. on Wednesday, 4th August, 1982, the Speaker shall interrupt the proceedings and all questions necessary to dispose of the remaining stages of the said Bill shall be put forthwith without further debate or amendment.

2. That if the Bill C-201, intituled: "An Act to amend the Holidays Act" is committed to the Standing

Senate Committee on Legal and Constitutional Affairs, it be an instruction of this House that the Bill be reported back to the Senate on Monday, 25th October, 1982, and that not later than six o'clock p.m. on that day, any proceedings before the Senate shall be interrupted and all questions necessary to dispose of all remaining stages of the said Bill shall be put forthwith without further debate or amendment.

3. That if the proposed Bill, intituled: "An Act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other Acts in relation thereto or in consequence thereof" is committed to the Standing Senate Committee on Legal and Constitutional Affairs, it be an instruction of this House that the Bill be reported back to the Senate on Monday, 25th October, 1982, and that not later than six o'clock p.m. on Tuesday, 26th October, 1982, any proceedings before the Senate shall be interrupted and all questions necessary to dispose of all remaining stages of the said Bill shall be put forthwith without further debate or amendment.

● (1450)

Honourable senators, if leave is granted, I will have a word or two to say about the motion.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, it is moved—

Some Hon. Senators: Dispense.

Hon. Orville H. Phillips: I would like to hear the second portion of the motion which refers to Bill C-201.

Senator Frith: I will hand the honourable senator a copy of the motion, and he can read it while I make my comments.

Honourable senators, what I am about to say is in addition to the information given earlier on the same subject. With regard to Bill C-124, if it is adopted and although we will not receive it until later today, I will propose that its subject matter be referred to the Standing Senate Committee on National Finance so that it can be studied in its present form and so that the committee can report at eight o'clock this evening. If the order is adopted, it will mean that we will proceed through all stages of the bill this evening and have Royal Assent at 9.30 p.m., whereupon we will adjourn until October 25, which is two days before the House of Commons returns.

With regard to Bill C-201, because of what might be called the chicken-before-the-egg problem, we must have the order first, after which I can say that Senator Murray will be moving that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs for study, with instructions that it report by October 25—the day on which we return—and that we will vote on all stages of the bill on October 25 by 6.00 p.m. I will second Senator Murray's motion to that effect. I want it understood that if we get the

order it is on condition that I give the undertaking that, although the order says "if the bill is referred", it will be so referred.

As to Bill C-126, it is not absolutely clear whether we will get it. This is the bill that has been hived off Bill C-53. It deals with sexual offences. If we get that bill I will move that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs, again with instructions that the committee report on October 25, and we will pass it through all stages by October 26.

That is the essence of the motion, and it has to be taken in conjunction with the undertakings I have given with regard to the referral to committees because, it will be noticed, the motion says "if they are referred".

Hon. Hartland de M. Molson: Well done.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I simply wish to confirm that the motion conforms with the discussions we on this side of the house had with the leader and the deputy leader. The only question I would put to the deputy leader is: Would it not be more convenient to have the question put at 10 o'clock in the evening instead of at 6 o'clock. October 25 is a Monday. I do not see any problem with 6 o'clock if we are ready, but if perchance we need a few hours more, then that time would be available. If the deputy leader is agreeable to that suggestion, I would suggest that the phrase "6 o'clock p.m." in paragraphs 2 and 3 of the motion be amended to read "10 o'clock p.m.".

Otherwise, the motion conforms and meets generally with the wishes, objections and considerations that have been expressed up to now on both sides of the house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[Translation]

Hon. Martial Asselin: Honourable senators, as for referring this bill to committee, I have no objection, but I simply want to point out to this House that the same senators will be sitting on both committees. Now, it is up to the committees, not to the Senate, to schedule their work, but before we leave for the summer recess, we ought to know when this committee is going to sit. I realize we will be told later on when we meet in committee to determine our meeting times and dates, but I do not think the committee should sit before October 1, because honourable senators probably have other commitments for August and September. Personally, I will be away for twenty days during the month of September, but I would like to attend the committee meetings. I would appreciate it if the Deputy Leader of the Government would give us the assurance that the dates of committee meetings will be determined in advance, so that committee members will be able to schedule their personal business accordingly.

Senator Frith: Honourable senators, I can assure Senator Asselin and other honourable senators that the committee is scheduled to meet at around 3.45 this afternoon, when, I believe, this point will be discussed.

[Senator Frith.]

Without wishing to anticipate the committee's decisions, I have the impression that the purpose of this meeting is to schedule committee meetings for October. In any case, the decision lies with the committee. It will be meeting this afternoon under the chairmanship *pro tem* of Senator Stanbury and will probably have to elect a vice-chairman, because Senator Goldenberg will turn 75 before our return in the fall.

That is how I see the situation. I could check to make sure, and perhaps Senator Neiman could provide confirmation.

[English]

Hon. Joan Neiman: Honourable senators, it is true that the National Finance Committee has arranged a meeting for this afternoon. Notices were sent out this morning to the effect that it is to be held at 3.15 p.m. However, the committee meeting can be delayed. According to my understanding, it is simply an organizational meeting to discuss the concerns raised by Senator Asselin and others. We should arrange a proper timetable that is suitable to the honourable senators who wish to attend either one or both of the committee meetings, because we may be able to hold them concurrently or on the same day and save time and travelling expenses.

I might say that as of the moment it is planned to hold those meetings early in October. I would be pleased to have the attendance of all members of the committee at the meeting so we can discuss what has been raised by Senator Asselin. It will take only a few minutes.

Motion agreed to.

● (1500)

HOLIDAYS ACT

BILL TO AMEND--SECOND READING-- DEBATE ADJOURNED
SUBJECT MATTER OF BILL REFERRED TO LEGAL AND
CONSTITUTIONAL AFFAIRS COMMITTEE

On the Order:

Resuming the debate on the motion of the Honourable Senator Bird, seconded by the Honourable Senator Lamontagne, P.C., for the second reading of the Bill C-201, intituled: "An act to amend the Holidays Act".—
(Honourable Senator Murray).

Hon. Lowell Murray: Honourable senators, I had prepared notes for a brief and, as might be expected, non-controversial speech on this subject, the burden of which was that the bill had come to us from the other place in a hasty and ill-considered fashion and that the least we might do in this place was to refer it to a committee.

As the house has now heard, although it is not an order of the house, there is a disposition on the part of the leadership in the Senate to refer the subject matter of this bill to the Standing Senate Committee on Legal and Constitutional Affairs.

I simply wish to express my entire, personal satisfaction with that procedure and to congratulate the leadership on both sides of this house for the good sense and the spirit of compromise shown in reaching that accommodation. The committee will

now have an opportunity, if it desires, to propose amendments to the bill and to hear representations from Canadians concerning its subject matter.

[Translation]

Honourable senators, it is with great pleasure that I move:

That Bill C-201 be not now read the second time, but that the subject-matter thereof be referred to the Standing Senate Committee on Legal and Constitutional Affairs for consideration and report, pursuant to the order adopted by the Senate earlier this day.

[English]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, may I add just a brief procedural footnote concerning the referral of a bill to committee during second reading? There is no question that such a referral can be made with the unanimous consent of the house, as is the case with Bill C-201, but I feel I should point out for future reference that there is some question whether such a motion is otherwise in order, because at page 231 of the *Debates of the Senate* for March 27, 1947, the Speaker made a ruling holding that such a motion was out of order. I discussed that point with Senator Flynn, who pointed out that he had found precedents indicating the contrary. Therefore, I emphasize that there is some question whether it is in order to refer a bill to committee during second reading as opposed to after second reading. As I have said, there is no question that it can be done with unanimous consent, as is the case with Bill C-201.

Hon. Jacques Flynn (Leader of the Opposition): That's right.

Hon. John M. Godfrey: Honourable senators, I should like to speak to this point because I feel strongly, and have for some time, that some bills should be sent to committee before they are given second reading and approved in principle for the simple reason that we do not know whether we should approve them in principle until a committee has considered and reported on them. For instance, several years ago a private member's bill was presented to the Senate concerning the incorporation of some kind of solar energy research society. My memory of the details is a little vague, but, as I recall, I moved that that bill be referred to committee before second reading because I was interested in setting a precedent that to do that was in order. We debated the motion fully at that time and there was certainly no suggestion then that such a motion was out of order. In fact, I believe the motion was voted down by a narrow majority on its merits, and the bill went to committee after second reading, where it died.

I thought at that time we had thus firmly established the principle in this house that it was in order, if appropriate, to refer a bill to a committee before second reading. Sometimes that is done in order to kill a bill, and in order to make sure the bill will come back, and that the purpose of the motion is not to kill the bill, you add to the motion an instruction to the committee that it report back to the Senate after considering the bill.

I just wanted to put that on the record in case there were any doubts in this case as to whether we are following the correct procedure. I don't think there are.

Hon. George J. McIlraith: Honourable senators, I just want to clarify one point. It has always been the view that private bills should be sent to committee before the principle is approved. We are now dealing with a private member's public bill, which is slightly different, and I acknowledge that difference. The only doubt that existed had to do with public bills, with respect to which it was formerly held that the principle had to be approved before a bill could be sent to committee. That principle has now been varied by amendment to the rules in the other place. There is now a combined motion there for second reading and referral to committee.

In any event, as Senator Frith has indicated, the whole matter with respect to Bill C-201 is fully covered by the unanimous consent which was given a few moments ago, and there is no doubt at all that that particular bill has been properly referred to that particular committee.

Senator Flynn: Honourable senators, I believe Senator Frith raised this point only as a means of preserving his right to raise an objection with respect to some other matter on some future occasion. Bearing that in mind, I should like to draw to the attention of His Honour the Speaker, and of the Senate generally, that citation 668 of *Beauchesne's* is applicable. I mention that for future reference.

Senator Frith: Honourable senators, it is even possible that the Standing Committee on Standing Rules and Orders will want to look at the subject as well.

Senator Flynn is quite right in suggesting that I am only raising the point in the context that he has given, and, obviously, we will use the same procedure with respect to Bill C-126, assuming we receive it, and everything we say now with respect to Bill C-201 will apply to Bill C-126 *mutatis mutandis*.

The Hon. the Speaker: Honourable senators, I hope those who are absent this afternoon will not return in October only to suggest that we were out of order and did not proceed properly.

An Hon. Senator: There is unanimous consent.
Motion agreed to.

PUBLIC SECTOR COMPENSATION RESTRAINT

NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rules 45(1)(e) and (a), moved:

That the Standing Senate Committee on National Finance be authorized to examine and consider the subject-matter of the Bill C-124, intituled: "An Act respecting compensation in the public sector of Canada"

as adopted at the report stage in the other place, in advance of the said Bill coming before the Senate, or any matter relating thereto; and

That the said Committee have power to sit while the Senate is sitting today, and that Rule 76(4) be suspended in relation thereto.

He said: This motion is being made notwithstanding the fact that we have not yet received the bill and on the understanding that the committee can be requested to report the bill or its subject matter, if at all possible, by 8 o'clock this evening.

Hon. Douglas D. Everett: Honourable senators, I have just received information that the Standing Senate Committee on National Finance can meet in room 256-S at 4 o'clock, at which time the President of the Treasury Board will be the witness.

Motion agreed to.

● (1510)

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, unless Senator Macdonald disagrees, I believe that all remaining orders stand.

Hon. Duff Roblin (Deputy Leader of the Opposition): And Motions and Inquiries.

Senator Frith: As Senator Roblin has stated, and subject to what Senator Godfrey might say, that applies also to Motions and Inquiries.

Hon. Heath Macquarrie: Written Questions are always stood.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I hesitate to bother you with more procedural nit-picking, but I must do so. Let me explain. It is about the order regarding Bills C-124, C-201 and C-126. The situation is not really too complicated, but it is a little esoteric.

The order says, with regard to Bill C-201 and Bill C-126, that if the bills are referred to committee, "then the following shall apply..." With regard to Bill C-201, we did not refer the bill, we referred the subject matter. The same is liable to happen with regard to the other bills, although we will not, for example, be referring Bill C-124—

Hon. Martial Asselin: It is too late now.

Senator Frith: —or Bill C-126.

What it boils down to is this infernal business of whether we can refer a bill at second reading to a committee unless we

[Senator Frith.]

have, in effect, adopted the principle of the bill. We do not want to have it said that we have adopted the principle of the bill until it has gone to committee.

May I have it understood that the order that we adopted earlier can contain either the words "if the bill is referred" or the words "if the subject matter of the bill is referred," and that the direction to the committee be to report the bill, or to report, period. If we can agree to that, then the order will apply. Otherwise we are really back to square one.

Hon. Jacques Flynn (Leader of the Opposition): I do not agree, honourable senators, that we are back to square one at all. It seems to me that the bill and the subject matter of the bill, in this case are the same. It would take a rather curious interpretation to distinguish between referring the bill and referring the subject matter of the bill, under such circumstances, but let us say that whatever change in wording is required is deemed to have been adopted, and that is all; but I would challenge anyone to give this narrow interpretation of the decision that we made earlier today.

Senator Frith: So it is agreed?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

PUBLIC SECTOR COMPENSATION RESTRAINT

REPORT OF NATIONAL FINANCE COMMITTEE ON SUBJECT MATTER OF BILL C-124 PRESENTED AND PRINTED AS APPENDIX

Leave having been given to revert to Reports of Committees:

Hon. Douglas D. Everett: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on the subject matter of Bill C-124, respecting compensation in the public sector of Canada, including the report of the committee on Bill C-124 as amended and passed at the report stage by the House of Commons.

Honourable senators, I ask that this report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix, p. 4793)

FINANCIAL ADMINISTRATION ACT

BILL TO AMEND (NO. 2)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-126, to amend the Financial Administration Act (No. 2).

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

PUBLIC SECTOR COMPENSATION RESTRAINT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-124, respecting compensation in the public sector of Canada.

Bill read first time.

SECOND READING

Hon. H. A. Olson (Minister of State for Economic Development), with leave of the Senate and notwithstanding rule 44(1)(f), moved the second reading of Bill C-124, respecting compensation in the public sector of Canada.

He said: Honourable senators, I would like to give a brief introduction to Bill C-124 and review, albeit very briefly, some of the reasons for the measure, referring, also very briefly, to some of the amendments that have been made, which are well known to those members of the committee who studied the subject matter of the bill. If honourable senators wish to ask more detailed questions later, I will call, first on the chairman of the committee, Senator Everett, to give some additional explanations.

I can also advise honourable senators that there are two officials from the Treasury Board here. We can make arrangements for them to come into the chamber so that honourable senators can question them, but I understand that in those circumstances we would have to resolve ourselves into a Committee of the Whole. If that is necessary, of course, it will be done.

Honourable senators, I am pleased to move second reading of Bill C-124, an act respecting compensation in the public sector of Canada. Serious economic problems facing the country make it imperative that the rate of growth in wage and salary increases in the public sector be restrained. Bill C-124 is intended to provide compensation restraint mainly in that part of the Canadian economy which is directly under the control of the Government of Canada, either as an employer or as an owner, as in the case of crown corporations.

The measure has an even more important purpose than that of restraining public sector wage increases, and that is to have it serve as a strong, clear signal to all participants in the Canadian economy to bring wage and price increases back into line with those of our major trading partners. Much of the viability of the Canadian economy depends on its ability to compete in export markets. Almost one-third of Canada's gross national product is generated by trade in goods and services. Canada's consumer price index is increasing at a rate of more than 11 per cent, as compared with a year ago. This is

4 to 5 percentage points higher than in the United States, and some 6 to 8 percentage points higher than the rate of increase prevailing in Japan and the Federal Republic of Germany. Wage settlements in Canada averaged more than 12 per cent in the first quarter of this year, about 5.5 per cent higher than those of our largest trading partner, the United States. That country accounts for approximately two-thirds of our imports and exports, and the consequences of such a divergence in our wage and other cost components are abundantly clear. We simply cannot expect to compete on world markets once the world recession recedes unless we align the increases in our cost of production and our rate of inflation with those prevailing in our major markets.

• (2010)

Bill C-124 must serve as an example that all Canadians, employers and employees, individually and collectively, must follow if we are to reduce inflation and maintain our trade position.

Bill C-124 is an extraordinary measure necessitated by the extraordinary economic times in which we live. It is an essential part of the government's anti-inflation program. It is not an attack on the public sector of Canada. Across the country in recent months scarcely any employer in the private sector has not been forced to take action to curtail wage costs. Employees, including those in top management, have been laid off. So it has gone through the whole sector. Wage cuts have had to be made. Pay increases, in many cases, have been deferred. Public employees have been largely exempted from such restraints in their working conditions, and to this extent they represent a privileged community within the country.

Bill C-124 is not introducing a regime of layoffs and staff cuts in the federal public sector. It is simply proposing that public employee wage rates be subject to more moderate increases.

Employees in many crown corporations, and other agencies of the federal government, are similarly isolated from the forces of the marketplace. In others, those forces operate, to some extent, as in the private sector. In all cases those corporations provide a service to the Canadian public, and thus they are being subjected to the same restraints as the public sector *per se*.

The restraints program also covers parliamentarians and their staffs, members of the judiciary, employees and directors of crown corporations, Governor in Council appointees, and members of the RCMP and the armed forces.

The restraint program applies to a group of employees for two years from the date of entry. Date of entry is determined from the expiry date of the collective agreement or compensation plan in effect on June 29, 1982, or the next scheduled wage increase in such agreement or plan.

The bill contains a provision that an increase which is 6 per cent or less on an annualized basis will not trigger entry into the program. Without this provision the wage bills of certain employers would have been increased for the current year.

For the first year of application, wage rates are allowed to increase by up to 6 per cent; for the second year, by up to 5 per cent. Except for parliamentarians and their staffs, the program does not reduce wage rates or take away terms and conditions of employment already in place on June 29, 1982.

Collective agreements and compensation plans would be extended for the two years of application. In consequence, all compensation conditions other than wage rates would remain unchanged for the duration of the application of this program.

Clause 7 of the bill was amended in the other place to provide that parties to collective agreements may amend the non-monetary terms and conditions of their collective agreements by mutual agreement.

A further provision was incorporated into the bill to allow the parties voluntarily to enter into a collective agreement which embodies the 6 per cent and 5 per cent principle of Bill C-124, and which is binding on those parties for the two years in which the program would have applied to them.

The Governor in Council may terminate the application of the act to those parties, since the parties by their own agreement have achieved the objectives of the act. At the same time, the parties will be able to achieve these objectives on their own terms, tailored to their own situation, incorporating improvements or changes within the 6 per cent and 5 per cent limits, such as maternity benefits, health and safety provisions.

Transitional arrangements are provided in the bill for collective agreements or compensation plans which terminated prior to June 29, 1982, and were not renewed before that date. For the 12 months following the expiry date, wage rates may be increased by not more than 9 per cent, and the Treasury Board may authorize improvements to other terms and conditions so that they reflect current standards. Treasury Board has no authority to roll back existing terms and conditions.

The transitional provisions of the bill make it clear that they allow the parties to collective bargaining to voluntarily conclude an agreement under the prescribed limits. But if they fail to do so, the Treasury Board determines the terms and conditions. Without the provisions, impasses could only be resolved by extending the expired terms and conditions, including wage rates, for a period of, I believe, 12 months without change, thus subjecting transitional groups to three years of restraint. That was never intended. A transitional group's 9 per cent a year is followed by the two program years of 6 per cent and 5 per cent.

The first wage rate increase of tentative agreements in writing, reached prior to June 29, will be honoured if implemented without change. This also includes tentative agreements reached before that date which provide for first wage rate increases effective after that date. Those groups enter into the program on the day following the termination date of their compensation plans, or on the effective date of the second wage increase provided for in the agreement or plan.

The program provides for a modification of the second year's 5 per cent limit, where it is in the public interest to do

so, on the grounds of labour shortage. The Treasury Board and its secretariat will administer the program.

Several other amendments were made to the bill during its passage through the other place, and I would like briefly to describe them for senators. However, in doing so I have to plead that there are perhaps other persons, particularly the chairman of the committee, who may be more familiar with some of the details of those amendments; therefore, if further explanation is required, I hope honourable senators will allow me to ask the chairman to participate in those explanations.

Clause 3(1)(b) was amended to make it clear that the bill is intended to apply only to the subsidiaries of crown corporations which are under federal jurisdiction. Subclause 3(4) was added to the bill to extend its application to cover the railway system operated by Canadian Pacific Limited and those other railway companies which, along with the Canadian National Railways, engage in industry-wide collective bargaining.

The effective date of the program was changed from June 28, 1982 to June 29, 1982 so that tentative agreements signed on June 28, before the reading of the budget speech, could be honoured in the manner now contemplated in subclauses (4), (2) and (3). Clause 6(1) was amended to make it clear that the application of the "equal pay for work of equal value" provisions of the Canadian Human Rights Act would not be interrupted by this bill.

Subclause 6(4) was added to the bill to make it clear that it is not the intention of the bill to prevent work-sharing agreements from being entered into between employers and employees' representatives. Clause 6(5) was added to the bill to restrict salary increases of employees, whose salary range maximum, as of June 29, 1982, is equal to or in excess of \$49,500 per annum, to not more than 6 per cent and 5 per cent during the two years of application of the program, and such employees shall not receive any merit or incremental increases or performance awards during that period.

The amendment contained in clause 13(1) requires the President of the Privy Council to table an annual report in both houses of Parliament containing the names and salary ranges of senior government or Governor in Council appointees.

● (2020)

Finally, amendments were made to Schedules I and II of Bill C-124 to correct inaccuracies contained in the bill as it was originally tabled in the House of Commons.

The objective of Bill C-124 can only be achieved if all Canadians make a concerted effort to break the pattern of escalating cost increases within our economy. The program that the government has introduced requires a modest sacrifice, I think, from public sector employees in order that those Canadians who have suffered most at the hands of inflation may continue to be helped. As a major trading nation, we cannot permit our economic future to be jeopardized by cost and productivity performances which price us out of the markets. If this is allowed to happen, our foreign trade surpluses will disappear, our current account deficit will increase

and our standard of living will drop dramatically. The end result will be even greater inflation. We will be trapped in a vicious circle from which it becomes increasingly difficult to extricate ourselves.

These are the unwelcome but, nevertheless, real circumstances we face if we fail to act. The whole purpose of the program contained in Bill C-124 is the exercise of restraint in the matter of wage increases within the federal sphere of influence and, secondly, to set an example for other sectors to follow so that all Canadians are doing their part to restrain their demands on the economy. If everyone plays his or her part, Canada's economic recovery will be assured and everyone will gain by having adopted the achievable targets of 6 per cent and 5 per cent increases.

In conclusion, honourable senators, I hope that every member of the Senate, regardless of his or her party affiliation, will support this important piece of legislation for the good of all Canada.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, it is not often that the Senate of Canada, to say nothing of the general public, has an opportunity to watch the gestation of an idea fully exposed in a public arena. It seems to me that in watching the progress of this bill through the House of Commons, we have been privy to just such a development, and that this piece of legislation must clearly be regarded as one that was produced under a degree of pressure insofar as the government is concerned. Certainly, there is an element of "ad hockery" which is clearly recognizable in the way in which this bill has been submitted to the other chamber and dealt with in its various stages in committee and in the house. I suppose one has to recognize that, having come up against the hard realities of life when the budget was brought down last June and knowing the necessity of giving some kind of a lead to the Canadian people, production of a bill of this sort was clearly something that was required by the circumstances.

I do not intend to deal with all the amendments that have been made to the bill, except to say that they have been formidable, and that we have seen, step by step as this bill was dealt with in the other place, stones overturned, difficulties exposed, the objections of the opposition incorporated in the bill in some instances and amendments brought in. I suppose we ought to be grateful for that, because the process of amendment, if it improves the bill, is not to be despised.

However, it is quite remarkable that we have had such a series of amendments, some of which I will refer to briefly. I think the series of amendments expanding the area for collective bargaining are good and healthy. I do not think they go too far; in fact I think they could have gone a little further. Certainly, they represent welcome second thought on the part of the government with respect to the collective bargaining process in the public service. For example, we see that, provided the 6 per cent and 5 per cent rule is not breached, certain negotiations can take place under that ceiling between the employer and employees with respect to how that money is to be distributed. Of course, the example the minister gave this

afternoon is a good one—the question of maternity leave can be negotiated, provided that the monetary impact of these changes is encompassed within the six-and-five rule which the bill provides.

It has also been gratifying to learn that there has been a relaxation of the rule with respect to non-monetary items, that certain selected ones among them can be dealt with by the ordinary collective bargaining procedure. These items do not affect the thrust of the bill or the ceiling that has been placed upon it and, therefore, perhaps should have been included so that the normal procedure might be followed from the very beginning. I am glad that they are in there now.

There is another area where the collective bargaining system has been restored in a small way. That has to do with the clause of the bill that allows the government to release any particular group of employees from the impact of this legislation, provided that before that time they have entered into a collective agreement with their employer to comply with the conditions that the government considers to be necessary. That is another way in which employees may reinstate themselves to a degree in the collective bargaining arena, which was not available to them when the bill was introduced. I have to admit that these changes would not satisfy anybody on the union side of the bargaining table, but I do think that they are an improvement. I am glad to see them and, to that extent, I am pleased that the government has responded by allowing the bill to be amended.

There is another clause which I would have preferred to see amended, and that is clause 12. Under this clause the government takes unto itself the power to disallow any wage bargain or agreement that is entered into by the people covered by this bill after their 6 and 5 per cent regime is over. The idea is that the government wants to prevent any group of employees from making some kind of an arrangement to catch up on the losses they may feel they suffered under the six-and-five rule. That is an understandable point of view to take, but the wording of the bill indicates that this particular power appears to be without limit. It says "at any time".

It is my contention that it would have been wiser to have limited that power so that it was not wide open, as it is now. It was observed in the committee, by men of some knowledge whose opinions I respect, that maybe this clause is unenforceable anyway because the problem of definition under it is very difficult indeed. That may be. I have to leave the matter there, but I did want to raise the concern I have, that the ambit of this bill allows the minister to cancel wage agreements for an indefinite period—no time limit—after the six-and-five regime is over. That seems to me to be an unnecessary power and one which really ought not to be conveyed. I can only hope that the minister will exercise that power with a degree of discretion.

There is another amendment, one which came in the last series of amendments we received only today. It has to do with creating a new category of employees to which this particular set of rules applies. As I think honourable senators will know, this new category is comprised of those people who are regarded as political employees of politicians. The idea is that those

members of the staff of members of the House of Commons who are selected by their bosses and are paid out of their bosses' allowances should be subjected to a more rigid regime than the one which is suggested for the men and women who are civil servants in the ordinary way. I am not sure that that is a wise move. For the 2,000 or so research assistants and other staff assisting members of Parliament—and, at first glance, assisting members of the Senate—this is a much tougher formula than the 6 and 5 per cent program which applies to most of the civil service. In fact, their wages are being rolled back on exactly the same principle as the indemnities of the members of the Senate and the House of Commons.

• (2030)

While one has to admit that that is not the major principle of the bill, I found it at least a matter which required a little explanation. In fact, in committee, if I may express my opinion, we found that the officials who had drafted the bill had no idea that those who help us here in the Senate are not in the same category as the employees who assist the members of the House of Commons in their labours. By the plain wording of the bill, all those on the secretarial staff and on staff assisting members of the Senate were included in the same overall blanket clause which caught those people who work for the members of the House of Commons. Perhaps the minister can be excused because he has a good many things to look into, but it is quite clear to me that the officials did not realize that the situation in the Senate is different from that in the House of Commons. Although the plain wording of the bill, in my opinion, requires the imposition of this rollback on our people as well, the minister did give us an undertaking, which the chairman of the committee recorded in the report of the committee, to the effect that they will recognize the special status of those who help senators so that they will not be included in this special rollback category.

I do not like the rollback category for a small group of civil servants, particularly as the minister, when asked this afternoon why it was done, said it was necessary in order to underline the credibility of the government's policy. "Credibility" was the word he used. Well, I really do not think that that is a sufficient reason for taking this step.

An Hon. Senator: Certainly not.

Senator Roblin: I am quite in agreement—indeed, I am reconciled to the fact—that the persons concerned ought to be treated in the same way as any other member of the civil service with respect to the 6 and 5 per cent rule. But that they should have a special category devised for them and have their wages rolled back in the same way as our indemnity is rolled back, seems to me to be painting the lily. I almost committed the solecism of saying "gilding the lily." Heaven forbid! If Eugene Forsey or my friend opposite, Senator Godfrey, ever heard me say that, I would never hear the last of it. It is "to paint the lily." I think we are doing a little more than we need to in that respect. While I think there is much in the bill that can be supported, nevertheless, when I close my remarks I intend to move a resolution in connection with that particular matter.

[Senator Roblin.]

Before I do that, I want to say a word about the main thrust of this bill. Apart from the details, what is the bill trying to achieve? Is it a good measure? Will it serve the purpose for which it was designed?

Let me offer a few observations on that aspect of the matter. The clear, leading feature of the bill is that it is a gesture of restraint, a measure of restraint. It is an indication that the government is interested in showing restraint in public expenditures and wants to give a lead to the economic community in this country in respect of this question of restraint. One has to say that that is a commendable feature. It may be said that what the government is really doing is buying itself a little time until it sees how things turn out, and that may be the truth, as we shall probably find out a little later this year. However, I think it must be said that, regardless of the goals of this bill, one has to have some concern lest the impact of the bill be of a transitory and palliative nature rather than going to the root of the problems facing us today.

The savings that are to be made in this year of grace, when this bill is in effect, are considerable. They amount to \$250 million in the fiscal year 1982-83. That is no small amount of money; it is a considerable economy. I do not overlook that fact.

My honourable friend the Minister of State for Economic Development stated in his remarks that wages are an engine of inflation. I have some doubt about that. Perhaps wages are an engine of inflation, but I am more convinced that rising wages are the result of inflation rather than a cause of inflation, although as the wheel goes round the result becomes the cause, as we have observed in the case of productivity and the cost of production. I certainly recognize that there is that relationship. However, my real feeling is that in the beginning inflation is not caused by increasing wages but that higher wages are the result of inflation.

To repeat, then, we find in this measure a relatively important financial saving of a quarter of a billion dollars, but, as I shall indicate in a moment, that cannot be the main effect of the bill, if it is to be useful. Surely, the main intent of the measure will only come into being if the bill produces a ripple effect throughout the economy. If it does act as a catalyst with sufficient force to encourage restraint in all aspects of our economic life, then this bill will do some good. But, surely, it would have done a lot more good if it had been accompanied by some undertakings on the part of the government to use restraint in its own affairs, as distinct from the affairs of everyone else in the country.

The restraint on the wages of the public service is not great when considered in the light of the whole aspect of government policy. If the government had applied the 6 and 5 per cent rule to its own expenditures, I would have been impressed. If it had limited itself to a 6 per cent increase in this year of grace and to 5 per cent in the next year, I would have been most impressed. I admit that for the government to have done that would have been difficult, but for the government to limit its effort in restraint to this rather ineffectual measure may simply prove to be a problem for us as we go through the year.

After all, there is one quarter of a billion dollars being saved directly; there is the ripple effect, the consequences of which are either uncertain or unknown. We can only hope that the effect will be significant. I certainly hope that that will be the case, but I know that in the last two or three years the government's own expenditures have gone up 55 per cent. That doesn't exactly sit well beside the 6 per cent and 5 per cent universe we keep hearing about.

The money we will have to borrow this year, just to pay the interest on the debt and nothing else, is some \$17 billion. The deficit is \$20 billion. The forecast for unemployment is daunting: 10.9 per cent now and not much better expected in the next fiscal year. The question of unemployment, as I have said, is a major problem in the country today. The forecast for inflation in Canada leaves us with grave concerns. It is difficult to expect interest rates to fall to the extent that we would all wish in the next short period of time.

There is some doubt in the minds of some of us whether this restraint bill, even with the widest ripple effect one could wish for, will produce results capable of alleviating the problem we have at hand.

Until the government itself is ready to consider restraint akin to the restraint it is imposing on its civil service today, we may find that we have not approached the root or the source of our problem.

I want to leave you with one consideration. The minister who spoke on this bill made an important point that should not go unremarked. On the question of productivity he explained to us that there was a need to keep the wage rate in Canada—and I presume other expenses as well, although I am not sure that he mentioned them—as far down as possible in order to retain the productivity of our labour force and our economic machine, so that when good times come or when opportunities arise in trade on this continent at least, we will be in a competitive position vis-à-vis those in the United States with whom we do trade. I have to agree with him that that is an important, valuable and desirable goal and that we must all do what we can to achieve it.

● (2040)

I cannot help but point out to him that I am not sure he is diagnosing the cause of the problem. He talks about inflation generally, and that kind of thing, but the fact is that this report from Statistics Canada—which has been made available to some of us by means of a leaked document, and which I am hoping to see in the flesh before too long—deals with this—

Hon. Royce Frith (Deputy Leader of the Government): A document in the flesh?

Senator Roblin: Well, perhaps that is a *lapsus linguae*.

Senator Frith: Poetic licence.

Senator Roblin: Perhaps it is a mixed metaphor, but I am so enthusiastic about this topic that perhaps my thoughts outrun my tongue, although some of my friends say that that is almost impossible.

Senator Frith: I had the same problem yesterday.

Senator Roblin: In any event, I am waiting for Statistics Canada to be permitted to produce this document so that we can all have a look at it.

Hon. Lowell Murray: It was produced for the Cabinet.

Senator Roblin: It was produced for somebody else besides those in Cabinet because it is now in the public domain.

The gist of that document is this: It reports that the rate of inflation in the private sector is 9 per cent—not 11 per cent, but 9 per cent—and falling. "Falling" is the significant word; the rate of inflation in the government sector is 18 per cent and rising. That is the nub of the problem.

I do not in any way want to downgrade an effort on the part of government to approach the problem of restraint; I do not in any way want to minimize what may be a helpful ripple effect, a helpful effect in economic leadership in the country that this bill may provide. I want to give it the benefit of the doubt; I do not want to be negative or pessimistic at this stage, because if it does not work there will be plenty of time to talk about that later. In the meantime, we have to hope that it works, but I cannot refrain from expressing to the Senate my opinion that when inflation in the government sector is at 18 per cent and rising, as opposed to 9 per cent in the private sector and falling, and there is no vigorous, all-encompassing restraint program on the part of government itself, there is a missing link in the puzzle, a piece of the jigsaw puzzle is missing.

While I am prepared to vote for this bill this evening, particularly if my amendment is accepted, which is problematical, I think the government has not yet approached this task with the sense of urgency and iron in its soul that is needed if we are to get the public accounts of this country into order and good shape so that the leadership all Canadians expect is given to the private sector.

I must say again that we have to hope it works, we have to hope it does some good, but I am convinced there is much more to this job if we are really going to break the back of inflation and secure the productivity the country requires.

Hon. Douglas D. Everett: Honourable senators, I must say that, like all other senators, I was enormously impressed by Senator Roblin's speech. First of all, I should like to congratulate him, and thank him for his generosity to the government for stating that the amendments that have been made have improved the bill. Indeed, I think that that is right; I think that that is what parliamentary democracy is about. We bring forward measures and listen to criticisms, and the minister, who exposed himself to those criticisms and amended the bill, ought to be congratulated.

I refer to Senator Roblin's remarks concerning clause 12 of the bill. It is, indeed, a difficult clause. What clause 12 attempts to do is prevent agreements being made during the restraint period that do not appear as part of the written agreement but have the effect of causing a catch-up after the restraint period has been terminated.

Obviously, that is a difficult thing to legislate, and while the clause may well be imperfect, and if challenged may not stand

up in a court of law, it is probably the best that can be put together, and gives notice that the government is not about to permit the 6 per cent and 5 per cent restraint to take place and then find, after the restraint period is over, that certain agreements had been made clandestinely during the restraint period.

Senator Roblin referred to the restraint on employees of ministers and members of Parliament and said that he thought that this was unfairly placing an onus on certain people. Well, I suppose that that is true. The government was criticized for the increases that were given certain people employed by ministers and members of Parliament prior to the restraint period. It reacted to that and there has been a roll-back, as there has been in the salaries paid to ministers, senators and members of Parliament.

I think it is unfortunate that this must take place, but the fact of the matter is that the government must somehow point the way that there has to be restraint in wage demands.

When Professor Courchene appeared before the National Finance Committee he said that he was against wage and price controls, but thought that the public sector was the one area in which controls would have to be applied. He said that there was no alternative to that, that public sector personnel would not lose their jobs and would not be under the constraints people in the private sector were under, and, therefore, they would be relatively free to ask for increases far above those that would likely be given in the private sector.

The government was put into the position of having to concentrate its fire on one particular part of the wage area, and while that is unfortunate, it is necessary.

I think Senator Roblin's point that the government is not restraining itself, but is asking other people to restrain themselves, is patently untrue. If one looks at the budget figures that were presented in the estimates, and takes out the transfer payments to people and provinces, the public debt charges and expenditures for national defence, the portion of the budget over which the government has direct control, is less than 20 per cent of the total budget. That portion has been under harsh restraint over the past period of time. The man-years of employment in government have gone up very little.

The real problem of government expenditures has been related to two areas, and they are largely in the transfer payments of \$34.5 billion. We index most of the transfer payments made to the provinces and to individuals. In addition to that, at the suggestion of the Conservative Party, by the way, we indexed tax receipts, and that is basically where the problem has been.

We are indexing the income of the government so that it is reduced by the amount of inflation, and we are indexing the transfer payments, the vast part of the expenditures of the government, so that the expenditures are increased.

In that area where the government has direct control there has been incredible restraint, and I think that is something that should be recognized generally.

Some Hon. Senators: Hear, hear.

[Senator Everett.]

Senator Everett: This government has taken a hard line in fighting inflation, which has not been a pleasant thing to do. I am sure it has hurt us badly in the Gallup poll.

● (2050)

Hon. Jacques Flynn (Leader of the Opposition): That is not the only reason for the Gallup poll.

Senator Everett: I think that is probably the main reason. This government has taken a very hard line on bringing inflation under control. I think it is doing an exceptionally good job. As a matter of fact, Senator Roblin was saying, if I heard him correctly, when he was referring to the report of Statistics Canada, that the rate of inflation in the government sector is going up and the rate of inflation in the private sector is going down. Senator Roblin will, however, remember that when the President of the Treasury Board was before the National Finance Committee he said that since 1978 wage increases in the government sector have been less than wage increases in the private sector. Therefore, it does not really follow that the government is not keeping its costs under control. Of course it is.

I agree with Senator Roblin that wages do not create inflation. Inflation creates a demand for higher wages. Inflation arises out of an increase in the money supply, and the main thrust of economic policy over the medium term has been that the increase in the rate of growth of the money supply has been brought under control. This is a matter that has been criticized by the opposition on many occasions. As I said in my speech at the time of the tabling of the report on the estimates, that policy has been very successful: the economy has slowed down; inflation is being drained out of it.

Senator Flynn: Hah!

Senator Everett: Well, if you were in charge of the economy—

Hon. R. James Balfour: That is what the people of Canada want.

Senator Everett:—I understand that you would have lower interest rates; you would not have monetary restraint; you would not have wage controls in the government sector, and what would be the result? The result would be absolutely runaway inflation. If you think the dollar is low at 80 cents U.S. you would have it down close to 60 cents U.S. So you cannot have it both ways; you have to have it one way or the other. Either you accept restraint, squeeze inflation out of the economy and get back to real growth, which is exactly what is going to happen as a result of the policies of this government, or you do what the Conservatives want to do, which would lead us into higher and higher inflation, lower and lower productivity and an eventual cracking-up of the economy. This government is doing the right thing—

Senator Murray: What was the rate of inflation when you took over?

Senator Everett: —it is doing the tough thing; it is doing the hard thing; and it is being successful.

Some Hon. Senators: Hear, hear.

Hon. Maurice Lamontagne: That is very good.

[Translation]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, Senator Lamontagne just said it was all right, but not so long ago I heard him make a speech in which he severely criticized the government's monetary and economic policies. Perhaps he will rise a little later to explain his change of heart and to tell us why he now agrees with Senator Everett.

As for Senator Everett's speech, I had expected the chairman of the National Finance Committee, which considered the bill, to give a strictly objective and dispassionate report on the committee proceedings in which he might have pointed out that, on several occasions, the minister had not been very convincing. However, he chose to defend the government's policy and the situation it is now trying to correct and for which it was responsible in the first place.

This is not really the right time to review all our problems, because we could spend three hours on Canada's economic situation, and we could—

Senator Lamontagne: What a bore.

Senator Flynn: I am certainly not going to be as boring as you would be.

Senator Lamontagne: You are always asking me to speak.

Senator Flynn: I know, but it is just because I wish you would say what you think all the time, and not just when it suits you. Sometimes you do make a good speech, but because of your unconditional allegiance to the Liberal Party you cannot afford to contradict the government directly, and so you keep quiet. Does Senator Langlois have anything to say?

Hon. Léopold Langlois: Unconditional allegiance is contagious.

Senator Flynn: Yes, but we on this side would have to remain in power longer. It becomes catching if you spend enough time in power.

In any case, I was explaining that this is not really the time to discuss Canada's economic situation. However, if I were to quote all the experts who have commented on it and all the opinions given recently by knowledgeable people, we would see that at least nine out of ten would criticize the government, and hold it responsible for the problems we are facing at this time. Only Senator Olson—Senator Perrault never has any doubt about it—is convinced that the government is right and can never make a mistake. The government has introduced a bill because inflation has reached 12 per cent. But it did not happen overnight. Why is it that this action was not taken before today?

During the 1980 election, the government ridiculed our proposed energy policy and restraint of government expenditures. The Prime Minister said: "We shall do much better than that as far as restraint is concerned." However, he did nothing. He put aside all the programs which we were in the process of implementing and which would have given us better control over financial management. He completely ignored these proposals.

As for the energy policy of the government, we know that it has gobbled up billions of dollars. We are all aware of the disaster of the mega-projects, those major projects which Senator Olson has listed many times. This was all due to the big lies told during the 1980 election campaign.

Some Hon. Senators: Hear, hear!

Senator Flynn: I will not labour this point. As I was saying, you brought forward these pieces of legislation today because you had no other choice. The time had come for you to realize that you had made mistakes and that you could not delude the public forever. The results of the Gallup poll released today clearly indicate that two out of every three Canadians are anxious to get rid of you, and it is certain that the economic recovery would be made a lot easier if the government had some credibility, something which would be possible only if there were a change of government. Under these circumstances, you will certainly not dare go to the people and ask them to judge your policies.

In any case, I return to this bill. As Senator Roblin was saying, if this bill can achieve the results you hope for, fine; we are going to leave you alone for the next three months—in fact, a little less than three months—so that you may devote them to periods of silence, reflection and reshuffling of the Cabinet, as well as repent and mend your ways, and when the time comes for the Speech from the Throne, you will not bring forward totally improvised programs such as those in the budget of June 28. Definitely *ad hoc* programs, as Senator Roblin said a while ago. We are going to let you think about it.

I am not talking about Senator Lamontagne who will be concerned about the major issues, who will give sound advice to the government, who, I hope, will let the Canadian people know his views on economic and monetary matters, and who may better assist the government in the preparation of its programs, especially those legislative or fiscal in nature, for the next session which is scheduled for this fall. We are going to pray all together and hope that the government will bring forward something useful. But the essential fact remains that Canadians feel the government could not succeed and that it should be replaced.

Some Hon. Senators: Hear, hear!

Senator Flynn: Alas, it will not be for some time because of the dedication of its troops, especially in the other place. One would hope in vain for an election in the near future.

● (2100)

Anyhow, those bills are being referred to us too late; they could have come to us much earlier.

I heard that there was some difficulty with the sound system. You do not know what you are missing. Anyway, I am sure that Senator Denis understands me.

Hon. Azellus Denis: I did not say a word. Make your speech and refrain from making personal remarks if, as you say, you have such good arguments. Deliver your speech without indulging in personalities.

Senator Flynn: Since we are going to adjourn, I hope it will be without bitterness and I would like you to listen to me almost religiously.

Senator Denis: Mend your ways.

Senator Flynn: Do not get angry like that, I wish to make it up with you; I did not mean to upset you.

Senator Denis: I do not mind, I did not say a word.

Senator Flynn: I deeply regret having disturbed Senator Denis.

Senator Denis: I do not disturb you. Leave me alone. Make your speech.

Senator Flynn: I would rather have you disturb me from time to time.

Senator Denis: No, you are only a clown.

Senator Flynn: It is good to clown from time to time, it is good for the senators to laugh. It would surely be good for Senator Denis, and I would like him to learn again how to laugh as he used to.

Now, honourable senators, to return to the bill. Senator Roblin pointed out the problem of the amendment made at the report stage in the other place to reduce the salaries of the political staff of the members of the House of Commons. The minister told us it would not apply to the Senate staff, more specifically to secretaries and other personnel, but only to political appointees. So, I asked him why he had chosen to place that particular group in the same situation as members of Parliament and senators whose salaries will be cut, starting July 1, by 5 or 6 per cent, which fact we accept willingly.

Those people are being treated the same way, the only ones in the civil service to be dealt with in this manner. It seems the change occurred by accident. The matter was discussed in committee, as Senator Everett can confirm. When I told the minister he was not very convincing, he was at a loss for words or, in any event, he did not say anything.

I fail to see why that group was chosen and put in the same category as parliamentarians, MPs and senators, when every other civil servant's salary increase will be reduced only when the time comes for another increase, for instance on April 1, 1983.

[Senator Flynn.]

[English]

MOTION IN AMENDMENT NEGATIVED

Senator Flynn: Honourable senators, for that reason, I move, seconded by Honourable Senator Roblin:

That the bill be not now read the second time but that it be amended by deleting subclause 3(3) of Part 1.

Honourable senators, this amendment would have the effect of putting this group of so-called "political staff" of members of the House of Commons on the same footing, and giving them the same treatment, as the rest of the public service.

Some Hon. Senators: Hear, hear.

The Hon. the Speaker: Honourable senators, in amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Roblin, P.C., that this bill be not now read the second time but that it be amended by deleting subclause 3(3) of Part 1.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

● (2110)

Motion in amendment of Senator Flynn negatived on the following division:

YEAS

THE HONOURABLE SENATORS

| | |
|------------|-----------|
| Asselin | Marshall |
| Balfour | Murray |
| Bielish | Nurgitz |
| Donahoe | Roblin |
| Doody | Tremblay |
| Flynn | Walker |
| Macdonald | Yuzyk—15. |
| Macquarrie | |

NAYS

THE HONOURABLE SENATORS

| | |
|----------|--------|
| Adams | Argue |
| Anderson | Austin |

80084-301

confidence that the government will keep its side of any bargain.

Feeling as I do, I am not in favour of this bill.

Senator Olson: Honourable senators—

Hon. Jacques Flynn (Leader of the Opposition): Time is up. The bell saves us from your speech, Senator Olson.

The Hon. the Speaker: I want to remind honourable senators of the motion the Senate adopted this afternoon:

That if the debate on any stage of the Bill C-124, intituled: "An Act respecting compensation in the public sector of Canada" has not been disposed of before nine-thirty o'clock p.m. on Wednesday, 4th August, 1982, the Speaker shall interrupt the proceedings and all questions necessary to dispose of the remaining stages of the said Bill shall be put forthwith without further debate or amendment.

● (2130)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, His Honour the Speaker has quite correctly drawn attention to that order, and therefore I ask that the motion for second reading be put, to be followed by the motion for third reading.

Hon. David Walker: It was a real break for us.

Senator Flynn: Saved by the bell.

Senator Frith: Unkind.

Hon. Martial Asselin: Lucky boy.

Senator Olson: You are the losers.

Motion agreed to and bill read second time, on division.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Olson: With leave, now.

Senator Flynn: Leave is not necessary.

Senator Roblin: Leave is not required.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Olson, seconded by the Honourable Senator Perrault, that this bill be read the third time now.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Senator Macdonald: On division.

Motion agreed to and bill read third time and passed, on division.

[Translation]

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

[Senator Macdonald.]

RIDEAU HALL OTTAWA GOVERNMENT HOUSE

August 4, 1982

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 4th day of August, 1982, at 9.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,

Sir,

Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable

The Speaker of the Senate
Ottawa

[English]

FINANCIAL ADMINISTRATION ACT

BILL TO AMEND (NO. 2)—SECOND READING

Hon. Hazen Argue (Minister of State for Canadian Wheat Board), with leave of the Senate and notwithstanding rule 44(1)(f), moved the second reading of Bill C-126, to amend the Financial Administration Act (No. 2).

He said: Honourable senators, this is a simple bill—

Hon. Martial Asselin: Oh no, no.

Hon. Duff Roblin (Deputy Leader of the Opposition): Don't say that.

Senator Argue: It is an important bill to amend the Financial Administration Act. It provides that financial institutions, members of the Canadian Payments Association other than banks—but including banks—will be able to accept government deposits. The credit unions have been labouring under great disability because the government is unable to leave deposits with them. As a result, last fall, at the time of the Canada Savings Bonds issue, within two or three weeks approximately \$750 million was scooped out of credit union accounts and many credit unions were in danger of bankruptcy.

In addition to credit unions, the bill will include, for government deposits, trust and loan companies and other financial institutions, including the Montreal City and District Savings Banks, the Alberta Treasury branches and the Ontario Government Savings Office. I should add that the bill passed

unanimously in the other place this afternoon by all-party agreement—

Senator Asselin: That was not the reason for it.

Senator Argue: It was announced by the Prime Minister on March 19 that action would be taken, and in the other place Mr. Walter Baker introduced a private member's bill. I am pleased that the bill is before us because of unanimous consent given in the House of Commons. It received all-party support and I recommend the bill to the Senate on the basis that it corrects an anomaly that has caused a great deal of injustice. It brings these other financial institutions into competition with the banks for government business, and that is a principle that should commend itself to honourable senators.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, this bill may not be a simple one, but it is clear. Senator Argue, in explaining it, said that the bill passed unanimously in the other place and that it had the support of all parties. I have made sure that it was dealt with in a manner different from that which was the case with Bill C-201, and because of that I do not hesitate to say that this bill should get second reading now, to be followed by third reading, so that it can receive Royal Assent tonight. It helps credit unions, caisses populaires and similar organizations to benefit from the possibility of holding accounts on behalf of the Receiver General, and things like that. It has been especially recommended to us on this side by Mr. Walter Baker, a well known member of Parliament, which provides us with another assurance that we can proceed with it without any fear of making a mistake.

Senator Perrault: Hear, hear. A great speech.

Hon. Daniel Lang: Honourable senators, co-operatives are really not within my realm of knowledge. I am always suspicious of any amendment to the Financial Administration Act under which so many things can be done without members of Parliament realizing what exactly is happening—including section 17, I might add. I am not sure what the minister meant when he said savings were “scooped out” of co-operative funds to buy Canada Savings Bonds. I do not know what “scooped out” means. It sounds to me like a suggestive description. Does the minister mean that members of co-ops cannot freely take their money out of co-ops and put it into Government of Canada Bonds? It should be the prerogative of anyone who puts money into a co-operative to remove it at any time he wishes.

Senator Argue: Honourable senators, if my words were subject to that interpretation, then they were not the right words. As I understand it, a co-operative member who buys a Canada Savings Bond will issue a cheque to pay for that bond, and the Government of Canada, in cashing the cheque, cannot leave the money in the credit union. Therefore, there is a transfer of funds, because of this action, from deposits in credit unions into the chartered banking system. It is a complaint of the credit unions that when their members buy Canada Sav-

ings Bonds, immediately their savings are transferred by the government to chartered banks, because until now the Receiver General, by law, has not been allowed to have deposits with credit unions, caisses populaires and some other financial institutions.

Senator Lang: Honourable senators, may I ask a supplementary question? Does that imply that every time the government raises money, it has to leave it with some institution in Canada, such as a trust company, a bank, or anything else? I believe the government has a perfect right, when it raises such money, to put it in the account of the Receiver General. Why should it leave it with the co-operatives, trust companies, banks or anything else? It seems to me an aberration of our normal financial institutional practice.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Argue: With leave, now.

● (2140)

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Senator Lang: On division.

Motion agreed to and bill read third time and passed, on division.

CRIMINAL CODE (SEXUAL OFFENCES)

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-127, to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 44(1)(f), that this bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE
AUTHORIZED TO MAKE STUDY

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, pursuant to the understanding and the motion moved earlier this day, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and consider the subject-matter of the Bill C-127, intituled: "An Act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other Acts in relation thereto or in consequence thereof", pursuant to the Order adopted by the Senate earlier this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, by way of explanation, this motion has particular reference to paragraph 3 of the motion moved earlier this day.

Hon. Jacques Flynn (Leader of the Opposition): I think the motion should mention that the committee has to report according to the order.

Senator Frith: As Senator Flynn has pointed out, paragraph 3 of the order provides that the committee is to report back to the Senate on Monday, October 25, 1982 and that no later than 10 o'clock on Tuesday, October 26, 1982 the vote will be taken.

Hon. L. Norbert Thériault: Honourable senators, does that mean that the Senate will be resuming on October 25, while the House of Commons will be resuming on October 27?

Senator Frith: As we discussed earlier, the Senate will adjourn until October 25 and proceed to implement the order it passed earlier. The House of Commons returns on October 27.

Senator Thériault: Honourable senators, I would like to make one short observation and that is that a bill of this sort should go to committee.

Motion agreed to.

QUESTION PERIOD

[English]

THE BUDGET

EFFECT ON PURCHASERS OF WHOLE LIFE INSURANCE POLICIES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to a question asked on March 30, 1982 by Senator Nurgitz. I ask that the answer be incorporated in the record of today's proceedings.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

The honourable senator gave an example of a particular life insurance policy and has asked what is to be the basis of the calculation of the tax on accrual for this policy and other whole life policies. As a result of the budget of June 28, the policy cited will be exempt from tax on accrual, as will most regular whole-life policies purchased for protection and paid for by premiums over 20 years or more.

The honourable senator has also asked if the government distinguishes between death benefits and accumulated cash values in its taxation of life insurance policies. Indeed it does. The minister's statement of June 28 uses the relationship between the death benefit and the amount accumulated by the insurer for the policy, which is essentially the cash surrender value, in order to define which policies are primarily for protection and should be exempt from tax on accrual. Provided that the amount accumulated relative to the death benefit falls below the limits set out in the press release, the policy is exempt.

FINANCE

TAXATION OF LIFE INSURANCE INDUSTRY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have information relating to a question asked on April 6, by Senator Roblin. I ask that the answer be incorporated in the record of today's proceedings.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

The question that has been asked is whether the taxation of life insurance policies is to be referred to a committee which would be empowered to hear witnesses.

As the senator knows, the Standing Senate Committee on Banking, Trade and Commerce has considered the matter and has heard witnesses. As well, the Minister of Finance's release on June 28, 1982 made significant changes to the original proposal to address concerns that had been raised. Most regular whole-life policies purchased for protection and paid for by premiums over 20 years or more will be exempt from tax on accrued income under the new rules.

**HON. H. CARL GOLDENBERG
HON. GUY WILLIAMS**

TRIBUTES ON RETIREMENT FROM SENATE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am sure that a number of us realize that two of our most distinguished colleagues may not be with us when we meet again in October. I refer to Senator Carl Goldenberg and Senator Guy Williams, both of whom have served with distinction in this chamber. Of course, there is always the possibility that, due to some unanticipated event, we will meet once again before they have their birthdays but, in due time, they will reach the mandatory Senate retirement age later this year.

When October arrives, I know that all honourable senators will wish to express their tributes in proper form and in a more appropriate fashion, but I felt that I should at least draw to the attention of honourable senators the fact that these could be their last few minutes in the Senate.

Some Hon. Senators: Hear, hear.

Hon. Guy Williams: Honourable senators, it is with mixed feelings that I rise to express my thanks to honourable senators on both sides of the chamber for making my 11 years in the Senate memorable ones. I thank you all for your co-operation.

Coming from the province of British Columbia, where there are over 50,000 of my people, the first citizens, I hope that it will not be too long before another representative of those first citizens replaces me here. Once again, I thank all of you.

Hon. Senators: Hear, hear.

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday, October 25, 1982 at 2 o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Hartland de M. Molson: Honourable senators, before dealing with the adjournment motion, may I ask a question of the Deputy Leader of the Government?

The Hon. the Speaker: Is your question on the motion?

Senator Molson: It is on a point of order, if I must clarify it. I would like to know when it was decided that Bill C-126 would be considered by the Senate this evening. The motion, as I heard it discussed last night and today, included Bills C-124, C-201 and so on, and then I witness Bill C-126 being dealt with here in two and a half minutes. As far as I am concerned, I heard no mention of Bill C-126 before our sitting this evening.

I have no particular objection to the bill, except that I do hate being taken by surprise in this manner. Either I am at fault in not knowing of the situation, or else I received no advice on the matter, as I should have. I would like an explanation before the Senate adjourns for the summer.

Senator Frith: Honourable senators, Senator Molson is quite right. The bill came as somewhat of a surprise to all of us and was not referred to in earlier discussions. I learned earlier this afternoon that we might receive it. We received no message on it. In the meantime, discussions took place as to whether or not it would be possible to have it passed before we adjourned and, therefore, become the subject of Royal Assent. Since the general consensus, not only among parliamentarians but also in the financial community across the country, was favourable, there was agreement.

● (2150)

I always try to avoid surprise and to give sufficient warning. In this case I was just not able to do so. For that reason, I am glad that I have had the opportunity to apologize for our having, in effect, "sprung something" when we tried so hard not to. I apologize for more or less springing it on the Senate this evening.

It was only today that we learned that we might receive the measure, and I was waiting to hear whether we would, but when the message came we had already said that if we received the message we would try to pass the bill. That is the only answer I can give.

Hon. Daniel A. Lang: Will the deputy leader admit that he was wrong?

Hon. Jack Marshall: It will be the third time today.

Senator Frith: I think in this case, no, I was not wrong. I did my best but it may be that Senator Lang thinks my best is not good enough.

Motion agreed to.

The Senate adjourned during pleasure.

At 10 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Railway Act

An Act to amend the Small Businesses Loans Act (No. 3)

An Act to provide for payments to persons in respect of dwellings insulated with urea formaldehyde foam insulation

An Act to provide supplementary borrowing authority

An Act to amend the National Harbours Board Act, the Government Harbours and Piers Act, the Harbour Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act

An Act respecting compensation in the public sector of Canada

An Act to amend the Financial Administration Act (No. 2)

An Act to revive E.G. Klein Limited and to provide for its continuance under the Canada Business Corporations Act

An Act to amend the Act of incorporation of The Grand Lodge of the Benevolent and Protective Order of Elks of the Dominion of Canada

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

● (2230)

The sitting of the Senate was resumed.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment, I want to say that several honourable senators have been kind enough to express their satisfaction with the way the Senate dealt with the outstanding legislation before it which resulted in the order made earlier today. I thank them for doing so, but I would like to emphasize that the meeting that led to agreement on that order was at the initiative of Senator Flynn and Senator Roblin. It was their proposal and we worked at it in a co-operative way. I want to give credit to them for their role, and to ask honourable senators, who still feel satisfied with the disposition of that legislation and the order, to express their appreciation.

Hon. Senators: Hear, hear.

Senator Frith: I know that I speak for everyone on this side, and perhaps for all honourable senators, when I say that I am sure we wish each other what we consider a well-earned and, I hope, revitalizing holiday before our return on October 25. With that date on my lips and in your minds, I propose that the Senate do now adjourn.

[Translation]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, if I may, I also want to thank the Deputy Leader of the Government. I believe that, in the last few weeks, we have succeeded in establishing a *modus vivendi* which was generally to the advantage of all senators. On behalf of senators on this side of the house, I would like to wish everyone a happy holiday, or at least a pleasant time away from this house until our return in October.

The Senate adjourned until Monday, October 25, 1982, at 2 p.m.

APPENDIX

(See p. 4778)

NATIONAL FINANCE

REPORT OF STANDING SENATE COMMITTEE ON THE SUBJECT MATTER
OF BILL C-124, RESPECTING COMPENSATION IN THE PUBLIC SECTOR OF CANADA

August 4, 1982

The Standing Senate Committee on National Finance to which was referred the subject-matter of Bill C-124, "An Act respecting compensation in the public sector of Canada", in advance of the said Bill coming before the Senate, or any matter relating thereto has, in obedience to its Orders of Reference of Tuesday, July 20, and Wednesday, August 4, 1982 examined the said subject-matter and now reports upon the same.

The Committee met on July 21 to examine the subject-matter of the Bill and again on August 4, to examine the subject-matter of the Bill as amended and passed at the report stage by the House of Commons. The witnesses in attendance on both occasions were the Honourable Donald Johnston, President of the Treasury Board, Mr. J. L. Manion, Secretary of the Board, Mr. G. Orser, Assistant Secretary, Staff Relations Compensation, and Mr. R. Cousineau, General Counsel, Legal Services.

At the hearing on July 21, the Minister explained in general terms why the government felt the bill was necessary and reviewed with Committee members the major provisions. Discussion took place in Committee as the review proceeded.

The Committee inquired whether civil servants would also receive wage increments within different wage categories in addition to the proposed 6 per cent and 5 per cent wage increases allowed under the legislation. The Minister informed the Committee that employees at levels below the executive levels would receive these increments up to the job rate. At the executive levels these increments, sometimes known as merit increases, would not be allowed during the two year period in which the Act was in force. Only the 6 per cent and 5 per cent increases would apply.

In reviewing clauses 5 and 10 of the legislation, the Committee inquired about the allowance of wage increases of up to 9 per cent for employees whose compensation plans had expired before June 28, 1982. The Minister explained that this was being allowed as a transitional arrangement so that these employees would be permitted to reach the same levels as other employees prior to the start of the program. The 9 per cent increase was approximately the level of settlements granted in the period immediately prior to the budget.

The Committee was interested to compare wage settlements in the private and public sectors during recent years. Considerable discussion took place about the measurement of the wage

settlement rates and particularly about the impact of cost-of-living clauses in contracts. The Minister provided the Committee with tables prepared from Department of Labour statistics since 1978, showing the relative wage settlement rates in the private and public sectors, with COLA clauses and without. The Minister stated on the basis of these statistics that the settlements in the public sector had been somewhat lower than those in the private sector since 1978.

The issue of applying the wage restraints at the 6 per cent and 5 per cent levels across the board at all salary levels was raised by several members of the Committee who were concerned about its acceptance by the Canadian public. The questions were asked as to the reasons for not being more generous at lower pay levels than at higher pay levels. The Minister responded that this issue should be and is dealt with, through the taxation system. He also thought it was important to maintain adequate wage differentials between different categories of employees in the public service. Finally he noted that wage restraints are being applied more severely and for a longer period of time at the executive level.

Considerable discussion also took place regarding clause 12 that is aimed at preventing the negotiation of catch-up wage increases at or beyond the end of the program period. The Committee felt that this clause would be unenforceable in the courts and that the Minister should attempt to strengthen it. The Minister recognized this problem and stated that they had already spent considerable effort in attempting to strengthen it. The Committee raised their concern about the expression "any compensation plan established at any time" in clause 12 and felt that it implied an indefinite period of control over such plans. After considerable discussion the Minister indicated that he would review this wording, which might lead to unintended difficulties in the future. He also undertook to review wording related to the salaries of Members of Parliament to make clear that no subsequent catch-up should apply to their salaries.

At the hearing on August 4, the Minister reviewed the amendments that have been made to the Bill since the hearing on July 21. They are as follows:

1. An amendment to clause 7 which provides that the parties to collective agreements may amend the non-monetary terms and conditions of their collective agreements by mutual agreement.
2. An amendment by adding a new clause 16 to allow the parties to voluntarily enter into a collective agreement

which embodies the 6 and 5 principle of the Bill and which is binding on those parties for the two years which the program would have applied to them. The Governor in Council may terminate the application of the Act to those parties, since the parties, by their own agreement, have achieved the objectives of the Act. In so doing, the parties will be able to achieve those objectives on their own terms, tailored to their own situation, incorporating improvements or changes within the 6 and 5 limits such as maternity benefits and health and safety provisions.

3. An amendment to clause 6 to ensure that, while the emphasis is on the parties to voluntarily enter into a collective agreement, where they are unable to do so, the Treasury Board determines the terms and conditions. Without such a provision, impasses could not have been resolved except by extending the expired terms and conditions including wage rates for a period of 12 months without change. This would have subjected groups subject to the transitional provisions to three complete years of restraint. This had never been the intention.
4. Amendment to clause 2 by adding subclause (3) providing that the wage rates for employees mentioned in 3(2)(a) and research staff of a political party represented in Parliament be established at 106 per cent of the wage rates in effect on March 31, 1982. This is a reduction from the 11 per cent increase granted to staffs of Members of the House of Commons and the 10 per cent increase granted to staffs of Ministers of the Crown effective April 1, 1982.

In respect of this amendment, the Minister clarified the operation of the Bill with respect to Senate Secretaries:

"The Secretaries of the Senators are provided from the staff of the Senate. Such employees are not subject to the roll-back provided for in subsection 2(3) of Bill C-124. They are included under Part 1 of Bill C-124 by virtue of subsection 3(1)(f), and thus are subject to the restraint program provided for in the other provisions of the Bill."

The effect of these undertakings is to treat Senators' Secretaries as all other federal civil servants are treated. Accordingly, because Senate Secretaries are not appointed by Senators, they will not be treated in the same manner as staffs of Ministers and Members of the House of Commons who are directly appointed by the Minister or Member. This means that Senate Secretaries will not be subject to the roll-back provisions of the amendment, but will be subject to the restraint program that applies to all federal civil servants.

5. An amendment to clause 3(1)(b) to make it clear that the Bill is intended to apply only to wholly-owned subsidiaries of crown corporations which are under federal jurisdiction.
6. An amendment by adding subclause 3(4) to extend the Bill's application to cover the railway system operated by Canadian Pacific Limited and those other railway companies who, along with Canadian National Railways, engage in industry-wide collective bargaining.
7. The effective date of the program was changed from June 28, 1982 to June 29, 1982 so that tentative agreements signed on June 28 before the reading of the Budget Speech could be honoured in the manner now contemplated in subclauses 4(2) and (3).
8. Subclause 6(1) to make it clear that the application of the "equal pay for work of equal value" provisions of the Canadian Human Rights Act would not be interrupted by this Bill.
9. An amendment by adding subclause 6(4) to ensure that the Bill does not prevent work-sharing agreements from being entered into between employers and employees' representatives.
10. An amendment by adding subclause 6(5) to restrict salary increases of employees whose salary range maximum as of June 29, 1982 is equal to or in excess of \$49,500 per annum to not more than 6 per cent and 5 per cent during the 2 years of application of the program. Such employees shall not receive any merit or incremental increases or performance awards during that period.
11. An amendment contained in clause 13.1 to require the President of the Privy Council to table an annual report in both Houses of Parliament containing the names and salary ranges of senior Governor in Council appointees.
12. Amendments to Schedules I and II to correct inaccuracies contained in the Bill as originally tabled in the House of Commons.

Their was a wide ranging discussion with the Minister and his staff on the amendments. The members of the Committee sought additional clarifications from the Minister on the meanings of the provisions in the Bill and their application. Answers were provided to the satisfaction of the Committee.

Respectfully submitted,

D. D. EVERETT
Chairman

THE SENATE

Monday, October 25, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[Translation]

THE SENATE

CABINET APPOINTMENTS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I think I should say a few words about the changes we have noticed today in this House. First of all, we have a new Leader of the Government, since the former leader has been given responsibility for amateur sport. Senator Austin now has a new title, and Senator Argue will keep the one he had, since there was no alternative but to leave things as they were in his case. The others were given what I would consider a demotion, which of course could not be said to apply to Senator Argue, unless he had been relieved of his duties. As for Senator Olson, who was considered to be the government's ace on economic policy, his services are now no longer required, although his competence and insight have been generally acclaimed, and he will now have exclusive responsibility for leading the government in the Senate. We wish to congratulate him on taking up his new duties. There is at least some consolation in the thought that he will have less work. However, if the public was right in praising him as an expert on economic matters, I do not think the government was well advised in making this change.

As for Senator Perrault, he is not with us today, but I imagine he is looking into the conflict that has arisen as a result of Quebec's decision to get into certain kinds of sports lotteries. He will certainly have plenty of work, especially since he will have to forego the services of Senator Frith, who will be assisting the new government leader for a short period. In any case, Senator Perrault deserves the Senate's gratitude for the services he has rendered as leader in the Senate. As for Senator Austin, who had a series of varying responsibilities, he has now been given the title of Minister of State responsible for Social Development. If I am not mistaken, this title was first conferred on the Honourable Jean Chrétien, in addition to his responsibilities as Minister of Justice. During his two and a half years as Minister of State for Social Development, I do not remember Mr. Chrétien ever making a decision or expressing any comments in that capacity. I am not sure whether the title involves any duties other than being chairman of a cabinet committee. In any case, Senator Austin will probably wish to explain exactly what his new title involves and who will now take care of the many matters for which he was responsible until now.

In any event, now that these changes have been made, as far as this side of the house is concerned, we shall try to adjust.

For the time being, I simply wish to note these changes and offer the assurance of our full co-operation to the new incumbents.

[English]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should like to respond to Senator Flynn's comments, which I believe were a form of congratulation.

Senator Flynn: In part.

Senator Olson: I am a little more confident, however, that, if he expressed good wishes, he also indicated he would assist us in carrying out the functions of the Senate.

Senator Flynn: You need it.

Senator Olson: All of that I appreciate quite sincerely.

Without going into any great detail at this time, I should indicate that, at least in the initial stages, there will, with respect to the activities that take place in this chamber, be some changes in emphasis and perhaps in the nature of those activities, and it is our hope that in putting those changes into effect we will have the support of the Leader of the Opposition and his colleagues. It is anticipated that such changes as we have in mind will enhance the capability of the Senate to perform its essential public service.

I will have more to say about this matter later, when there is more time to discuss the structures, assuming there are structures, and the related details.

Honourable senators, I think it is only appropriate that at this time I take a moment or two to pay tribute to Senator Perrault who, for a long period of time, occupied the position I am now in. He did so during both relatively easy and relatively difficult times. Certainly, on this side of the house—and I am sure my colleagues on the other side of the house join me in this tribute—we recognize and appreciate the tremendous amount of hard work performed by Senator Perrault and the good results that flowed from that hard work to this chamber during his period as leader.

Some Hon. Senators: Hear, hear.

Senator Olson: I shall not say anything further on the subject of leadership, except once again to thank Senator Flynn for expressing, in his own inimitable fashion, his congratulations and goodwill. One has at times to be exceedingly perceptive to distinguish in his comments remarks of a congratulatory nature, but one nevertheless appreciates them.

The Hon. the Speaker: Honourable senators, I do not intend to comment on any changes that might have taken place in the membership of the Senate.

[Translation]

I merely wish to welcome all senators back after the adjournment.

[English]

THE HONOURABLE GUY WILLIAMS

TRIBUTES ON RETIREMENT FROM SENATE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I wish to take this opportunity to pay tribute to two of our colleagues who have recently retired from this chamber. Since we last met, Senator Guy Williams and Senator Carl Goldenberg reached the mandatory age of retirement from this chamber.

Senator Williams was summoned to the Senate on December 9, 1971, and retired on October 7, 1982. He was born in Kitimat, British Columbia. I am advised that he will be retiring to the west coast, where he now lives, and will spend his time doing a combination of some of the things that have been of lifetime interest to him. Undoubtedly, he will be involved in fishing and in furthering the promotion of fishing, as he did so well in this chamber. Also undoubtedly, he will be doing that from the perspective of the native peoples of that part of Canada. In my view, honourable senators, from that perspective Senator Williams made an important contribution to the debates in this chamber.

His interests encompassed a much wider range than just the fishing industry. I know, for example, that he took a great interest in agriculture on behalf of his people, and regularly attended, as a member, meetings of the Agriculture Committee. He took the time and made the effort to ensure that certain aspects of agriculture policy were reviewed and changed. That was true whether it was in terms of the activities of the Farm Credit Corporation or other matters of particular, and in some cases unique, significance to the people in this country who try to farm the land on Indian reservations. Indeed, as a result of his efforts some important amendments were made to the Farm Credit Act and other pieces of legislation dealing with agriculture.

● (1410)

My point is that Senator Williams took a broad interest in the well-being of his people, and of Canadians generally. We are richer as a result of his contributions and will miss his wise counsel, particularly in committee, where he played such an active role.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I join with the Leader of the Government in underlining and praising the noteworthy contribution which Guy Williams made to the deliberations of the Senate.

No one had a more profound understanding of the problems of native Canadians, and certainly no one could articulate them as clearly and with greater feeling than the senator from British Columbia.

Guy Williams was a noble and effective representative of his people. He made clear to us the desires and aspirations of

native Canadians and impressed upon us the urgency with which certain matters should be addressed.

The last speech I can recall his making dealt with the important matter of the Constitution, and how we should make an effort to ensure that, once patriated, the document be refashioned to provide a better deal for our native community. We know that in accordance with the text which came into force on April 17 last that the next federal-provincial conference should address the problem of native claims and other native problems. Some people are very skeptical, but let us hope that they are wrong.

Senator Williams has much to be proud of. His contribution to his country, his province and the welfare of his people has been significant. We wish him a thoroughly enjoyable retirement.

THE HONOURABLE H. CARL GOLDENBERG

TRIBUTES ON RETIREMENT FROM SENATE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should like now to take a few minutes to pay tribute to Senator Goldenberg, who retired from this chamber on October 20 last.

Senator Goldenberg was summoned to the Senate on November 8, 1971. He came to this chamber after having already achieved a great reputation as one of Canada's leading constitutional experts, not only in terms of the Canadian Constitution, but in terms of any legal matter respecting not only relations between the federal and provincial governments, but also relations between provincial and municipal governments. I know of many occasions when he took on these tasks as a special adviser, and served with distinction.

He has also served on many royal commissions, and, in addition, has acted as arbitrator in many labour disputes. Even in his retirement he is working on the Vancouver port situation.

I recall that he was a constitutional adviser to the Prime Minister from 1968 to 1971, and served on the Special Joint Committee on the Constitution. He was Chairman of the Standing Senate Committee on Legal and Constitutional Affairs. Senator Goldenberg's expertise, which he had developed before he was appointed to the Senate, enabled him to make a major contribution to the work that went on in committee.

● (1415)

Senator Goldenberg will be missed, because people with his expertise and wide-ranging experience are few in number in this country. The manner in which he employed the wisdom he had acquired was a great contribution to this chamber.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, on the occasion of the retirement of Senator Goldenberg on October 20, the *Montreal Gazette* reported that at the age of 14 he had written to the editor of the *Montreal Star* outlining a 10-point program for Senate reform. He was then worried about the Senate's having an

absolute veto and looked upon the system of having senators appointed by the federal government as undemocratic. Young Mr. Goldenberg felt that in a democratic society a legislative body which was not accountable to a constituency had no credibility.

Though many of us today would agree with Carl Goldenberg that the Senate should be an elected body, certainly all of us—including Carl Goldenberg, more than likely—are thankful that his suggestions of 1921 have still to be acted upon by any government.

Today that allows us, as members of this exclusive club—a term which has been mentioned on several occasions—to bid farewell to Carl who, for 11 years, dazzled us with his brilliance and granted us the privilege of his friendship.

This institution, and the legislative work which is its prime responsibility, have benefited immensely from Carl's fine intellect and vast erudition. Few have sat in this place who were more gentlemanly, more charming and more pleasant to deal with than he. He was ever willing to listen, always disposed to help and, invariably, kind, patient and gentle in expressing his point of view.

It is surely these inestimable qualities of intellect which have long made his contributions to the field of labour arbitration so sought after and of such remarkable success.

As Canadians we can rejoice that, although Carl has retired from the Senate, he does not plan to retire from the profession of law or the practice of labour arbitration.

Of that work which will occupy him for many years to come, I can only think of saying: Blessed are the peacemakers, for they shall be called the children of God—and shall never be unemployed.

On behalf of the Progressive Conservative caucus, I should like to express to Carl Goldenberg the heartfelt wish that he enjoy a long, healthy and active retirement. He has reason to be very proud of the exceptional contribution he made to the work of the Senate. We should also like to send greetings at this time to his charming wife.

**THE HONOURABLE WILLIAM J. PETTEN
THE HONOURABLE CYRIL B. SHERWOOD
THE HONOURABLE L. NORBERT THÉRIAULT
THE HONOURABLE JOSEPH A. SULLIVAN**

FELICITATIONS ON RETURN TO CHAMBER

Hon. H. A. Olson (Leader of the Government): Honourable senators, there is another noteworthy happening this day that I should like to mention. I know that the Leader of the Opposition will agree with me that the offices of Leader of the Government and Leader of the Opposition seem fairly important at times, but there is one other office on both sides of this house which at times is equally and sometimes more important and that is the office of Whip. Today we have the return of Senator Petten, our Whip, who was absent for a number of weeks before the summer recess. I understand he has been

fully repaired and is on his way to full recovery, and I am sure all of you join me in welcoming him back to the chamber.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a note also to welcome Senator Petten back to the chamber, and I join with the Leader of the Government in saying that we are very happy to see him looking so well.

I should also like to welcome back Senator Sherwood who has been away for quite some time and who now looks very well and fit. He was absent for reasons similar to those of Senator Petten.

● (1420)

Senator Thériault, who was in attendance for a few days before we adjourned in August, has also gone through the same experience and I am glad to note that he also looks very well.

Honourable senators, I would be remiss if I did not mention the presence of our good friend, Senator Sullivan, who also appears to be in good health. We are very pleased to have him here with us today.

Senator Olson: Honourable senators, I join the Leader of the Opposition in welcoming Senator Thériault, Senator Sherwood and Senator Sullivan, and in expressing the hope that their recovery will be complete.

THE HONOURABLE H. CARL GOLDENBERG THE HONOURABLE GUY WILLIAMS

TRIBUTES ON RETIREMENT FROM SENATE

Hon. Sidney L. Buckwold: Honourable senators, I cannot let this occasion go by without paying a brief tribute to a gentleman who has been a long-time friend, and I refer, of course, to Senator Carl Goldenberg who has just retired.

It is my privilege to have known Senator Goldenberg since my days as a student at McGill University. That goes back a long time—perhaps almost too long in the eyes of Senator Flynn.

Hon. Jacques Flynn (Leader of the Opposition): We are about the same age.

Senator Buckwold: Even at that time, Carl Goldenberg showed the kind of wisdom and leadership that has made him famous across the country. He was an impressive young man, and ever since that time he has been outstanding in all the things he has done.

For me it was a happy coincidence that we were summoned to the Senate on the very same day. Senator Goldenberg, Senator van Roppen and I were summoned to the Senate on November 4, 1971. It was an honour to be a member of that group. It was from that time that I developed an even closer relationship with Senator Goldenberg and, even more so, valued his friendship.

This is an opportunity to express my admiration for this gentle man who, in his own way, had a unique method of chairing a meeting, arbitration or conciliation. He seemed to have that ability to allow people to talk out their problems and then, at the right moment, move in and bring them together. We saw him do this at many committee meetings, even when the subject under review was difficult.

I agree with what has been said, and am sure we have not seen or heard the last of Senator Goldenberg and the contribution he will continue to make to this country. He is probably one of the most youthful-looking senators who has had to retire because of the age limitation. He could be described as getting older every year, but younger every day.

Hon. Joseph-Philippe Guay: Honourable senators, I also would like to join the other senators who have commented on the retirement of Senator Goldenberg. I recognize the valuable contribution he has made to the Senate, to the Government of Canada and to our country. I wish him a long and healthy retirement.

I would also draw attention to the fact that Senator Graham was in hospital for a while during the recess. I am pleased to see him back in his place and looking healthy.

Hon. Frederick W. Rowe: Honourable senators, I would be negligent in my responsibilities to the Senate and to my native province if I did not, at this time, join in the tribute to both honourable senators who retired in recent weeks. As it happens, both of these gentlemen have had intimate connections with my province of Newfoundland, and this is a good time for me to make a brief reference to that. There is also a sentimental tie between Senator Williams and myself, as there is between Senator Buckwold and Senator Goldenberg. Guy and I were introduced into the Senate on the same evening in December 1971.

● (1425)

I have said this before and it will bear replication: Senator Williams is, in my view, a remarkable Canadian. Whenever he spoke, it was with the voice of reason, the voice of moderation, a voice totally devoid of any prejudice. His retirement constitutes a loss to the Senate.

I have also referred to the fact that Senator Williams had an intimate connection with the province of Newfoundland. At one point, when he was probably the leading milk rancher in all of Canada, he invested half a million dollars in the province of Newfoundland. I have his permission to make reference to this investment. In fact, I believe that I have referred to it before. I will not comment upon the outcome of that investment except to say that Senator Williams accepted the results philosophically.

For a number of years, Senator Goldenberg was a constitutional and financial adviser in federal matters to the Government of Newfoundland. During the crucial years when, as a new province, Newfoundland negotiated with the federal government, Senator Goldenberg sat by our side as an adviser at various federal-provincial conferences. I had intimate experience with him at that time since I was a member of the

Government of Newfoundland. During the years when I was Minister of Finance, there were times when we relied on his advice and help almost daily.

On behalf of all Newfoundlanders, I would like to express our sincere appreciation of the role that these two gentlemen have played, both here in the Senate and in respect of the province of Newfoundland.

[Translation]

HOLIDAYS ACT

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE
ON SUBJECT MATTER OF BILL C-201 PRESENTED AND PRINTED
AS APPENDIX

Hon. Joan Neiman: Honourable senators, I have the honour to table the Report of the Standing Senate Committee on Legal and Constitutional Affairs on the subject matter of Bill C-201. I ask that this report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day, and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see Appendix "A", p. 4840.)

Motion agreed to.

● (1430)

[English]

CRIMINAL CODE (SEXUAL OFFENCES)

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE
ON SUBJECT MATTER OF BILL C-127 PRESENTED AND PRINTED
AS APPENDIX

Hon. Joan Neiman: Honourable senators, I have the honour to present the report of the Standing Senate Committee on Legal and Constitutional Affairs on the subject matter of Bill C-127, to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other Acts in relation thereto or in consequence thereof. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix "B", p. 4841.)

NATIONAL FINANCE

REPORT OF COMMITTEE ENTITLED "GOVERNMENT POLICY AND
REGIONAL DEVELOPMENT" TABLED

Hon. Douglas D. Everett: Honourable senators, I have the honour to table the report of the Standing Senate Committee on National Finance entitled "Government Policy and Regional Development", and move that it be taken into consideration at the next sitting of the Senate.

Motion agreed to.

[Senator Buckwold.]

TRANSPORT AND COMMUNICATIONS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ATTEND LAUNCHING OF ANIK AT CAPE CANAVERAL, FLORIDA

Hon. G. I. Smith: Honourable senators, as Chairman of the Standing Senate Committee on Transport and Communications, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on Transport and Communications be authorized to send representatives to the launching of Telesat Canada's Satellite Anik in Florida.

By way of explanation, I may say that this will be the second launching of a Canadian Anik satellite, that the invitation has been extended through the appropriate United States and Canadian authorities, and that the budget of the committee seems to be in sufficiently good health to respond to any expenses that may be involved if the motion is agreed to. I am informed and believe that some six or seven senators have expressed their intention of attending this event, which is scheduled to take place on November 11, 1982.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I do not believe the honourable senator needs leave to present a notice of motion. This will now appear under "Motions" tomorrow.

Senator Smith: I was actually asking for leave to move the motion now, so that it could be dealt with in one bite. However, I have no objection to its being taken as notice, and my moving it tomorrow.

Senator Frith: Everything that the honourable senator has said sounds reasonable. Perhaps we shall have an opportunity to think about it overnight and then deal with it under "Motions" tomorrow.

Senator Smith: That is perfectly satisfactory.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

QUESTION PERIOD

[English]

THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, it seems to me that the Leader of the Government should tell us at this time what are the intentions of the government with regard to what is expected of us. When we adjourned on August 4, the understanding was that we would return today to deal specifically with Bill C-201, and, tomorrow,

with Bill C-127. The idea was that both bills would receive royal assent, if passed, on Wednesday next, after which there would be prorogation of the present session, which began, as everyone knows, in April 1980—over two and a half years ago—and that a new session would begin on Thursday. It now seems that the government's plans have been changed, or that the government does not know whether a new session will commence on Thursday. It would be helpful to all honourable senators if we could obtain some clarification from the Leader of the Government.

Hon. H. A. Olson (Leader of the Government): Honourable senators, the clarification sought in the first part of the question was stated several weeks ago. We hope to complete our consideration of Bill C-201 today, as has been provided, and, when we get to the matter under Orders of the Day, I will offer some suggestions with respect to deferring the votes to certain specific times.

● (1440)

Tomorrow we will deal with Bill C-127. Of course, there is also an order of this chamber that that bill should come to a vote no later than 10 o'clock tomorrow night. It may be that, if we complete the debate on second reading of Bill C-201 earlier today, we could get to Bill C-127 and begin the debate then. However, we can discuss that later.

The next thing is that we will have Royal Assent on Wednesday, as was known several weeks ago. I think Royal Assent ought to go forward as was arranged.

The Leader of the Opposition then asked whether or not this Parliament would prorogue and a new session begin either later that day or the following day. I can give some indication of the situation as of now, although I cannot give a precise articulation of what will follow, because negotiations are going on now between officers of the House of Commons to see if a measure of agreement can be reached with respect to the disposition of some very important bills that are still on the order paper of that house.

For example, there are a number of bills that flow from the June budget. I believe that there are two bills left flowing from the resolutions of the November budget that really ought to be dealt with. The question that has to be taken into consideration is: How much progress can we make with a few more days? Whether the period is two weeks, three weeks, a month or any other period is not for me to say, but we do know that there are approximately 26 sitting days left between now and when we normally adjourn for the Christmas and New Year's recess.

Senator Flynn: Is that in the Senate or the House of Commons?

Senator Olson: That is in the House of Commons. It is something like that. Of those 26 days there are a fairly significant number that are opposition days of one form or another, so we must subtract those days from the time that would be spent on the government bills left on the order paper.

Until the negotiations are complete, I cannot answer as to exactly what the procedure will be. But insofar as the first part

of the Leader of the Opposition's question is concerned, and insofar as the commitment and arrangements for the time as to when votes will be taken on these two bills leading up to Royal Assent are concerned, there has been no change.

Senator Flynn: What is quite clear, however, from the long reply of the Leader of the Government, aside from the fact that up to now he has emulated his predecessor, is that there will not be a new session beginning Thursday. So my very practical question is: Will the Senate adjourn on Wednesday?

Senator Olson: Honourable senators, I think we should have some discussion on that matter among ourselves and between both caucuses. I say that because there are a number of items on the Order Paper, and it seems to me that there may be an opportunity for some senators, if we have extra sittings, to debate the items that are on the Order Paper or, if you like, that have been postponed from one day to the next. If, however, there is something less than enthusiasm or desire to have some of those debates, then I think we could give consideration to an adjournment.

Senator Flynn: I think, in most cases, those honourable senators who have items on the Order Paper expected them to die with the end of the session on Wednesday.

Senator Olson: I think my friend has the right to make that assumption, but in keeping with the spirit of the democratic process to which I am accustomed, we should provide an opportunity for honourable senators to indicate whether they would like some time in which to debate those matters. Perhaps their hopes would be raised with the indication that their items on the Order Paper were not going to die. If that is so, then we would have some time to accommodate those honourable senators, quite apart from the priority given to government business.

Senator Flynn: Is that an indication of a new order of things?

Hon. Ann Elizabeth Bell: Honourable senators, I wonder if I could ask the Leader of the Government in the Senate a supplementary question. Since, apparently, Parliament will not be prorogued on the day after tomorrow, October 27, the reason for the order passed on August 4 is no longer valid. Would it not perhaps be sensible today to introduce a motion to have that order set aside, to allow the Senate to debate the two bills before us in the usual manner in which the Senate is accustomed to deal with legislation? I am referring to Bills C-201 and C-127.

Senator Olson: Honourable senators, the house order does not make any reference to prorogation. I know that there was a view that this Parliament may prorogue. The other flaw in the preamble to the question, that "apparently there will be no prorogation", I think is that it is slightly at variance with what I just said. I, for one, do not know there will be no prorogation on Wednesday. So on that basis I think we should proceed according to the motion agreed to by this chamber.

Hon. Jack Marshall: Honourable senators, I have a supplementary question on the point raised by Senator Bell—a point

[Senator Olson.]

with which I agree. Part of the agreement to come back on October 25 was that the bill would be referred to committee until October 25. The reason for coming back on October 25 was that the session would end in the following few days. Now it is not going to end and the report has been presented. Many people in Canada have not had an opportunity to make representations to the committee. What would it hurt if we sent the report back to committee and told them to study it further and allow people, whom we are supposed to protect in Canada, to appear and make their voices heard, instead of railroading the bill through?

Senator Olson: Honourable senators, there is absolutely no question of railroading, or any other term that may have a similar connotation. Rather than repeating myself, I will say that what I said in reply to Senator Bell only a few moments ago completely answers the question raised by Senator Marshall.

Senator Marshall: Then, I ask a question of Senator Neiman, as Chairman of the Standing Senate Committee on Legal and Constitutional Affairs. The report of that committee, a copy of which has just been placed before me, says:

—if the bill is passed by the Senate in unamended form, the Government would, at the earliest opportunity, introduce an appropriate amending Bill.

What in the Lord's name does that mean? Does it mean that we will pass this bill and then bring in a better bill later? Why not satisfy, once and for all, our responsibility in this Senate, stop this mischievous act by 12 members of the other place and send the bill back to committee where the people of Canada can be heard. The Senate will then have before it the proper bill, and it can be passed.

Senator Olson: Honourable senators, it is not a question of the government or anyone else bringing in a better bill. The substance of this bill is well known. There are, however, some consequential amendments to other statutes that are required. I believe there are three of them, one of which is the Bills of Exchange Act. If I could find my notes, I could tell you precisely what those changes are. In any event, the Minister of State has given an undertaking that a bill, sponsored by the government, will be introduced respecting those consequential amendments. They are rather limited. I will repeat that undertaking today, that the government will introduce a bill which provides for the consequential amendments. So there is no question at all that those amendments will occur. We will do that forthwith.

● (1450)

Senator Marshall: Honourable senators, I should like to address a supplementary question to Senator Neiman regarding the lack of advertising of the committee's hearings. For just about all other parliamentary committees every newspaper across the country has an ad, paid for by either the government or the department concerned, asking people to make submissions.

Even though, according to a poll, some people might be in the minority on a particular issue, I think those citizens of

Canada in that minority should have an opportunity to be heard. Since we are the ones who are supposed to protect minorities, surely we should have put advertisements in the newspapers soliciting submissions, letters or appearances before the committee.

Hon. Joan Neiman: Senator Marshall, when the subject matter of the bill was referred to the Standing Committee on Legal and Constitutional Affairs on August 4, the committee held a meeting at which both sides of the house were fully represented. There was an almost full attendance at the meeting that day. At that time the committee unanimously decided—and this is the kind of decision that it is up to a committee to make—not to have any general advertising. One of the principal reasons behind that decision was that there had already been a great deal of publicity in the papers across Canada with respect to the bill, and there had been subsequent publicity about the fact that the Senate would be holding special hearings on it.

It was the members of the committee who decided that day that it would be sufficient advertising if the senators themselves were to assume the responsibility of advising those who they felt might have an interest in the bill and those who, therefore, might wish to make representations. At the same time the committee took the decision not to hear individuals, but only to hear national organizations. Those were decisions taken by the committee as a whole that day.

Following that, I can assure Senator Marshall that some of the members of the committee, as well as some senators who are not members of that committee, were most assiduous in informing the people in their own communities and informing organizations with which they are associated. For instance, Senator Donahoe took on the responsibility of writing to all the newspapers. He did that himself. Senator Bell did the same thing in the west. Senator Lang was also very active, I know. I, too, spoke to a few people representing organizations. I found that some people said they would have nothing to add to the debate one way or the other.

Altogether, we had a tremendous response as a result of that activity. I might add that we accepted all submissions from national organizations, and consequently we had a full hearing on this measure on October 13.

Senator Marshall: Would the chairman of the committee then tell me if the decision taken by the committee at that time was unanimous.

Senator Neiman: I have already said that to the best of my recollection it was. I do not have a copy of the minutes here, but I do not think there was one dissenting voice, when we decided we would not have advertising.

Hon. Richard A. Donahoe: Honourable senators, as deputy chairman of the committee, I want it clearly understood in the Senate that I was not among the members of the committee on the day that these decisions were, as the chairman says, taken. Had I been, I would not have agreed with them.

Because my name has been mentioned as circulating the question to the people, I must say that I did so circulate it. I

wrote to every newspaper in the country, including the newspapers of Quebec, inviting representations to the committee. Many representations were made. I had intended to say certain things about the record, but perhaps I should not make a speech on that at this time.

I want it clearly understood that I was not party to the decision that there be no advertising. I did not approve such decision, and as a private senator and as a member of the committee I must say that I did everything in my own personal power to see that what I considered a defect on the part of the committee was looked after and made up for as well as possible by myself as an individual.

TRANSPORT

BRITISH COLUMBIA—GRAIN HANDLERS' STRIKE

Hon. Sidney L. Buckwold: Honourable senators, I wish to address a question to Senator Argue concerning the problem with respect to the grain handlers' strike in the Port of Vancouver.

I do not intend to be kind to you today, Senator Argue, because this is a matter of real significance and importance to all of Canada and particularly to western Canada. Perhaps it is most especially important to our home province, senator, Saskatchewan.

The strike is costing millions of dollars; it is affecting our only really solid industry in the export field, namely the export of grain, which is the one bright light or shining example in an otherwise poor economy. The fact that we are now looking at thousands of jobs being lost, farmers becoming disenchanted and a hungry world anxiously awaiting this much-needed grain makes me venture to hope, Senator Argue, that you can give us some facts that will indicate that either this strike will be legislated out of existence or the men will be legislated back to work, or that some other means will be taken to resolve the problem not just in the indefinite future but almost immediately.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I appreciate the importance of the subject raised by Senator Buckwold. I want to say that I fully support his statement with regard to the importance of this industry and the fact that it is a shining light in a period of economic downturn.

It is a fact that a number of ships are awaiting the loading of the grain at the west coast; it is a fact that this industry is of importance not only to western Canada but to the whole of the country. It is also a fact that we decry this situation.

But let me remind honourable senators of the strike situation that existed at Thunder Bay just about one year ago. From the grain farmers' point of view that strike lasted a long time—a period of about two weeks. Fortunately, we were able to resolve that strike without invoking parliamentary legislation, and, subsequently, the workers went back to their tasks with enthusiasm. In place of the half-hearted attitude one might have expected had they been forced back to work, they

returned to work determined to do a job, and they did a tremendous job at Thunder Bay last year. It was so good, in fact, that in spite of the two-week strike delay, they were able to break all shipping records in the history of this port.

I appreciated their efforts and I took it upon myself towards the end of the crop year to go to Thunder Bay to tell them so. We put on a luncheon to which we invited the leaders of the grain union, the elevators involved and the railroads, so that we could thank them for an exceedingly good year.

In reminding you of what took place last year I am expressing the hope that this year we will see in Vancouver and Prince Rupert another fine export year. If in the circumstances of last year the west could break the record, let us hope—and keep our fingers crossed—that in spite of this difficult and grave situation we will end up this year shipping an even greater volume of grain out of the west coast, than we shipped a year ago.

Incidentally, the situation we are dealing with this year is a lockout. Since the lockout took place, I have been in touch with the Minister of Labour, and with Bill Kelly, the senior assistant deputy minister, who is the labour trouble shooter for the Department of Labour. He is the best labour negotiator in Canada and is respected by both employers and employees. I might add that the Minister of Labour has been in close touch with the situation, and considers it urgent that a settlement be reached quickly.

Just this morning the Minister of Labour sent the following telegram. Perhaps senators will not object if I read it to the Senate. It will take just a shade over two minutes to read, if honourable senators so desire.

• (1500)

The telegram was sent by the Minister of Labour, the Honourable Charles Caccia, to the British Columbia Maritime Employers' Association and the International Longshoremen's and Warehousemen's Union, Canadian Area. The telegram reads as follows:

Once again all commerce through West Coast ports has been halted as a result of a labour dispute between the BCMEA and the ILWU. The history of labour relations between your organizations over the last thirteen years and resultant work stoppages is a dismal record to those who advocate and defend free collective bargaining. The BCMEA and the ILWU have always expressed a distaste for government intervention yet seem incapable of resolving their disputes without such intervention. The record indicates that not once in the past thirteen years, except during the A.I.B. regime, have you been able to arrive at a collective agreement short of intervention of high-level mediation from Ottawa or Parliament itself. The punishment inflicted on other Canadians and the economy generally is a matter of urgent concern in the best of times but in today's grave economic circumstances such action is intolerable. Grain export, an economic life-line of this country, is strangled and already massive layoffs of railway workers have taken place. I am a firm believer in

[Senator Argue.]

collective bargaining and rights established by the Canada Labour Code. However, I feel compelled to say that such rights do not establish our West Coast port, which belong to all Canadians, as the private poaching ground of any employers' association or union. You have exhausted, as usual, conciliation provisions of the Canada Labour Code and now with all shipping from and to the West Coast halted apparently remain aloof not talking to each other. I strongly advise you to immediately resume negotiations. Failing an early settlement of this dispute the government will accept its responsibility, repugnant though it might be, to bring about resumption of vital shipping operations.

I think that that is a position that will likely commend itself to the Senate, and I can only hope the parties involved will respond, and, through their own negotiations, reach an agreement immediately.

Senator Buckwold: I have a supplementary question. That telegram may commend itself to the Senate, but it does not commend itself to me, and I do not think it will commend itself to those who feel that, by sending a telegram to an employers' association, and giving them—

Senator Argue: And the unions.

Senator Buckwold: Did the same telegram go to both?

Senator Argue: Yes, the International Longshoremen's Union and the Warehousemen's Union.

Senator Buckwold: Sending that to both of them and combining that with a good whipping is not in fact the means of bringing them together.

I was hoping to hear of some further conciliation efforts that might be going on, efforts of some significance, because I have a feeling that stirring up the pot the way this telegram will, and getting people's backs up, will not contribute to an early settlement of the disastrous lockout. I am hoping that it will not be long before the government moves on this, and the sooner the better, as far as I am concerned.

Senator Argue: The wording of this telegram is strong. The honourable senator says that conciliation efforts should have been made. We had a conciliation officer who studied this matter at length and brought in a major report, and the feeling of the department and the Minister of Labour is that "conciliation" has really been exhausted. They feel that the parties involved should get back to work at the bargaining table, settle the dispute if they can or, in the words of the minister "the government will accept its responsibility, repugnant though it might be, to bring about resumption of vital shipping operations."

I think that that is a strong statement; I think that that is a forthright statement, and, as far as I am concerned, it shows that the government recognizes the seriousness of the situation and is prepared to bring about resumption of vital shipping operations.

Senator Buckwold: I have one final supplementary question: How long are you going to wait?

Senator Argue: I may not be able to tell you that. The minister is anxious that a settlement be brought about soon. The cabinet is considering the question. I am sure that the government desires a settlement at an early date.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am very interested in the question asked by Senator Buckwold, and I took note of the terms expressed in the telegram the minister read. I must tell him that it is unusual to hear such a frank and accurate analysis of the problem that exists on the west coast, although perhaps it did not go into as much detail as some of us would like regarding the disadvantages that flow from it with respect to the agricultural and commercial interests of western Canada, and of the nation as a whole. But it is no good analyzing the problem, even in such frank and straightforward terms as the telegram does, without dealing with the point raised by the honourable senator from Saskatoon—that is, what is the time limit?

If there is no sanction that means something, the words are empty.

The government has given itself plenty of leeway, it seems to me, in saying that, unless they get their act together it will do something. But I think that if the act is going to be got together, it has to be done through encouragement or because of the possibility of some sanction. That surely has to be in the context of the time limit the government allows—the time it sets down after which it will act if nothing else is done.

The farming interests in western Canada deserve such frankness on the part of the government. I think it would help solve the problem if those involved knew what the sanction really was. If the minister cannot give us a firm date this afternoon—and he has already stated that he cannot—I think he should give us a firm undertaking that, next time we meet, namely tomorrow, he will furnish this house with a date by which the government expects the matter to be settled between the parties on the west coast, or the date on which the government will act.

To analyze the problem and refrain from disclosing the sanction seems to me to be less than a half measure.

Senator Argue: I think the statements made by honourable senators are important. Of course, once they are made, they become part of the public record. I am sure their remarks will be studied by the Minister of Labour.

I am not at all convinced in my mind that it would have had any clearer results if the government had fixed a particular time limit for a response from the organizations involved. The telegram is strong in its terms. From comments I have heard, I gather that some senators feel it is stronger than anything that has previously been heard in the labour scene.

I appreciate the difficulties that are being caused by this lockout—and indeed it is a lockout, because the employers have locked the unions out.

In any event, there is a loss in terms of normal exports through the port of some 50,000 tonnes of grain a day. That is a serious loss.

The Minister of Labour is obviously considering the matter carefully. This telegram was sent with the agreement of his colleagues. I believe that there will be further discussions within the government tomorrow, and I am sure that when the Senate meets tomorrow similar questions will be put to me, and I will respond by giving information as to any new developments that may have taken place.

I am very pleased with the terms of the telegram and that the action that is implied will be taken unless agreement is reached soon. It is important that that happen not only for the grain industry, but for all of Canada because so many other industries are involved such as coal, potash, pulp and paper, forest products, sulphur, and many others. So, it is of urgent importance that the problems be resolved and that the workers get back to work.

● (1510)

As I said earlier, I hope that when a settlement is brought about it will be done in such a way that there will be good feeling amongst those longshoremen, and that they will go back to work and work enthusiastically. I further hope that they will, if necessary, work around the clock and do their best during the current year to make up for any losses in shipments at this time.

Senator Roblin: Would the minister undertake to ask his colleague, the Minister of Labour, how long a period of grace he intends to allow and on what date the matter will be brought to resolution?

Senator Argue: I am prepared to bring that to the minister's attention. I am sure he will want a conclusion as quickly as possible.

Senator Roblin: Will the minister report tomorrow?

Senator Argue: I am sure Senator Roblin will put a question to me and I will be happy to report.

Senator Roblin: I will second Senator Buckwold's question. He asked a pretty good one today.

Senator Argue: There was no collusion.

Hon. Jacques Flynn (Leader of the Opposition): No, of course not.

Senator Argue: We are always accused of it.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE STUDY OF SUBJECT MATTER OF BILL C-201

Hon. G. I. Smith: Honourable senators, I should like to return to the question raised by Senator Marshall, and address a question to the chairman of the Standing Senate Committee on Legal and Constitutional Affairs respecting the report of the committee on the subject matter of Bill C-201, particularly with reference to the hearings and to the notices and letters which the committee may have received in respect of that bill.

Would the chairman be good enough to tell us how many communications the committee received from private individuals across the country in respect of Bill C-201 and the hearings

of the committee, and whether those were received before or after the committee took its decision on August 4, and how many of them were such as to indicate being in favour of or against the bill?

Hon. Joan Neiman: Honourable senators, I have an analysis of the submissions which we received. First of all, we received written submissions from a number of groups or organizations representing national interests and a number of these groups appeared before the committee. I should like to list those first and then I will deal with the individual submissions. The groups which appeared were the following: The Monarchist League of Canada, the Baptist Union of Western Canada, the IODE National Chapter of Canada, the Royal Commonwealth Society, the Council of National Ethnocultural Organizations of Canada and the Canadian Consultative Council on Multiculturalism.

There were a couple of other organizations that asked to appear, one of which is the Provincial Grand Orange Lodge of New Brunswick, but unfortunately its request came in too late. In any case, it really did not meet the criterion we had set of being the national organization of the Grand Orange Lodge. The other organization is called the Alliance for the Preservation of English in Canada which wrote to us asking to appear but, when we questioned the gentleman who had written the letter we were not satisfied that it, in fact, represented national groups.

There were a number of individuals who asked to appear before the committee, five in number, and we wrote to them saying that the decision had been made. These are individuals other than members of Parliament. There were three members of Parliament, namely, Mr. Robert Corbett of New Brunswick, Mr. Donald Munro of British Columbia and Dr. Bruce Halliday of Ontario. We gave them the same reply but invited them to attend our hearings. As members of Parliament, of course, they were entitled to do so in any case.

We received a number of written submissions from individuals before our committee met on October 13. The following is a list of those submissions by province: Nova Scotia, 324; Ontario, 451; British Columbia, 113; Alberta, 51; Manitoba, 81; New Brunswick, 98; Saskatchewan, 24; Prince Edward Island, 19; Quebec, 26; Newfoundland, 2; and the United Kingdom, 1. That comes to a total of 1,190 submissions received at that time. During the course of our hearings and since that date, we also received another 441 submissions. There were a number that we could not really classify because of either illegibility or incomplete addresses. Those amounted to 90. Therefore, we had a total of 1,721.

It is somewhat difficult to give a precise figure of letters for and against, but I think it would be fair to say that of the individual letters received, at least 95 per cent of those who wrote to us were in favour of the retention of Dominion Day. It might be even more realistic to say that that figure could be as high as 97 or 98 per cent.

There were comparatively few individuals who wrote to us who supported the change to Canada Day. We have just

[Senator Smith.]

received a letter from the Quebec Federation of Women which stated that it represented 70,000 women in the Province of Quebec who favour Canada Day. We received many letters from organizations of that type. It is rather difficult to quantify in total returns the numbers, who were for or against, but certainly, of the individuals, the vast majority supported the retention of Dominion Day.

In addition, Senator Bell received numerous pieces of correspondence personally as well as in response to an advertisement which appeared in a west coast paper inviting individuals to express their preference on a coupon to be returned to her. As far as we could decipher, most of those supported the retention of Dominion Day, but I am sure Senator Bell can give us those figures more accurately than I can. Senator Bell wrote to us indicating that she had received a number of letters.

Senator Lang received a number of letters and he sent us a report of extracts of some of the letters but we did not get copies of them. Perhaps he can give us those figures more accurately.

Hon. Daniel A. Lang: Honourable senators, may I rise on a question of privilege? The committee has the originals of all the letters I received up until October 13, at which time I had received over 100 letters. Since October 13 and to date, I have received over 200 letters making an approximation of 95 to 98 per cent in favour of the retention of Dominion Day. Some of those letters are heart-rending in their concern and begging the Senate to please do its duty.

Senator Smith: I wonder if the chairman, who has answered so fully my first question, could say how many of those roughly 1,700 plus letters received by Senator Bell and Senator Lang had been received by the committee at the time it made its decision on August 4 not to hear individuals?

• (1520)

Senator Neiman: Is the question: How many had been received prior to our meeting of August 4?

Senator Smith: Or by August 4.

Senator Neiman: I know of none received by that time because we had just made the decision in the Senate at that date.

You will recall that during our debate here concerning the order of reference, it was stated that there would be a meeting of the committee immediately following the adjournment of the Senate that afternoon, and that is when we did meet.

Senator Smith: Thank you very much.

I wonder if I may be permitted to ask another question on this report, which arises out of the comments made by the Leader of the Government to the effect that the government intended to introduce a bill making the consequential amendments which are referred to in the report?

The last paragraph of the report reads as follows:

After discussion and deliberation, your Committee decided to support the principle contained in Bill C-201, to recommend that it be proceeded with and, further, to

recommend that the necessary consequential amendments to the Bill be made by the Senate in this Session.

The question I would like to ask is: Does that paragraph indicate the wish of the committee that the bill to be introduced by the government at some future date, as undertaken by the Secretary of State before the committee, be not waited for, but that the Senate proceed now to make the consequential amendments referred to in this last paragraph?

Senator Neiman: I believe Senator Smith was present at all of these discussions, both those which occurred on the day we prepared our first draft and today when the undertaking of the Secretary of State to make the consequential amendments was discussed and noted. The committee, in balance, decided that, as much as it appreciated the offer, it wanted to recommend that those consequential amendments be proceeded with now.

FOREIGN INVESTMENT REVIEW AGENCY GOVERNMENT POLICY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would address a question to the Honourable Leader of the Government in the Senate with respect to the Foreign Investment Review Agency.

Quite recently, under the auspices of the Niagara Institute, I believe, a meeting was held in Toronto between 22 leading American businessmen and the Prime Minister of Canada and other representatives of the federal government. After that meeting I do not think any government communiqué was issued, but a statement was made by Mr. Donald Macdonald—whose name is well and favourably known in many circles in Canada and who, apparently, was one of the prime movers of the Niagara Institute's invitation—to the effect that the businessmen had been given certain promises by the government with respect to changes in the operation of the Foreign Investment Review Agency.

I should like to ask my honourable friend if that statement is correct, and, if it is, what promises did the Government of Canada make?

Hon. H. A. Olson (Leader of the Government): Honourable senators, since it has been stated over and over again, it is not a secret that the government intends to adopt procedures that would expedite the passage of applications that require review by the Foreign Investment Review Agency.

I am not sure that I can give a report on the exchanges that took place at a meeting sponsored by an organization apart from the government—in this case, the Niagara Institute—because, as my friend knows, those meetings—and I have been to several of them—are not secret but are more or less *in camera*, as far as the press is concerned, for good and obvious reasons.

Whatever undertaking or statement of impressions is made after such a meeting by people who attended it is up to them. I know better than to try to answer questions on the basis of what is imagined. However, were I to speculate, I would think that there was an undertaking given with respect to expediting

the process. That is already under way and, indeed, some of it has been achieved. In fact, there have been some fairly significant changes made with respect to the size of corporations required to apply, and with respect to the process from there on as to whether it comes before a cabinet committee.

Furthermore, I think there have been some changes made with respect to what you might call downstream or related matters that were considered in the past. Some of the limits have been changed.

If my honourable friend so desires, I will get a report from the minister directly responsible for FIRA, which could give great detail of the changes that have been effected to date, and whether any further undertakings were made to the businessmen; but, from the vantage point I have at this time, I doubt that. However, I think they bear repeating because there was a perception of FIRA, promoted by a number of people in the country, that was far more damaging than reality.

Senator Roblin: I must say that I am interested in my friend's speculation. However, I know he would not require me to give it the same consideration as I would give to a factual statement of government policy.

If my honourable friend can enlighten me and other honourable senators as to the changes that have been made in the FIRA organization in order to improve it, I would be pleased to have such enlightenment.

I cannot understand his point of view when he says that something which took place in this "private" meeting, which affects the government and people of Canada, should not be made known to us although it has been made known to this group of American businessmen. I hope I heard him correctly to say that he would find out if any such promises were made and, if so, he would let us know what they were.

It would seem to me that the whole question of FIRA would require a considered statement from my honourable friend because we have heard a great deal about these changes. Whether they are effective or real in their application remains to be seen.

I would like him to tell us whether these changes are all made within the administrative ambit of the act which covers this particular operation, or whether the government is giving any consideration to legislation to change the FIRA system.

I would make it clear to my honourable friend that I have no philosophical objections to the goal sought by FIRA, that is, protecting Canadian national economic interests; that is one thing, but doing it in a way which is counter-productive is another. That is why I wish to have some clarification on these matters.

Senator Olson: Honourable senators, I have no problem in giving my friend, Senator Roblin, an undertaking that I will bring in a statement, but I hesitate slightly because I am sure that he is immediately going to rebuke me with words that I have heard over the past few days—"So, what's new?" It will not be new; it will be a repetition, and perhaps repetition is necessary to emphasize the undertakings the government made with respect to some changes to FIRA that were made several

weeks ago—in fact, some of them several months ago. Perhaps I could add to that a report on how effective those changes have been, and I will do so.

My honourable friend is right in that they are administrative changes which are exceptionally and exceedingly important in terms of time and other matters. We have not made any announcement that we are going to proceed with any legislative changes affecting FIRA.

• (1530)

Senator Roblin: I want to make it clear to my honourable friend that what concerned me in particular was the point on which I rose in the first instance, which concerns the report that has been received to the effect that promises were made in the last few days to American businessmen respecting the operation of FIRA. That is what I want clarified. Were any promises made? If so, what were they?

Senator Olson: My honourable friend asked me if any promises were made at a private meeting. I said that I would inquire. I also speculated that I thought there were, that they probably constituted a repetition of things that have been made public and are known in Canada, and that, perhaps, a useful purpose was served by repeating them to these American businessmen. In any event, I will verify it.

FOREIGN AFFAIRS

MIDDLE EAST—GOVERNMENT POLICY

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. At the same time, I congratulate him on his promotion. I do not know whether he regards it as such, but I would consider it a promotion and something of a relief from his former position.

My question is in the realm of external affairs, and, in particular, the Middle East, out of which area, during the weeks that have passed since we adjourned, we have heard news of tragedy upon tragedy, sorrow upon sorrow having taken place. I should like to ask whether the Government of Canada is following through with some action the strong support which was indicated through the minister yesterday for the positive, splendid initiative of President Reagan. Has the Government of Canada extended to the Arab states and to Israel their view that this initiative of the president is a highly welcome one? Is there any consideration of the Secretary of State for External Affairs undertaking a trip to Middle East capitals, both Arab and Israeli, to convey, on an urgent, friendly, sincere and direct basis, the importance which the Canadian government attaches to this initiative? I might say that I think it would be a highly valuable move for this country to take, considering our long-term state of usefulness in the Middle East.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should like to join with Senator Macquarrie in saying that Canada has played a useful role in finding some

[Senator Olson.]

basis for settling the fundamental dispute that is taking place in the Middle East. We hope that this role can continue.

I believe that Canada has already stated its position with respect to the initiative taken by President Reagan. I can repeat that, if honourable senators wish; I have some notes here in that regard.

With respect to the other part of the question—that is, whether the Secretary of State for External Affairs has any plans for a trip to the Middle East for the purposes described by Senator Macquarrie—I would have to make some inquiries. I do not know of any such plans at the moment.

SOCIAL DEVELOPMENT

RESPONSIBILITY OF MINISTER OF STATE

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. I intended, originally, to direct my question to Senator Austin, who has just been appointed Minister of State for Social Development. That is an important portfolio. I intended to question him on his capacity in entertaining questions on all phases of social development, which I envision as encompassing old age security, pensions, veterans affairs, family allowances and unemployment insurance.

From an article in the newspaper it appears that Senator Austin will be responsible for the distribution of some \$30 billion. The article also indicated that he would not be crossing over the lines of responsibility of his fellow ministers. I believe that we ought to be given clarification about his responsibilities with respect to answering questions here in the Senate so that we can, in turn, fulfill some of our duties. I might say that I am pleased with his appointment as Minister of State for Social Development.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I was trying to perceive what the question was, other than the categorization of responsibilities. I agree with all of the other things that Senator Marshall has said. It is an important post and, as the senator indicated—whether by expression or implication, I am not sure—Senator Austin will fill this post very well.

Perhaps we should wait until Senator Austin returns to the chamber to answer that question. He can probably give a more precise indication than I can with respect to the distribution of the \$30 billion and that sort of thing. I think that Senator Austin will be better informed than I—

Hon. Jacques Flynn (Leader of the Opposition): We hope!

Senator Olson:—he having spent more time acquiring background information with respect to a number of the matters that are before the Social Development Committee of Cabinet. He is, of course, chairman of that committee. At any rate, I think my response to my honourable friend at the moment must be that he knows he has the right to ask a question on any matter related to the government service of Canada. We on this side will try to give an immediate answer. If we cannot do so, we will take notice of the question and

provide the kind of precise, complete answers we are accustomed to giving, as soon as possible.

Senator Marshall: All I am saying is that, on our first sitting day after the summer adjournment, perhaps a new Minister of State for Social Development would at least stay in the chamber long enough to acknowledge a question. Senator Austin left shortly after the sitting began. I will accept your response, but would ask that you pass along to him a request to sit here tomorrow until somebody can ask him a question.

Senator Olson: I will give the undertaking that that message will be given to Senator Austin.

Senator Flynn: We have no question on sports today.

LEGAL AND CONSTITUTIONAL AFFAIRS

CONSIDERATION OF REPORTS OF COMMITTEE ON SUBJECT MATTER OF BILLS C-201 AND C-127

Hon. Ann Elizabeth Bell: Honourable senators, I have a question for the Chairman of the Standing Senate Committee on Legal and Constitutional Affairs. I wonder if she could tell us if she will be asking the Senate to take into consideration the two reports which have just been tabled.

Hon. Joan Neiman: That is the idea, Senator Bell. They are both to be taken into consideration during the course of the business of the Senate. We will be proceeding, at least, with Bill C-201 in the course of this afternoon's business. We will deal with that report in accordance with the order of reference. Honourable senators can, of course, comment upon or ask any questions about the report at any time during the debate.

Perhaps Senator Frith can correct me if I am wrong, but I believe that we are going right ahead to take that report into consideration later this day.

Senator Bell: I apologize to the honourable senator, but I did not hear the usual question asking, "When shall this report be taken into consideration?" I suppose I was waiting to hear it.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the report was tabled. This report is not the usual report on a bill which has been referred to committee after second reading—the normal procedure. What the Senate chose to do in this case was to interrupt second reading, in effect, and to refer the subject matter or the principle of the bill to committee. Normally, when a bill is simply tabled no motion is made for concurrence or as to when it will be taken into consideration. In this case it will, of course, be before the Senate when we resume second reading debate on Bill C-201, which we will do as soon as we begin the Orders of the Day. The report is tabled in answer to the referral that was made to the committee in the midst of second reading debate. It will be before the Senate to be fully taken into consideration during both second and third reading debate on Bill C-201. That will be as soon as we finish Question Period.

Senator Bell: Does the same apply to Bill C-127?

Senator Frith: Yes, honourable senators, it does. For the record, there is a slight difference in the case of Bill C-127. Not only did we not refer Bill C-127 at the end of second reading, but we referred it before second reading. With respect to Bill C-201, we will be resuming debate on second reading, and with respect to Bill C-127 we will be commencing that debate. That difference is really just a footnote in answer to Senator Bell's question, which is whether these reports will both be taken into account by the Senate and form part of the debate. The answer to that question is yes with respect to both bills.

Senator Bell: I have one further question. I understand that we will not have available until Wednesday the proceedings of the committee of October 13 and 14. If we do not set aside this order of August 4, it looks to me as though we will have to vote on these two bills rather blindly. We have before us no committee proceedings. We cannot look at the evidence or the discussion that took place at those meetings. Am I right in assuming that?

• (1540)

Senator Frith: Honourable senators, I believe it is correct that the proceedings of the committee will not be available by this evening. However, the committee proceedings were well known to all senators, ample notice was given, and all senators were welcome to attend the hearings. If the honourable senator feels that the notice was inadequate or that she does not consider it appropriate to vote on the bill until she has had an opportunity to read the committee proceedings, then I am sure she will make reference to that during the debate on the bill. Otherwise I do not consider her comments to be a question.

EDUCATION

REPAYMENT OF STUDENT LOANS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have 13 delayed answers. I suggest that I identify the senator who asked the question, and also the subject matter, and then ask that the replies be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Government): Subject, of course, to any honourable senator's being able to ask a further question, if he wishes.

Hon. Jacques Flynn (Leader of the Opposition): They are probably all obsolete, anyway.

Senator Olson: On January 27, 1981, and again on June 9, 1982, Senator Donahoe asked a question concerning the procedure for payment and collection of student loans in Nova Scotia. The answer is as follows:

Senator Donahoe was correct in his assessment of the procedure of payment and collection of student loans in Nova Scotia. Nova Scotia, like other provinces, does indeed provide non-repayable bursaries to students out of provincial funds. However, student loans in Nova Scotia

fall under the Canada Student Loans Program which the federal government is responsible for administering. The procedure for the obtention and repayment of such loans is the same as for other Canadian provinces. That procedure is described in the February 12, 1981 issue of *Debates of the Senate* on pages 1662 and 1663.

VETERANS AFFAIRS

EXPOSURE TO NUCLEAR RADIATION OF FORMER SERVICE PERSONNEL

Hon. H. A. Olson (Leader of the Government): Honourable senators, a question was asked by Senator Marshall, on February 10, 1982, concerning disability pensions for veterans exposed to nuclear radiation. The answer is as follows:

As a result of a question raised in the Senate on February 10, 1982, additional information is being requested with regard to this matter. In this connection, the Minister of Veterans' Affairs informs me that he has now received a report from the Chairman of the Canadian Pension Commission.

The Canadian Pension Commission is responsible for the administration of the Pension Act, which provides for the payment of pension to former members of the Armed Forces who are suffering from conditions which are attributable to, or have been aggravated by, military service. An applicant's age, occupation or financial circumstances have no bearing on the question of entitlement to pension.

Insofar as possible radiation-induced disabilities are concerned, the chairman advises the minister that close liaison has been established with the Department of National Defence, and they have agreed to provide, on request, all relevant information concerning exposures to radiation for former members of the Canadian Armed Forces.

Any former members of the Canadian Armed Forces requesting information regarding possible claims for disabilities from which they may be suffering, which they believe are a result of their exposure to radiation, are advised to get in touch with the nearest National Defence installation. The local office should then be instructed to request National Defence Headquarters to provide all relevant information relating to the former member's possible exposure to radiation in the course of military service. If there is evidence to show exposure, and if the ex-serviceman is suffering from a condition which he feels may be related to such exposure, then a claim should be submitted to the Canadian Pension Commission for consideration.

The chairman advises the minister that veterans who suffer from conditions attributable to radiation exposure during military service and who apply for pension entitlement are given the same rights and privileges as all other veterans. Entitlement is awarded if a direct relationship to service can be established, for example, if there was a

degree of exposure which could possibly have been the cause of the disability claimed.

The Canadian Pension Commission must enquire into all facets of the claim for pension and arrive at a conclusion within the limits of the legislation. The decision rendered is based on the evidence available to the commission, and each case is considered on its own merits.

Before submitting a claim to the Canadian Pension Commission for adjudication, it would be advisable for a former member of the Armed Forces to seek professional assistance regarding the preparation and presentation of any claim he may wish to make. In this regard, he is entitled to receive assistance, free of charge, from the District Pensions Advocates of the Bureau of Pensions Advocates located in the area in which he resides, or the service officer of a veterans' organization, such as the Royal Canadian Legion. Assistance by a representative of his choice would be at his own expense.

The chairman has provided assurances that any pension application received in the Canadian Pension Commission in respect of a condition related to nuclear radiation exposure will be given careful and sympathetic consideration.

ENERGY

OIL EXPLORATION—SAFETY OF MARINE DRILL RIGS— DEPARTMENTAL RESPONSIBILITY

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Smith inquired on February 16, and again on June 15, in relation to the *Ocean Ranger* tragedy off Newfoundland. His question was: If the rig came under Canadian licensing jurisdiction, could licensing be tied to the provision of adequate safety measures?

The simple answer, and I regret the delay in replying, is yes, it is possible to tie licensing to the provision of adequate safety measures. The more difficult question, which was no doubt in Senator Smith's mind, is how this should be done in practice. Here I would refer him to the terms of reference of the Commission of Inquiry, which specifically empower the commission to report on "inspection, inspection procedures, licensing and certification of *Ocean Ranger*" and "all aspects of safety of life at sea, including the sufficiency of life saving equipment on board *Ocean Ranger*".

THE ECONOMY

JOB CREATION PROJECTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, on February 18 Senator Roblin asked a question concerning guidelines on the wages of federal public servants. In reply, the Department of Finance feels that in light of the June budget and the subsequent clarification of the 6-and-5 program it would be irrelevant to provide a statement at this time.

EMPLOYMENT AND IMMIGRATION

MANPOWER TRAINING AND JOB CREATION EXPENDITURES— ANNOUNCEMENT BY MINISTER

Hon. H. A. Olson (Leader of the Government): Honourable senators, on March 11 Senator Leblanc and Senator Muir asked questions concerning the \$208 million to be spent on manpower training and job creation programs. The reply is as follows:

The enabling legislation will not provide for specific amounts for each province.

The \$208 million includes \$188 million to be used for training and to support expansion or modernization of training facilities. The funds are for a two-year period and in the case of training are in addition to those already approved.

The funds for the 1982-83 fiscal year for institutional training, including a portion provided from the \$208 million, have been allocated for training in provinces and territories as set out in the attachment below.

ALLOCATION OF INSTITUTIONAL TRAINING FUNDS 1982-83 Fiscal Year

| | \$000'0 |
|-----------------------|----------------|
| Newfoundland | 18,498 |
| Prince Edward Island | 4,370 |
| Nova Scotia | 17,655 |
| New Brunswick | 15,847 |
| Quebec | 141,590 |
| Ontario | 135,349 |
| Manitoba | 21,312 |
| Saskatchewan | 18,116 |
| Alberta | 44,248 |
| Northwest Territories | 2,574 |
| British Columbia | 51,618 |
| Yukon | 1,989 |
| TOTAL | 473,166 |

The funds for the Skills Growth Fund in the amount of \$108 million for the fiscal years 1982-83 and 1983-84 will be allocated in response to specific project proposals received from provinces on behalf of public training institutions, or from non-profit organizations established to give courses. A formula allocation of funds is not being contemplated but a balanced distribution recognizing labour market needs will be aimed for.

UNEMPLOYMENT INSURANCE

USE OF FUND TO FINANCE JOB CREATION PROGRAMS

Hon. H. A. Olson (Leader of the Government): On April 27, Senator Roblin asked a question relating to section 37 of the Unemployment Insurance Act. The reply is as follows:

Recently the government has augmented the financing available under section 37 of the Unemployment Insurance Act. This section provides for work-sharing agreements whereby employees facing short-term employment reduction can work a reduced week and receive UI benefits for the remainder of the week. This is a valid and useful part of the Unemployment Insurance Program and was approved as such by Parliament. It is of benefit to our economy to ensure that in periods of short-term adverse economic conditions a stable work force is maintained and workers' skills are not eroded. The current legislation does not provide for the government to make direct contributions in support of expenditures under work-sharing agreements. These costs would therefore eventually be paid through employer-employee premiums.

However, it should be remembered that many workers who are participating in work-sharing programs would otherwise be unemployed and would therefore draw full UI benefits and a large portion of these expenditures would have to be paid through employer-employee premiums as well.

THE BUDGET

EFFECT ON PURCHASERS OF WHOLE LIFE INSURANCE POLICIES

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Walker asked a question on April 27 relating to the taxation of life insurance. The answer is as follows:

In the June 28 budget, the Minister of Finance announced revised rules relating to the taxation of life insurance. Policies in which the protection element is large relative to the investment element will be exempted from tax on accrual. These high-protection policies are essentially all policies paid for by premiums over twenty years or more and will include the vast majority of life insurance policies to be bought in the future.

The June 28 budget did not announce any changes in the proposed taxation of health and dental plans. The principle behind this measure is that company-paid premiums are a form of remuneration that should be taxable, as are wages and salaries. Many Canadians have to meet their health and dental plan costs out of fully taxable income. Fairness requires that those with the benefit be taxed. As well, for many affected the additional tax on the employer-paid premium will be more than offset by the reductions in tax rates and transferability of the \$200 federal tax cut proposed in the November budget.

As previously announced, retired employees benefitting from health and dental plans of their previous employer will not be taxed on any benefit they receive.

THE SENATE

COMMITTEE MEETINGS—ALLOCATION OF ROOMS

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Marshall asked a question on June 30 concerning the allocation of Senate committee rooms.

In reply, the allocation of Senate committee rooms is made by the Gentleman Usher of the Black Rod in consultation with the Director of the Senate Committees Branch.

THE ECONOMY

PRICE RESTRAINT IN FEDERAL PUBLIC SECTOR

Hon. H. A. Olson (Leader of the Government): Honourable senators, on July 21 Senator Murray asked a question concerning the 6 and 5 per cent policy. The reply is as follows:

Senator Murray inquired about the application of the 6 per cent and 5 per cent guidelines to fares and tariffs charged by crown corporations such as Air Canada and Canadian National, and their competitors in the private sector.

Insofar as crown corporations are concerned, they are clearly covered by the policy, and are complying with it. Any deviation will be considered by Cabinet to determine if it constitutes an exceptional circumstance.

Insofar as private sector competitors are concerned, the government is very pleased with the response it has received in the transportation field. The Minister of Transport was able to announce on August 12 that not only Air Canada and Canadian National but also Canadian Pacific (including CP Rail and CP Air) would support the policy. Expressions of support have since been received from other air carriers including Pacific Western Airlines and Nordair.

AIR CANADA

CANCELLATION OF SCHEDULED FLIGHTS

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Everett asked questions on July 21 and August 4 concerning cancellation of Air Canada flights and whether Air Canada was behaving legally.

The answer to the second question is yes. If Air Canada was not acting legally, the responsible agency, the Canadian Transport Commission, would have intervened.

Air Canada has been forced to cancel some flights and consolidate others as a result of decreased demand for air travel. However, two points should be noted.

First, the cancellations represent a relatively small proportion of Air Canada's operations. For example, between April 25 and August 21, 1982, Air Canada had scheduled about 60,000 flight legs, and cancelled, withdrew or consolidated just over 800—1.3 per cent of the total.

Second, Air Canada has committed itself, in spite of service changes, not to abandon any community it now

serves. If demand picks up, then Air Canada will of course increase the service it provides accordingly.

DISCOUNT FARES

Hon. H. A. Olson (Leader of the Government): Honourable senators, on July 20 and July 29 Senator Marshall asked questions about certain Air Canada discount fares and their availability to points in eastern Canada. The reply is as follows:

Senator Perrault's answer on July 29 to an earlier question points out that the setting of fares is a complicated marketing and operational process. If discount fares are available to some points and not to others, it is a result, firstly, of Air Canada's best commercial judgment, and secondly, of the opinion of the regulatory agency, the Canadian Transport Commission, that the fares are just and reasonable.

The honourable senator is probably aware of the decision of the Canadian Transport Commission of August 19, 1982, which imposed certain conditions on deep-discount fares, on the ground that such fares were causing serious revenue losses and were threatening the stability of the domestic airline system. This decision may help alleviate what Senator Marshall sees as uneven treatment of different destinations.

FOREIGN AFFAIRS

LAW OF THE SEA TREATY

Hon. H. A. Olson (Leader of the Government): Honourable senators, on August 4, Senator Marshall asked a question concerning the Law of the Sea Treaty and east coast fishing boundaries. The reply is as follows:

The American position on the Law of the Sea Treaty is that they do not like it and will not sign it. However, it is not for the Canadian government to comment on the Americans' reasons for not signing it. Canada regrets the American attitude and has brought this point of view to the Americans. Canada supports the treaty and Cabinet is considering our position in regard to signing the convention.

As for the east coast fishing boundaries, the question is now before international arbitration. Because, the case is before the International Court of Justice, it would not be proper to comment at this time.

ACCESS TO INFORMATION

RESTRICTIONS IMPOSED BY HUMAN RIGHTS LEGISLATION

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Molson asked a question on August 4 respecting the Canadian Human Rights Act. The answer is as follows:

Part IV of the Canadian Human Rights Act has proven to be an important first step in providing protection for

personal information held by departments and agencies of the federal government. The government is aware of some difficulties which have arisen with respect to the application of Part IV. However, these difficulties were taken into account when the new Privacy Act, which will repeal and replace Part IV, was drafted.

With respect to the request made by Senator Molson, it seems that Part IV would not actually prohibit the disclosure of the information to the senator. However, some government institutions have, as a matter of policy, extended the protection to be accorded to personal information beyond that actually required under the act.

Subsection 52(2) of Part IV of the Canadian Human Rights Act prohibits the disclosure of personal information where it is to be used in a decision-making process directly relating to the individual unless:

- the individual who is the subject of the information has consented to its disclosure;
- the information is to be used for a purpose consistent with that for which it was provided; or
- the disclosure is authorized by or pursuant to law.

Senator Molson's question indicates that the Public Archives offered him a practical solution to this matter by offering to mail a letter for him to the individual concerned. However, he chose not to accept that suggestion.

HOLIDAYS ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Bird, seconded by the Honourable Senator Lamontagne, P.C., for the second reading of the Bill C-201, intituled: "An Act to amend the Holidays Act".—*(Honourable Senator Bird)*.

Hon. H. A. Olson (Leader of the Government): Honourable senators, before resuming the debate on the motion for second reading of this bill, may I have permission to propose a procedure with respect to the votes that will be taken later this day? If it is agreed, I should like to make a suggestion before the debate is resumed.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Olson: Honourable senators, I should like to suggest that if we reach the stage when the vote on second reading would be called, we should consider deferring that vote until 8 o'clock this evening. That vote would then be proceeded with formally, and we would then move to third reading immediately. There would then be a reasonable length of time for third reading, up until 10 o'clock, during which stage amendments could be made to Bill C-201. We want to provide an opportunity for honourable senators to make amendments, if they wish, and to debate the matter within the time available.

Another suggestion, of course, is to defer all votes until 10 o'clock this evening. While the order says that votes shall be taken no later than 10 o'clock, there may be some honourable senators who believed that those votes would be taken at 10 o'clock and that they could not be taken at, let us say, 4 or 5 o'clock, or earlier. I understand that, legally, if the debate concluded, then those votes could be taken.

After discussion with the Leader of the Opposition and others, I refrain from making that suggestion. I suggest that we have second reading by itself and defer that vote until 8 o'clock, so that we do, in fact, move into the next stage, when there will be an opportunity for amendments to be made if honourable senators wish.

We could resume second reading now, but if at some time between now and 6 o'clock we complete that stage, then I suggest that we defer the vote until 8 o'clock. We may then wish to have the vote at that time or shortly thereafter, and honourable senators would then have an opportunity to make amendments. The problem is that when we reach 10 o'clock it is a requirement that we interrupt all proceedings and put all questions then before the Senate in order to dispose of the matter. If that happens and we proceed with second reading up until 10 o'clock, an opportunity might be denied honourable senators to move amendments.

I hope that honourable senators will agree that this is a reasonable way to proceed between now and 10 o'clock.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, there is as well the scenario that we continue with second reading followed by the vote. There is always the possibility of having a motion to delay the matter for six months. The vote on second reading could take place at 8 o'clock. I do not believe that we should have the vote later than 8 o'clock, in order that any amendments can be properly debated. If we conclude the debate on the amendments before 10 o'clock, debate on third reading could then take place until the final vote is taken at the time stipulated in the order. I believe that is the procedure we should follow.

I may have another suggestion. If we proceed with second reading, some honourable senators who have already spoken may wish to discuss the committee's report. They should be allowed to speak, but they should be requested to confine their remarks to the report of the committee. They could discuss the matter of the procedure at committee stage if they so wished, but they should not discuss the principle of the bill if they have already spoken on it. We do not need to adopt the report. After all, if we are not happy with the report, we could always move that the bill be referred back to committee, or we could move a "six months hence" motion. Also, at the end of the second reading stage we could always vote against it. Therefore, those who oppose the bill will have ample opportunity to express their views. We would try to reach a consensus. The only outstanding question is whether it would be useful to continue the debate for months.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the suggestion of the Leader of the

Opposition is clearly reasonable. We have to remember that although senators are not permitted to speak a second time in the debate on second reading, in fairness we did interrupt second reading in order to refer this matter to committee. It would not appear to be fair to deny senators who have already spoken and who now wish to add something on the basis of the committee's report now before them. If I understand the situation correctly, we are now going to proceed with the first item on the Orders of the Day, which is resumption of the debate on the motion for second reading of Bill C-201, standing in Senator Bird's name—

Senator Flynn: I do not see that—

Senator Frith: Let me say what I wish to say in order to clarify the point. I know that Senator Bird, the sponsor of the bill, will not wish to speak at this stage, as it would have the effect of closing the debate. I suspect that she would yield to any other honourable senator who wishes to speak. We would then continue with the second reading debate until 6 o'clock or earlier. Whether it be before or at 6 p.m., we will adjourn then until 8 p.m. When we return at 8 o'clock we will vote on second reading and then move immediately to third reading, including any amendments. As far as the debate on second reading is concerned, the refinement Senator Flynn has added is that senators who have already spoken at second reading will be permitted to speak again, but they are requested to limit themselves to the added material that is before us as a result of the tabling of the report.

• (1550)

Hon. Florence B. Bird: Honourable senators, I rise to say that of course I will yield. I want everyone to speak to this bill, and I do not want to conclude the debate until later.

Hon. Joan Neiman: Honourable senators, I feel there is nothing more that I can usefully add at this point. You have the report of the committee before you, and I have answered some of the questions. I would be pleased to hear the comments of other honourable senators and if I can clarify anything at that time, I will be glad to do so.

Hon. Richard A. Donahoe: Honourable senators, I have given considerable thought to my leader's suggestion that those who speak for the second time should be confined to remarks with respect to the report. At first I was inclined to take exception to that suggestion, but having given it full thought, I rather come to the conclusion that it is a definite and proper approach. I have spoken to this bill on second reading, and I am about to take advantage of the gesture and speak now to the report. I would merely like to preface my remarks by saying that it is my intention to vote against this bill. I said that before, and I say it again.

I have read with great interest the report of the committee. I am the deputy chairman of that committee. I know that there was a meeting of that committee this morning, of which I received notice, but I did not find it convenient to attend, and I did not attend. So I had no part in the drafting of the report about which I am going to speak. I, therefore, feel the utmost freedom to say what I like about the report.

[Senator Frith.]

The first thing I will say about the report is that when the committee met on a previous occasion—I think somebody said that it was October 14—I made a long and impassioned harangue to the committee; I will not call it a speech. I said that because of personal reasons I would not be present when the report was finalized. I made one request of the committee. I asked that the points of view I was expressing, whether they be my points of view or whether they be shared by others, be at least a feature of the report. My first observation on the report, after having read it with the greatest of care, is that only by vaguest and most indirect suggestion is it indicated that there was anybody at the committee who spoke in opposition to the bill. I did so speak. I spoke as strenuously as I know how to speak. I requested that my opposition be noted and made part of the report. It does not appear in the report.

You may say that I am to be condemned for not attending the committee meeting this morning to make these observations at that time. The fact remains that I was not there and did not make the observations, but I make them now before this chamber merely to show the highhanded manner in which this report has been prepared, and the ignoring of what was said at the previous committee meeting. That is my first comment on this report.

My second comment on the report is with regard to the part which says:

Many individuals and groups from all parts of Canada sent letters, telegrams and briefs which were considered by the Committee on October 13, 1982.

That paragraph, to my mind, is misleading. Many hundreds, not to say thousands, of people did write to the committee. They expressed their views and they did so largely at the urging of myself and other honourable senators. There were many who said, "We will not write". I was told by many that they would not write for the good and sufficient reason that it is a foregone conclusion that the majority in the Senate will carry the bill; that regardless of what those people may say or what their opinions may be, it would only be a wasted effort for them to write, so they did not write. What I am objecting to about the report is that it says that many individuals and groups wrote. It does not indicate how many. In my view, we had a most unusual response to this legislation.

After sitting in the Senate for several years now and sitting as well on this committee, I have never, not once, in all my experience, experienced a response to a bill such as the response which this bill evoked. I think it is misleading if the committee is made to believe that there was some kind of a routine response; that after all this is not a very serious matter. In my opinion, it is a most serious matter. So much for the failure of the committee to indicate the seriousness of the matter.

Nor did the committee indicate the tenor of the responses that were received. I sat here this afternoon and I heard some of my honourable colleagues direct questions to the chairman of the committee, and from the replies to those questions one would judge that the responses put before the committee were

almost overwhelmingly in one direction. I want to say in respect to that "overwhelming response" that the direction was against the bill. The people who took the trouble to write were, in the main, people who were opposed to the bill. I heard a belated effort on the part of the chairman of the committee, who said that a group of ladies in Quebec wrote in support of the bill. If they did, it was long after we had considered it in committee, and it is something that is new to me. That response was not before us when we were considering the matter of which I am speaking. The response was almost unanimously against the bill.

It has been said that many societies came forward. Well, there was a direct limitation on the societies. Let me tell the Senate that a decision was taken by the committee at a very early stage that no submission that was received after September 20 would be considered. So many organizations who might have had a great desire to express their feelings on this matter, by the strictures of time were refused that opportunity, because one has come to believe that a Senate committee knows whereof it speaks, and when it says that it will disregard any communication received after a certain date, then as that date nears a person is likely to say, "There is no sense in my writing a letter and, accordingly, I will not write one." But of the societies that were there, I want to say that the great majority of them were against the bill. The great majority of them said that it was destruction of a part of our heritage in this great country, that the name, so reverently selected, so honoured over the years and so used in the history of this country, should be put aside.

And there is great confusion on the subject of the name. People say, "Oh, we chose 'Canada' because 'Canada' is a great name." Who ever said that Canada is not a great name? There is no one in this body who will say more than I what a great name Canada is, but we are not discussing the name of our country. We are discussing the name under which we celebrate a day. I know—and I am still speaking about the report—that there are many people in this house, some of them on my side, who agree with the general tenor of the report, and who think it is desirable to call the day Canada Day rather than Dominion Day. I respect those people; I understand them; they are my friends, although on this occasion we find ourselves ranged on opposite sides of the question. But I want to say to those people, and I say it in all sincerity, that as one who was brought up as a Canadian I do not believe that they thoroughly understand the meaning which the word has for those of us who were so brought up.

• (1600)

There are those who live in Quebec. May I say of the people of Quebec, with all deference, that, in my opinion—and I know I am open to objection on this—they have had a great deal of credit done to them, a great deal of assistance given to them by people who might otherwise have taken entirely different positions.

One has only to look round the world to see what is the history of conquered nations and the manner in which they are treated. If one looks at the French in the province of Quebec,

one finds that there has been much in the way of generosity and much in the way of recognition accorded the French, their history, their heritage and their traditions.

If they, in their turn—and I say this with great sympathy—do not realize that there are other traditions, if they do not realize that we in the parts of Canada which speak English have our traditions and our beliefs, then I find it very perplexing that they should take the position: "If you are going to prefer certain traditions, you must prefer ours to those of the British." That, it seems to me, is very hard.

In connection with that matter, I say that the French in the province of Quebec retained their language; they retained their religion; they retained their civil law; they gave in on the criminal law and they shared with all Canadians the criminal law. The French have done wonderful things. The French fought for the independence of this country in the War of 1812; the French have made their contributions in all the great wars that have involved this country as a country; and Quebec is not to be slighted in any way for the part it has played. But it might in all fairness be asked: Will you not on this occasion at least be understanding? Will you not realize that we are not, in any sense of the word, attempting to place before this house any suggestion that we should denigrate, put down or disregard the feelings of the French people of the province of Quebec? We admire them. We respect them. We ask only that they give us—who, after all, are the majority of this country and who, after all, have treated them with what one might say is very great consideration—that same kind of consideration on a question of this kind.

I know that it is said that a poll was taken on this matter. I know that it is said that the poll was definitely in favour of the word "Canada," as applied to our celebration, rather than the word "Dominion". I say to you only that it was a government poll; it was paid for by the government; it was government inspired. We have heard that much was available with respect to it, but we have in fact heard very little about it.

Honourable senators, it makes me think of the statement made before the committee that a poll on the same subject was taken in a classroom of children. Thirty-two were in favour of "Canada Day"; two were for "Dominion Day". Then the teacher spoke to the class, giving them a lecture on the history involved. She gave them a little insight into the history of the word "Dominion", its meaning and use, and then they took another poll. The second poll resulted in 32 being in favour of "Dominion Day" and two being in favour of "Canada Day".

An Hon. Senator: A great teacher!

Senator Donahoe: I say to you that that poll taken in a classroom has little or no meaning. Certainly, it has no more meaning than polls taken on the eve of elections—and we have all been subject to that experience in our time. Such a poll may be meaningless, but it does illustrate the fact that when there is knowledge and understanding of what is meant, and that no offence is meant to be given but that feelings are involved, then you get a response from the public.

I say that given the actions of the federal government in this country, no poll could be taken on a fair basis, because there have been—not hundreds, not thousands but, I am almost ready to say, millions—yes, millions of dollars spent by the federal government in its efforts to induce in the people a feeling that the day ought to be called “Canada Day”.

Senators have stood in this place to say they have received letters. I have received many letters. I have not tabulated them and I do not know the number. Some are included in those counted as having come from Nova Scotians, because my request was not that I be written to but that the committee be written to, and many people did write directly to the committee. Many of our senators have received similar letters and have stood in this house and spoken about them. In that respect all I want to say is that those are serious letters, letters from individuals, letters from a portion of the population which feels deeply about this matter. Therefore, they are letters that should be given great regard.

Honourable senators, in my opinion this report was induced in large part by the representations of the Secretary of State who made certain recommendations to our committee, saying: “We approve this bill. We approve the principle of this bill. It is a matter which requires great haste, because the committee which deals with the celebration of the holiday must act promptly, and it should act almost immediately. Therefore, we will act, and don’t be afraid that the bill is imperfect. Don’t be afraid that it requires amendment. Don’t be afraid that it requires additions. Don’t be afraid that it cannot have its full and proper effect on the legislation of this country without those amendments. Don’t mind that in the least, because you have my word for it that when you have passed the bill dutifully and obediently in the Senate, we will come along and, like the good father, will take care of it. We will introduce a new bill and we will introduce all the things that are lacking in the bill now before you, which you will have passed and which will then be law.” He told us, “We will fix it up. We will bring in a supplementary bill.”

There was then a discussion, and it now says in this report that the government will at the earliest opportunity introduce an appropriate amending bill. If I remember correctly, it was also decided by the committee that the appropriate amendments should be made in this chamber.

With respect to those amendments, I simply wonder how a person with feelings like mine could possibly vote for any amendment. How can one vote to amend a bill the very principles of which one disapproves? The very fact that you vote for an amendment says that you accept it. I do not accept it.

• (1610)

Members of this house may vote for this bill, but that is a matter of choice. The appropriate name may be Canada Day, but nobody has said that it will be an offence to call it Dominion Day, so I will continue to do so.

I am of Irish descent, and there are many people who fail to understand why a person of my background should stand and

make speeches on subjects such as this. I have colleagues sitting on this side of the house who do not understand why I feel as I do. Well, I want to tell them that one can be right for the right reasons, and one can be right for the wrong reasons. I may find myself in this situation associated with people who are right for reasons I do not approve. That is quite a matter of fact, but I feel that I am right for the right reasons. Therefore, I make no apologies for standing on my feet and debating something which appears to be inconsistent with my birthright.

I am speaking as a Canadian, one who was born in this country, one who was reared in it, and one who, as a child and as a man, celebrated the national holiday of this country under the name Dominion Day. Since I was summoned to the Senate I have attended the great celebrations on the lawn outside of this building, and I have had it forced on me that the appropriate name for our national holiday is Canada Day.

I spoke of senators who received letters on this matter. I received many letters on this. I received a letter from a man who said that he agreed with me 100 per cent. He said, “I note that our local newspaper agrees with you 100 per cent, and it thinks that you are right and that it should be called “Dominion Day.” He himself was in favour of Dominion Day. He said that that same newspaper, when it published on July 1, 1982, made repeated references to Canada Day. He said—and said this rather impolitely, so I will not use his language in the Senate—that he wished the newspaper would be more consistent and not take different positions at different times because it would then be perhaps more credible, and I have to agree with that. That may very well be true with respect to letters received by other senators as well.

My answer to him is as I answered before, that that newspaper called it Canada Day because it was being pressured by the Government of Canada to call it Canada Day. Quite improperly and without justification, the newspaper was calling it Canada Day.

In conclusion, let me say that this bill is a private member’s bill. The bill puts forward a principle, if you like—a sentimental one, but a principle—and the government of the day sees fit to approve the principle. The government of the day approves the principle. It has taken advantage of the fact that the bill passed the House of Commons, although in a slipshod and an unaccepted manner. It was passed in a somewhat—I was going to say an “improper manner”, but that is not quite right, because it was all proper and legal, but whatever it was, it was not democratic. No one can say that the bill should have been passed in that way.

A bill of this kind affecting, as it does affect, our national heritage, should have been passed with all due solemnity. I want to say here and now that if we were considering a bill which had been introduced by the government, which had been thoroughly and properly debated, and which had been passed after full and complete debate with all members of the House of Commons given a proper and valid opportunity to speak on the matter, I, for one, am the kind of person who might have said, “I will accept that because the majority is speaking.”

[Senator Donahoe.]

But I do not believe that the majority has spoken, but, if it has, I believe that we who are accustomed to calling ourselves the majority in this case must be the minority. However, I think that we are a minority that deserves to be respected. So, I urge all of you to consider and remember that there has been a constitutional departure on the part of the government of this country.

In the past, if a private member's bill was introduced and the government approved the substance of it, the bill was adopted by the government putting forward a government bill and absorbing the private members' bill. If that had happened, the government could have said that it was not afraid to stand up and be counted, and that the members of the government were not afraid to ask Parliament to pass the bill.

Here we have a dubious procedure, a procedure which allowed, by pure accident—and I do say it was by pure accident—a bill to be passed without an opportunity for true discussion. Now that this bill has reached us, we are asked to accept it in imperfect form with an understanding that it will be fixed up later on.

We see the spectacle of a minister of the government coming forward and telling us what the government's attitude is. That is unheard of. If the government were really in favour of this measure, it would have taken steps to see that its own bill came forward. That was within its power and within its rights.

Honourable senators, I have just about completed my remarks and will confine myself, in large measure, to the content of the report. This is a report to which I take great exception. There will be, at a time not yet decided, a vote on this bill. All I want to say to you is that it is a matter for the individual to decide. This is a private member's bill that may or may not be endorsed by the government, but it is not a government bill. We are going to have to answer to the people as to how we voted on it. When we leave this place, that question will be asked of us. Almost every letter I have received said, in a heartfelt plea, "Please ask the Senate to do its duty; please ask the Senate to respect our rights in this matter."

Many of the letters I received asked if there were valid reasons for people to be against this, if it hurt anybody, if it did any injustice to anybody, how would I feel about it, but such is not the case. The word "Dominion", as was stated so eloquently by Senator Macquarrie, when he spoke on this, is a word selected from the Bible to represent our nation, to describe our nation, and it does describe our nation and describes it to perfection, and ever since use of the word was made legal in this country we have used it and have celebrated our national holiday under it.

The people who treasure that name, the people who feel as I feel about that name, are going to hold to account those in this house for the manner in which they vote on the bill.

Many in this house will not follow my lead and vote against the bill; many will vote for it. I only say to those who intend to vote for it: Do so at your own peril, but remember that in the constituencies you represent there are thousands of people who

will take it out on you for the way in which you vote on this bill. What is more correct to say is that they will not take it out on you as individuals, because you are senators and you are appointed. You do not have to be afraid. Nothing is going to change with respect to your position if you vote for this bill, but you are sitting on that side of the house representing the government of this country by virtue of the fact that the members of the majority party in the other place support a certain man and say that he shall be the Prime Minister of this country. I say to you that your friends in the other place will be the ones who will bear the suffering and the responsibility for the manner in which you vote on this bill.

• (1620)

With all the strength at my command and with all the words at my disposal, I sincerely invite all of you, when you cast your vote on this bill, to remember that the report which we have been discussing is an unsatisfactory one, that it does not fully represent the decisions that were taken in committee, and that the bill itself will impose upon certain people something which is not repugnant to them, but the manner in which you go about it is repugnant to them. If you really want to call the day that we so revere "Canada Day" then go about it in a proper, orderly and respectful manner, take your chances in the House of Commons, bring the matter before the Senate in the regular manner and vote on it, and you may be very happy with the result. Do it as we are now being asked to do it, and you will be sorry for it and will live to see the day when you will rue your vote.

Some Hon. Senators: Hear, hear.

Hon. George J. McIlraith: Honourable senators, in considering this matter I want to confine my remarks to one main point which I think is a very important matter of principle. It arises rather directly out of some evidence given before the committee when it was dealing with this matter on October 13.

In order to get to the point in an orderly way, it is well to consider just what is before us at the moment and what appears on the Orders of the Day for today:

Resuming the debate on the motion of the Honourable Senator Bird, seconded by the Honourable Senator Lamontagne, P.C., for the second reading of the Bill C-201, intituled: "An Act to amend the Holidays Act".

That is a perfectly correct statement of the proceedings which are before us today and I have no criticism of it, but it is well to remind ourselves just a little more precisely, within that language, just what is before us. What is before us is Bill C-201, a private member's public bill. That bill was introduced in the other place on May 2, 1980 for first reading. It finally came to the Senate in July 1982, having been passed in the other place.

At the same time, on the Order Paper of the other place was Bill C-37 which was presented for first reading on June 19, 1980. That stands in the name of the Secretary of State of Canada. Therefore, it is a government bill.

Bill C-201, which is before us now, simply and directly proposes to change the name of the day we have chosen to

celebrate the anniversary of Confederation to "Canada Day" from "Dominion Day". That is all that is in the bill.

The government bill is a rather different one. It has five clauses in it, instead of one, and provides for celebration days other than July 1, but, in essence, it contains the provision contained in Bill C-201. The wording is somewhat different but the point dealt with is the same. Among some of the other matters contained in it are certain amendments to other ancillary legislation.

The bill came before us in July, not long before our adjournment for the summer. It was obvious we would not have an opportunity for a full debate on the bill, and because there was a desire to have, if I may use the term, the name change passed before the end of the session, we referred the subject matter of the bill to committee rather than wait for second reading before referring it to committee.

The committee met on October 13 and heard what evidence it could on that day, and it was under the constraint of our whole body to make its report today. It has done so and we are entitled to take it into consideration.

I regret very much that we do not have the benefit of the printed evidence. My remarks are based on evidence given by the Secretary of State to that committee. If I misquote the words used by him, I hope honourable senators who were present during that meeting will correct me, if their notes are any clearer than mine, because I do not have the official minutes of the meeting.

I should mention that I, along with a few other honourable senators, was present because of a courtesy extended by the committee, as I am not a member of the committee. I was courteously received, and I asked some questions of the Secretary of State.

Arising out of his answers there is a doctrine on constitutional practice that I consider a change in our long established constitutional practice, as developed in this country since at least 1848, which is nearly 135 years ago. It is that point which I want to deal with. I should like to quote the Secretary of State, in his capacity as a minister of the Crown, not giving information to the committee on extraneous points but dealing with the very matter contained in the bill itself. Speaking for the government, he said:

I think that the will of the government—

Notice that he said "the will of the government."

—is that a clear title should be given to our birthday and that it should be "Canada Day."

• (1630)

That is squarely what is contained in Bill C-201 and also in Bill C-37. I believe I am being fair in paraphrasing his remarks as directly meaning that the government's will is that the name be changed from "Dominion Day" to "Canada Day". There are other parts of the evidence to support that statement, but I believe that single statement makes the point I am dealing with. Honourable senators, I am again handicapped because that part of the committee report is in the

[Senator McIlraith.]

other official language and, regrettably, my use of it is deficient.

The minister made some other points during the course of his evidence. He stated that the government would bring forward ancillary legislation to perfect the bill. During the course of the committee meeting, I stated:

That is a rather strong admission, namely, that the bill before us is incomplete and is rather imperfect.

His reply to that was as follows:

Yes, senator.

Again, we have a specific statement that the bill is incomplete and imperfect. But he did not want us to amend it because that would mean the bill would go back to the House of Commons. That line of questioning was pursued by myself and others, and I would once again repeat that I regret I do not have the exact text before me today.

This is what I regard as a very strange, new doctrine of responsible government. I hold the view that the basic principle of our operation of Parliament and our system of government, of which all our people are so proud, is rather simple: it is that the government of the day, whatever it may be, must always be answerable to the elected representatives of the people namely, the House of Commons, for all its actions.

In this case we are not dealing with just any incidental action; we are dealing with the government of the day procuring legislation that is its will; that is what we are being asked to do. To me, that is unacceptable. I cannot accept the proposition that any government at any time in this country can procure its will in a legislative forum without being answerable to the elected representatives of the people, namely, the House of Commons, for its actions. It has to be responsible and answerable to that body for its actions. That is the whole point I wish to make.

As long as I am here—and it will not be for very many more months—I will not be a party, at this time or at any other time, to enabling any government to procure its legislative will by having legislation passed without its being answerable for its action to the elected representatives of the people. You can say that I was in the House of Commons too long—as some said in earlier years—but I think our responsibility in this part of Parliament is now somewhat changed from what it was some years ago. Our responsibility was originally to consider regional or provincial matters to protect certain areas from the majority vote in the other place. We were to protect regional interests. In my view, over the last decade or so we have seen an inadvertent diminution of the answerability of government to Parliament. That has come about in various ways which I will not develop at the moment, although at any other time I will be quite prepared to develop and argue the point.

I have considered the evolution of our responsibility in the Senate, as one of the houses of Parliament, to now also include keeping a check on any government in its use of power.

Some Hon. Senators: Hear, hear.

Senator McIlraith: The distinction between the *use* of power and the *abuse* of power is very small. Adding the two letters "ab" to the beginning of the word "use" makes a tremendous difference. I have often thought of it myself as being on the wrong side of the razor blade. It is a very thin piece of equipment, but which side your skin is on makes quite a difference. I consider acting as a watchdog of the use of power by government to be one of our duties, along with the oft repeated responsibility for looking after regional interests and for giving sober second thought to legislation on its merits. I am strongly of that view.

I decline to take any step that could be construed in the future as establishing the principle that the government may procure its will through legislation without coming before "the other place". In essence, I touched upon that argument by inference in this place when earlier we were dealing with a procedural matter concerning this bill. It was then suggested that we ought not to amend the bill because that would mean it would have to go back to the House of Commons. I do not know why I should, but I still defend the House of Commons. I abhor the proposition that we should pass an incomplete and imperfect bill and not perfect and complete it by amendment when we are aware of the imperfections and omissions because that would mean it would have to go back before the House of Commons. I will not do it.

Senator Flynn: We have heard that before.

Senator McIlraith: Have you heard the proposition that I will not support it? I am not sure what you meant when you said "that".

Hon. Duff Roblin (Deputy Leader of the Opposition): It is a compliment, believe me.

Senator Flynn: I mean that the argument to pass a bill without amendment has been made on behalf of the government before, even if we are aware that an amendment should be made.

Senator McIlraith: Thank you very much; I appreciate your point.

I accept the government's undertaking as being in good faith and that it will come about, but I have been around here too long to see basic, far-reaching changes in principle to our constitutional practice made without protesting. Therefore, I must decline to support this bill. I cannot support its principle.

● (1640)

With due deference, I think that I did not succeed in making my point clear to the Secretary of State. I do not believe he understood the point I raised in committee. I shall go further and admit that that may have been because I did not make my point sufficiently clear.

In any event, for the reasons I have so inadequately given today, I will have to decline to support the bill on second reading.

Hon. Ernest C. Manning: Honourable senators, having spoken before on this bill, I will confine my brief remarks to two points.

I should first like to concur wholeheartedly with what Senator McIlraith has just said. In these days when the supremacy and the dignity of Parliament are constantly being eroded, what he said to us today deserves serious consideration by all of us.

My second point is raised in connection with the report, in the hope that when Senator Neiman comments on the bill a little later she will be good enough to clarify at least this one point. The report mentions that the committee agreed to receive written submissions from private individuals and groups and to hear the evidence of national organizations. Senator Neiman mentioned today that something in the order of 1,700 submissions were received from individuals, and of that number probably over 95 per cent were in opposition to the bill's changing the name of our national birthday from "Dominion Day" to "Canada Day". Senator Neiman also read the list of the national organizations which appeared before the committee. I have received copies of almost all of the briefs presented by the groups she mentioned. Certainly, the majority of those national organizations which made submissions were also in opposition to the change of the name of our national birthday. If that is correct, the overwhelming majority of evidence before the committee—received either by written submission or from representatives of national groups—opposed the change of name which this bill brings about. The concluding paragraph of the report, however, says:

After discussion and deliberation, your Committee decided to support the principle contained in Bill C-201,—

and recommended that the bill be passed as is, with the consequential amendments.

The conclusion I draw from this—and this is what I would like Senator Neiman to comment upon a little later—is that the decision of the committee was not the result of the representations made in the written submissions from individuals or the submissions made by the national groups attending the committee hearings, but rather was a decision to sustain the government position which, on the committee, was represented by a majority of government members. I suppose there is no ground on which one can say that a committee cannot do that, if that is its decision. It does, however, make a mockery of the whole process of referring the subject to committee if the committee, having received representations, the overwhelming majority of which were in one direction, nevertheless decides that, because the majority of its members represents the government position, it will support what the government proposed in the first place anyway. If that is a proper interpretation of the report, then I am at a loss to know why the exercise of holding committee hearings was carried on at all.

I should like to make one other point with respect to the last recommendation contained in the committee's report. The committee decided to recommend that the necessary consequential amendments to the bill be made by the Senate in this session. Quite frankly, I am puzzled by that recommendation. If it is carried out and the Senate, before passing this bill, makes those amendments to bring it into conformity with the

government bill that has already been referred to it, then of course the amended bill will have to go back to the House of Commons for the amendments to be approved there. I doubt that there is an honourable senator on either side of this house who thinks the government leadership in the Senate is going to have this bill go back to the House of Commons. They were able to sneak the bill through the Commons in the dying hours of an afternoon session with less than a quorum present because they knew it would not go through if it were dealt with before a full representation of the house. Surely they are not asking us to be so naive as to think that they are now going to ask the Senate to approve amendments which would have to go back to the House of Commons and thereby open this whole matter up again before that house? That, I am convinced, is the last thing the government wants to do. There is nothing unconstitutional about going through an exercise of this kind, but when we are dealing with the name of the birthday of our country, with all of the emotional importance that attaches to it, to which reference has been made today, we should do so in a dignified manner.

I regret that we are taking up our time with this matter when there are so many far more pressing matters that we should be attending to. If we are going to address matters of this kind, we should not play games. What is the point of saying that we recommend certain amendments, which we know would require the bill's having to go back to the House of Commons, when we also know the government will not agree to them? You will have the opportunity of proving whether I am wrong later on this evening, when we see the results of the votes which are taken.

In my opinion, the way this matter has been handled casts a reflection upon the dignity of the subject we are debating. Surely a matter of this kind is something we can deal with at a time when we are not under pressure to attend to far more urgent matters. Surely we can deal with it in a democratic, appropriate and dignified manner. Then, when it is all over, no matter what the decision is, it can be said that it was properly dealt with, whether one agrees or disagrees with the decision.

I submit that this kind of procedure is not appropriate for the subject under discussion. The way this matter has been dealt with from the beginning reflects upon the dignity of Parliament and upon the respect that should attach to a matter as important as the name by which our national birthday will be remembered from here on into the future.

Hon. Heath Macquarrie: Honourable senators, I have listened with appreciative attention to the cogent arguments of Senators Donahoe, McIlraith and Manning. They have set out strongly their reactions to the report of the committee. I view it with a disturbed sense of our not doing things adequately. I suppose that it is the nature of a committee report to be very sketchy. Someone said at the committee meeting this morning that it is extremely difficult to compress in a short report what was done at a committee meeting, especially if there were witnesses who appeared. There are, however, simple little paragraphs contained in this report which are radiant with

[Senator Manning.]

meaning, and I do not think that we will be able to give them the time required to sort out their significance.

● (1650)

When the committee met, as the second paragraph points out, on August 4, I think in part the decision was regrettable in that not enough was done to elicit expressions of public opinion. I do not know that I can go so far as to say that every individual who wanted to be heard should have been heard. I cannot go quite that far, if I am being practical. But we know that very little was done in a nationally organized way to stir interest in this question. It has been said that a number of honourable senators made overtures through the media. My name was not mentioned—I am used to being ignored, being a small boy from a small province—but I was in touch with the newsprint media of my province, and with my usual forbearance I did not suggest to anyone what view they should convey to the committee, but I suggested that if they cared they should do it. The response from Prince Edward Island was very good.

The point is that without a heavily organized effort there was, as Senator Donahoe has already mentioned, a veritable flow of letters and telegrams from across Canada. I am wondering if we are not paying too scant attention to that flow of letters. It is said that Canadian people really do not care for things like that, that we are dull and do not care for symbols. But if 1,700 people in the midst of a summer can show such interest, are we to say, "Oh, well, Canadians don't care."? I wonder if they care more than we may think.

I believe that Senator Bell was quite right—and this contributes to my feeling of inadequacy, not as an individual but as a member of the Senate and of the committee—in suggesting that we should have the proceedings of that committee. These witnesses were heard on October 13 and most of them had their statements in long before that. I do not think many committees were meeting during the recess. It would be very useful for every honourable senator to know, for instance, what our former colleague, Senator Eugene Forsey, said. Some very interesting comments were made and unless we believe that we are beyond the capacity to change our mind, no matter how valuable and forcible the argument, then, I repeat, it would be valuable to have the proceedings.

While we will meet a deadline and do something with dispatch, I enter upon this stage of our deliberations wondering, again, if we are giving the question the kind of care and thought it deserves. I am not at all unprepared to live with the outcome and I think that our wise colleague, Senator Manning, may be predicting things quite well. I am not troubled by that, for I have been in minorities most of my life, but I would like to use the words Senator McIlraith often uses: I would like to feel that we are doing the job well—and I wonder, in this instance, if in fact we are.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I would like to deal briefly with the committee report and some of the comments that have been made about it. It is disturbing to me to hear some of the, almost, allegations about the manner in which the committee dealt with the subject

matter that was referred to it. Senator Macquarrie and Senator Manning used such words as "playing games," "respect," "dignity" and that sort of thing. Then they went back and examined the logic behind the arguments they put. It seems to me that they are trying to argue that the committee's function is simply to count numbers and that it does not have an intelligent capability, of itself, to make a decision after hearing the arguments. There are a lot of other words that could be used to describe that kind of logic, but it certainly is amazing to me that any person who understands the legislative process and, indeed, the responsibility of members of a legislative body sitting as a committee for the purpose of considering representations, should be reduced to simply a matter of counting numbers.

Then these honourable senators went on to the next stage of their remarks and attempted to prove—and, incidentally, absolutely falsely—that there was an overwhelming number of persons or citizens represented at these hearings who were in favour of rejecting the bill. That is wrong. I am not saying it is deliberately false, but it is misleading because it does not reflect the facts. For example, the chairman of the committee said earlier today that one submission they received was from a group that represented 70,000 members. Should we put that group up against the 1,700, if we are going to play this numbers game, or should we set that aside? Two other organizations that made representations to the committee also represent several thousand people.

Hon. Daniel A. Lang: One hundred, to be exact.

Senator Olson: There were more than that, but that is not the argument that these honourable senators were making. They were talking about the individual post cards, coupons, newspaper clip-outs and so on that came in, as though they were the basis on which the decision ought to be made.

Senator Lang: Better it be that way than through a Gallup poll commissioned by the Secretary of State.

Senator Frith: Who cares who commissioned it?

Hon. G. I. Smith: Some people do.

Senator Olson: It seems to me that the committee members have the right to be respected for their intelligence and capability to reach their decision on the basis of what they believe is not only supported by the majority of Canadian citizens but what they themselves, after hearing the arguments, want to support. That is the way in which committee are run. I have been at all kinds of committee meetings where one could simply count numbers as though there was nobody more intelligent in the total membership of that committee than people who could count on one side of the argument or the other.

Hon. Jack Marshall: What about the people you represent?

Senator Olson: That is an amazing part of the argument that is being advanced now, and those honourable senators are perfectly entitled to advance it if they like.

Hon. David Walker: Thank you.

Senator Olson: But I resent that they feel they can go on from there and say that we are playing games with the performance before the committee, or that we have any lack of respect for their intelligence on such things as the dignity of the members of the committee and their right to make a decision for or against a proposition before them.

I merely wanted to make a short intervention to suggest to you that anybody who attempts to present that kind of argument here to degrade the function of the committee should examine the misplaced logic upon which they make their argument.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I hope not to detain the Senate too long because I think the important points in this debate have already been registered, but perhaps I can put a new gloss on some of the facts that have been placed before us. I always like to look on the bright side of a difficult question. When one deals with national symbols one is dealing with a difficult question, and when one considers the way in which this bill came before the Parliament of Canada one is dealing with a difficult question. But I take some small pleasure, satisfaction perhaps, in the fact that at least to some extent we in the Senate have discharged our responsibility to give a resolution of this kind suitable debating time in this house and that we have had a committee hold public hearings on what should be done.

● (1700)

When I think of the events that led up to the decision to hold the matter over from our previous August meeting, I must say that I am glad. I pay my compliments to Senator Flynn, who was a leading spirit in suggesting that the Senate had a duty to give this bill greater consideration than had been suggested by the leadership on the government side at that time. I must admit at once that, if his argument had not persuaded the government to change its mind, we would not be debating this matter this afternoon. But he was persuasive. I congratulate both him and the members of the government who accepted his argument for being helpful in the work of the Senate.

I must say that I am not entirely satisfied with what we have done because I agree with what other senators have said about the committee. It seems to me that the committee's report could have been much more illuminating. Consider the reports from the Banking, Trade and Commerce Committee, for example. They list the people who appear and give a resume of their points for and against so that anyone reading the report can get a pretty good idea of the arguments and what the committee deemed persuasive. I think that device could well have been used in this report before us now. It might then have been a little more extensive in terms of the committee's proceedings. I just offer that by way of observation.

I also wonder why the full report of the proceedings of the committee could not have been before us. After all, if I am correct, the committee met last seven to ten days ago. If that is the case, why is it that the verbatim record of the committee meetings is not before us? No other committee has been

meeting. There is no other branch of Parliament that is meeting. I don't know what those responsible are doing when we are not here. I wonder why we do not have the full proceedings before us at this time. To that extent, although I am pleased that the Senate has been working at this matter a little more carefully and diligently than our colleagues in the other place, its report still falls short of what could well be expected.

I take no pleasure in this debate because, when one deals with national symbols, emotions are close to the surface. Arguments, however valid and persuasive in other circumstances, fail to convince when one's heart is involved. As we have seen, and from what we have heard from other gentlemen and ladies who have spoken in this debate, this is an issue that does engage the emotions. Apart from that, one has to regret that it also has regional implications, of which I think we are all aware. And when issues come before a parliamentary chamber of this kind, issues which involve the national symbols of the country, where regional differences are strongly marked, and emotions are evident, surely it is to be hoped that at least we can decide them on the basis of a free vote. It seems to me incredible that that has not been found possible.

Of course, I think the reason why that has not been possible was explained very clearly by Senator McIlraith. He pointed out that the government has indeed avoided its responsibility to stand behind its legislation in the place where the elected representatives are located. It has followed this easy path of getting a rather difficult subject through the House of Commons without normal debate and discussion, and without the government having to adopt formally and explicitly in that chamber its responsibility for the contents of the measure. We all know where their hearts lie, but they have avoided the debate in the other house, and one has to regret that.

I must say that if Senator McIlraith had been with some of us on our recent visit to Australia, to take a look at the proceedings which take place in an elected Senate, he would know that the elected Senate in that country does provide a check upon the unlimited—perhaps that is a strong word—a check upon the almost unlimited power of the executive in the parliamentary system as it has developed in Canada. I am very sympathetic to what Senator McIlraith had to say about the dictatorship of the executive. I am interested in his implication, at least, that this body could exercise a reasonable role in providing a check and balance not otherwise provided in our system against acts of an executive of that kind.

I hope I may enlist him in due course among the supporters of the proposition that the Senate of Canada should be elected so that we would have the constitutional legitimacy and political legitimacy to enable us to deal with these matters on their merits, as a body which would not be subjected to the same constraints which perhaps necessarily are involved in the confidence of the House of Commons.

I feel that this debate may serve some purpose if it brings to light some of the problems in the Canadian parliamentary system—problems that I think are illustrated by the proceedings of this chamber today.

[Senator Roblin.]

Senator Olson: Are you suggesting that they are illegitimate?

Senator Walker: Speak for yourself.

Senator Olson: I don't follow your argument there.

Senator Roblin: I think if you consult your colleague sitting beside you, he will be able to give you some sound advice as to the force of the argument.

Senator Olson: You are accusing us all. I kind of resent that.

Senator Roblin: You don't like being called illegitimate. There is another phrase one could use.

Senator Flynn: There is another word.

Senator Roblin: But neither phrase would be correct as applied to my honourable friend. He is as legitimate as all-get-out. He is as legitimate as a five-cent piece. He is as legitimate as the words "Dominion Day". He is legitimate. I cast no aspersions on his legitimacy. All I am saying is that, politically, his credentials are questionable when it comes to opposing the voice of the elected chamber by the veto of the appointed chamber. That is the point I am making. He knows it very well, and I will not indulge myself in dealing any further with that matter.

But I must say to him that his attitude about the respect that one should accord to the proceedings of a committee of this chamber interests me. He tells us on the one hand that we are not to talk about numbers—although he uses the numbers argument very cleverly himself in trying to controvert what Senator Manning said. He takes the numbers argument and turns it around for his own purpose. As a debating technique there is nothing wrong with that. That is fine. But then he goes on to say that we should respect the judgment of this committee, which is coming in with a recommendation that this bill should be passed. But it is doing more than that. It is coming in with a recommendation that this bill should be passed "as amended." The committee asks this chamber to do the amending, and if my honourable friend is so keen about the legitimacy, if he wants to use that term, or about the respect one should offer the committees of this house, I wonder what he will do when he deals with that part of the committee's recommendations. But he is not going to. He is going to be a little selective. He is going to pick the recommendations of the committee that suit him, and the rest he will let lie on the floor of the chamber.

Senator Olson: And that is the choice of every other senator in this chamber.

Senator Roblin: Why, certainly, but every other senator did not stand up here five minutes ago to extol the respect that we should offer to the decisions of committees of this house.

Senator Frith: You can respect somebody without agreeing with him.

Senator Flynn: That is not what he said.

Senator Frith: Sure.

Senator Roblin: Well, my honourable friend can pursue the argument if he wishes, but it seems to me that he is pretty selective in paying his respects to the intelligence of the committee. I don't think he even said we should support them; he merely said we should respect their intelligence. So we are going to respect their intelligence in passing the bill, but we are not going to respect their intelligence, when they say "pass it as amended." That is a nice point that he can settle himself some time. It is really not worth pursuing any further now.

I do wish to say that it is with regret that I realize that this chamber will have to deal with a bill on which the expressed opinion of the other house in response to a government measure is lacking. I regret that this house has to deal with a question of national symbols in which the elected members are just as interested as we are, if not more so, without having the advantage of having the issue—and I think we are ignoring the propriety of this—placed by the government before the other house as a government measure.

It cannot be a good thing that a matter of this kind, that is disputed so vigorously, should come to us in this defective way. I do not know what the people of Canada want to do about Dominion Day and Canada Day, because no one has asked them directly, so far as I know. But, whatever the polls may say—I haven't seen one, but I have read the reports of one—I do know that my correspondence does not say that. I join those other members of the chamber who report that the letters they have received are almost unanimously in favour of Dominion Day. I also say that in my own correspondence there is quite a marked regional aspect to the letters that have reached me, and I know that certain parts of the country certainly do not want Dominion Day changed. I must admit, however, that I may well find that other parts of the country do want the name changed to Canada Day.

But I do find it appalling that the issue should be left to us, the appointed body if you please, to decide, while the great constitutional machine in the House of Commons, with the government's responsibility to present government legislation to that chamber, is sidetracked and brought to naught by a fortuitous sequence of events. I don't think anyone really anticipated it; if they did, they are a lot cleverer than I think they are. But when it happened, they allowed it to go ahead without taking advantage of the opportunity to have the matter reviewed in the proper forum as a piece of government policy.

• (1710)

Senator Olson: On a point of order, honourable senators. I think that Senator Roblin knows as well as any member of this house that it is absolutely against the Rules of the Senate to reflect on the proceedings and decisions of the other place, yet he has pursued that line for the past several minutes.

Senator Roblin: I am willing to be chastised by my honourable friend; I am willing to be corrected if I have in any way offended the customs, precedents or conventions in this respect. I assure my friend that that was an inadvertent reflection on facts which perhaps I should pretend are non-facts.

If that is the case, and if my honourable friend feels I have trespassed against his view of propriety, I accept his rebuke and will try to confine myself to matters that are before this house. However, I do not take back a word of what I said about the constitutional aspect of this matter that was so well developed by Senator McIlraith. I will only say another word or two, because I have spoken longer than I had intended.

Undoubtedly, opinion is divided. It is a sad thing that, on most occasions when we deal with the emblems of the nation, we cannot find ourselves with a greater degree of consensus than we find now. I have always felt that it would be better if these matters were proceeded with in an extra-parliamentary manner: In other words, that we should cultivate the ground before we sow the seed; that there should be a wider degree of public participation and consideration in matters of national symbols which, after all, are not matters of fact but are matters of emotion.

Those things could be well explored and at greater length outside the regular parliamentary system. Then perhaps we could find ourselves with a greater measure of consensus, harmony and amity in dealing with matters about which there really ought to be no dispute.

Hon. Jack Marshall: Honourable senators, it is very obvious that instructions were given that we restrict our remarks to the report. Since we have gone into Senate reform, and other things, I feel that the subject has become very broad.

Senator Roblin: I have only spoken once; I can say anything I like.

Senator Marshall: I was not going to say anything, but Senator Manning struck a note within me when he talked about our dignity being eroded.

That being so, I should like to read a paragraph found in an editorial in the *Globe and Mail*, because that indicates what effect this has had or could have on the whole of the country. That states:

Whatever one thinks of the move to abolish the name Dominion Day, there is no excuse for the bum's rush being given to Canadians who want a say in the process, and who are willing to make an appointment and travel to Ottawa to deliver their opinion. Does the government not realize how important an issue this is to Canadians, or, as its performance in the Commons suggested, does it just not care?

This reflects the story we have heard over and over again to the effect that what we are doing here will not affect anything and that we do not care about anything.

One can talk of Senate reform, but all we have to do in the Senate is have the guts to do our duty—that is, refuse to pass this legislation. This is a classic case of our trying not to hurt anyone by refusing to pass the legislation. If we were to refuse to pass the legislation before us we would help the minority of those in Canada who feel that this measure should not be passed. If we were to do that, it would appear to Canadians that the Senate is doing what it is supposed to do.

Senator Olson: What we are supposed to do does not necessarily mean that we agree with you.

Senator Marshall: I do not care what you agree with.

I saw an article in the paper about what you are going to do with the Senate. You are going to sell the Senate, so here is an opportunity for you to sell the Senate to the people of Canada, to that minority you spoke of. You can tell those people that the Senate will do its duty and not pass this legislation—and this is not even legislation. This was passed by 12 members of the other place. They put through a mischievous bill, a bill not in the interests of any Canadian. They passed the bill because they wanted it. It was a selfish act, and because they wanted it, we are told that we have to go along with it; that the Senate must abide by that and pass the bill.

It is a matter of principle and conscience. We do not have to become an elected Senate, all we have to do is our duty. We are here to stop that kind of legislation, to protect the provinces and minority and individual rights, and we can do that if we would only show some individuality and independence and say, "The hell with you and the House of Commons, we are working for the people of Canada."

I repeat again, we cannot hurt anybody by refusing to pass this piece of legislation. We can send it back to the Commons, have it introduced as a government bill, and then deal with it in the proper manner.

Let us for once, before we are abolished, or before we are thrown out of here, do something that is conscionable. Let us act as we are supposed to act on behalf of the people of Canada.

Senator Lang: Honourable senators, I am going to be perhaps a little more intellectually honest than some of the speakers before me this afternoon and say to the Senate that what I intend to say does not strictly pertain to the subject matter of the report. I have spoken to this matter on second reading before, I suppose, by introducing an amendment so that anyone could call our national holiday Canada Day or Dominion Day.

I should like to proceed now, with leave of the Senate, even though the time is 5.25 p.m. I have waited until anyone else who might have risen had done so—

Senator Flynn: Why not speak on third reading?

Senator Lang: I would like to know whether I have leave to proceed.

My subject matter is new, it is unusual, and I would rather put it before the Senate now than on third reading, because I think it might very well affect the thinking of some senators.

This is original material which I received just this past weekend. It has not been referred to before in this chamber, nor in the massive amount of correspondence that we have received.

Senator Frith: Honourable senators, Senator Lang has been candid enough to say that he intends to speak until 6 o'clock. Of course, we have all agreed that the vote will take place at 8 o'clock, and that there be no further debate on second reading

after 6 o'clock. If we put those two together, we are foreclosing the right of the sponsor of the bill to close the debate on second reading.

We further agreed, as far as senators speaking a second time on second reading is concerned, that their remarks must pertain to the report. I appreciate that Senator Lang is saying that he intends to use the remaining time to not observe that rule, and is asking for leave to not observe that rule.

My respectful submission, honourable senators, is that I have heard nothing by way of explanation as to why Senator Lang's remarks cannot quite properly be heard at third reading stage. So, I do not understand why he cannot observe the rule as everyone else has. If he wants to bring forward this material—which, of course, we want to hear—he can do so on third reading without changing anything that we have agreed to.

Senator Lang: I am quite prepared to abide by the rule, since so many senators who spoke before me have not done so. I was honest enough to say that the material I should like to put before the Senate does not strictly address the question of the report of the committee. I had hoped my honesty would have been appreciated by some senators who have not observed the rule with the same exactitude.

Senator Frith: I have already expressed my appreciation for Senator Lang's candor, but that does not necessarily carry the whole question. There is also the question as to whether Senator Lang intends to give Senator Bird, the sponsor of the bill, some time before 6 o'clock to close the debate on second reading.

Hon. G. I. Smith: Honourable senators, I take it before I embark on what I intend to say that Senator Lang has been refused leave, because if he has not been refused leave I would not in any way want to interfere with his opportunity to speak. Has leave been refused or not?

● (1720)

Senator Frith: Yes, it has.

Hon. Ann Elizabeth Bell: Honourable senators, if I understand correctly from what Senator Lang said, the reason why he would prefer to make his remarks now before second reading is because he has new information which perhaps might persuade us that we do not wish to approve this bill in principle. If this is the case and he does not speak until third reading, and in the meantime we approve the bill in principle, are we not going against our own best interests?

Senator Lang: Honourable senators, I should like it noted on the record that I have been refused leave, and I believe this is the first time it has happened in the 17 years I have been in this chamber.

The Hon. the Speaker: Senator Smith.

Senator Smith: Honourable senators—

Senator Frith: You have only been refused leave to not observe the course we have agreed upon. I am surprised that it is the first time.

Senator Smith: I believe I have the floor. If the deputy leader would not mind recognizing the calling of my name by Mr. Speaker, I should like to proceed.

I have not spoken on second reading before, and I am not in any way inhibited by the agreement that those who have spoken before on second reading must deal only with the report.

Senator Frith: That is right.

Senator Smith: If I may, I should like to draw attention, although not so well as he did, to the point made by Senator McIlraith about the importance of preserving the constitutional practice in Parliament. I think he is absolutely right in what he said. I think his argument was absolutely right. I will not repeat it because of the constraints of time, but I want to say with all the emphasis that I can command that I think he is right.

I want to turn to the question of not having the minutes of the proceedings of the committee before us. I do not know why we do not have them before us. Ample time has elapsed since October 13, and I would have thought it would have been possible for the Leader of the Government in the Senate to arrange for those proceedings to be available when we came to listen to the report, to debate it and to consider second reading of the bill. We have not got them. The fact that we have not got them means absolutely, without doubt, that we are being asked to give second reading to a bill without having the opportunity to become familiar with the very evidence which we asked the Legal and Constitutional Affairs Committee to hear when we referred the bill to it.

In fact, we are saying, "Look, we referred this bill to you so that you could hear what people have to say," and now we are saying we do not care very much what those people said. We are not even going to have the printed proceedings before us so we can inform ourselves.

I know what they said in committee because I was there, as were 18 or 19 other honourable senators, some of whom were not members of the committee. The leadership of this Senate is asking us to forget that we referred this bill to committee so that it might hear representations that the people of Canada wished to make. They are saying we do not care what those people said. They are saying we are not even interested in reading what they said. I find that as surprising as the Leader of the Government found the representations that he took such vigorous exception to a few minutes ago. Of course, he is going to find it hard to take exception to what I say if he does not listen to what I say.

Senator Olson: I need something to listen to.

Senator Smith: He will listen if he doesn't find something in what I say objectionable. I knew I would get a rise out of him if I just gave him a chance. You can always tell what bait some suckers will take. I am glad I read him right this time.

Senator Walker: Sucker!

Senator Olson: He had better get to his point soon because I will be leaving shortly.

Senator Smith: The honourable gentleman still wants to talk. I draw to his attention that he took his opportunity to talk on this bill, so now he has to say what he wants to say by way of rude interruption rather than by proper speech.

Senator Olson: I am interrupting without being rude.

Senator Smith: That, of course, would not trouble him because he finds that to his advantage on many occasions.

We are being asked to pass this bill in a hurry.

Senator Olson: No.

Senator Smith: Of course we are.

Senator Olson: We are being asked to pass it in the predictable time that was known two months ago.

Senator Smith: Two months? What has the honourable gentleman got to say about two months' notice? The government bill was before the House of Commons ever since 1980 which, in my judgment, is—

Senator Olson: To be more accurate, since 1946.

Senator Smith: No, the government bill on this very subject in this very session was introduced in the House of Commons in 1980, and has been standing there ever since and has not been dealt with. In my calculation, that means a good deal more than two months, and if he is complaining that we have had this before us for two months, then I can quite properly ask him what the government has been doing for two years with its bill. I can tell him what it has been doing. It has not had the guts to put it forward.

Senator Olson: That's wrong.

Senator Smith: That's right.

Senator Olson: That's wrong.

Senator Smith: That's right, and he knows it's right.

Senator Olson: I don't know it's right.

Senator Smith: Oh, don't you. I am sorry the honourable gentleman is so poorly informed. The next time he interrupts he should do so on a subject that he knows something about.

Senator Olson: I know about this subject. I have no qualms or compunction about this subject at all.

Senator Smith: In a moment the honourable gentleman is going to complain that I am taking up the time which he takes up by his mutterings.

Senator Olson: I am only doing that because you invited me to.

Senator Smith: I didn't invite you to do that. I just offered you the opportunity and you took it, hook, line and sinker.

The honourable gentleman tries to make out that the government is not trying to pass this bill in a hurry. I think we all know that is exactly what the government is trying to do because it knows it would not be able to get it through the House of Commons as soon as it wants to.

Senator Olson: He is 190 degrees off.

Senator Smith: What excuses did the minister of the government who came before that committee offer? I wish we had the proceedings so I could read them verbatim, and what reason he gave for wanting to get this bill dealt with in this peculiar way. Like Senator McIlraith and all the rest of us, I do not have the proceedings before me because they have not been printed yet. I do not even have as good notes as Senator McIlraith has, but I have some recollection of what the Secretary of State said when asked why they wanted to proceed with this bill now instead of doing it properly, and making sure it got proper treatment in the House of Commons. The effect of his answer was that the committee that is going to arrange the celebrations for next July 1 wanted it done so they would have plenty of time to know whether it was Canada Day or Dominion Day in their advertising and in their other preparations for the celebration which is ten months away.

For that the government is willing to risk doing what Senator McIlraith so clearly pointed out was wrong. For a reason that Senator McIlraith has fairly pointed out is wrong, the government is going to take the onus of putting this bill through in a hurry without it's going through the House of Commons. The reason is that this committee—which has been doing without this for many years—can put the name “Canada Day” in the documentation advertising the celebration, which is five-sixths of the year away. That is the best reason they can give for doing something that is offensive to many Canadians, is offensive to the dignity of this place, if not to the dignity of the other place and, as Senator McIlraith says, is setting a bad precedent. All this so that the committee that is going to arrange these celebrations for next July 1—as it has done in previous years—can have its desires gratified and know in advance what it is going to do.

● (1730)

Honourable senators, it seems to me that that is a very poor reason for asking this Senate to forgo its proper role as a body which examines carefully, with sober second thought, legislation which clearly infringes upon the propriety of parliamentary procedure and sets a bad precedent. For those reasons, if for no others—and there are many—I submit that this bill should not be passed.

Hon. Peter Bosa: Honourable senators, it was not my intention to make an intervention in this debate but, having participated in the committee meetings, I have decided to make a very brief comment on what I learned on that occasion.

I was impressed to learn the extent to which members of the Italian community are integrated into Canadian society. During the committee meetings, Mrs. Laura Sabia, a first generation Canadian, appeared on behalf of the Royal Commonwealth Society and, although I will make no comment on what she actually said, I would note that she was their spokesperson. The leading spokesman for the Monarchist League of Canada was a Mr. Toffoli, a first generation Canadian, whose parents came from the same part of Italy that I come from. Then Dr. Leone made representations on behalf of the ethnic groups, and he spoke overwhelmingly in

[Senator Olson.]

support of the change in the name from Dominion Day to Canada Day.

I have made some soundings of public opinion in Toronto among people who come from minority groups and I have found overwhelming support for this proposed change. I did not want to speak on their behalf on this occasion because I think very eloquent discussions have already taken place in committee and in the Senate. I did not feel there was any need for me to make an intervention.

But I have also recently consulted Canadians with a non-ethnic background and, in particular, the Honourable Walter Gordon whom, I am sure, all honourable senators know. On October 12 he wrote to me in the following terms:

During our telephone conversation last week, you mentioned that you were . . . a member of a Senate Committee charged with responsibility for deciding whether our national holiday should continue to be called “Dominion Day” or whether it should be changed to “Canada Day”.

I am surprised there should be any question about this. We are no longer a dependency, or a colony, or a dominion of the United Kingdom. Having gone through the agony of the long constitutional debate, I should have thought that kind of question would have been laid to rest for all time.

I suppose there may be a few relics of the past who are still nostalgic about our former ties with Britain and our one-time colonial status. But I expect the great majority of Canadians now think of ourselves as Canadians and think of Canada as a separate, independent state—or as separate and independent as any nation can be in this troubled world. If an opinion poll were taken on this particular question, I expect those in favour of “Canada Day” would be in an overwhelming majority.

Senator Marshall: What party does Walter Gordon belong to?

Senator Bosa: I will be very pleased to make the curriculum vitae of the Honourable Walter Gordon available to Senator Marshall.

Hon. John M. Macdonald: Honourable senators, I would ask one question: Is this Walter Gordon the same Walter Gordon who advocated moving the people of the Atlantic provinces to other parts of Canada?

Some Hon. Senators: Hear, hear.

Senator Bosa: I did not hear all of that question, but I will make a point of reading it in *Hansard*.

In answer to Senator Marshall's question, I would assure him that Walter Gordon is as blue-blooded a Canadian as anyone in this chamber.

I also asked other Canadians, such as Professor Brian Land, who has a curriculum vitae which would impress anyone in this country and whose ancestors were United Empire Loyalists. He was very much in favour of changing the name from Dominion Day to Canada Day. This opinion was also shared

by Clyde Batten from Toronto, whose ancestors came to this country in the 17th century.

By reciting these facts, I want to impress upon honourable senators that this is not a view held only by new Canadians or French Canadians, as someone intimated, but a view that is shared by the majority of Canadians of all ethnic backgrounds.

I realize that this is a very sensitive issue, particularly since we are dealing with a national symbol, but I would point out that, when a great number of Canadians perceive that Dominion Day does not reflect what the majority of Canadians expect it to reflect, it makes me support this bill and I will vote in favour of changing the name of our national holiday from Dominion Day to Canada Day.

Hon. Florence B. Bird: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Bird speaks now, her speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Joan Neiman: I wonder if Senator Bird would grant me the courtesy of allowing me to make a few comments at this point.

Senator Bird: Of course.

The Hon. the Speaker: You may proceed.

Senator Neiman: I should like to reply to a few comments which were made with respect to the report of the Standing Senate Committee on Legal and Constitutional Affairs on the subject matter of Bill C-201.

One of my colleagues this afternoon commented on the fact that it is regrettable that we do not have the transcript of the proceedings of our hearings which were held on October 13. I agree with that comment. The committee meeting was 10 days ago, and the reason why senators do not have copies of the transcript of proceedings is simply a matter of time constraint. As the members of the committee who attended that hearing will recall, the hearings were extensive and lasted all day long. They were conducted almost entirely in the English language. The translation of that very extensive transcript has held up the availability of the transcript.

As you will recall, there were 32 members on our committee. All members received a comprehensive volume containing arguments and background material along with the submissions of all the organizations which were to appear before us. In addition, any other senator who wished to attend the proceedings was free to do so, and some who were not members of the committee did, in fact, attend.

• (1740)

Since then, of course, these reports and submissions have been available to anyone who cared to ask for them. Any member of the committee could have circulated those submissions to anyone else. Therefore, while I do share the regret that we do not have that report before us, since it would be more convenient to be able to refer to it, I think that the contents of those submissions were made available to the people who had to make the decisions.

In that context, honourable senators, I rather regret some of the comments which were made by Senator Manning, whom I respect very highly. In reply, I can only echo the remarks that were made earlier by the Leader of the Government to the effect that, apart from the submissions which we heard, we also had letters circulated among us from a number of people. We had evidence of two Gallup polls which were taken at the instance of the government in an effort to try to arrange the celebration of July 1. The Gallup poll, however, is a highly respected, independent organization. The government had commissioned these reports simply to be informed in order to try to make decisions. I believe, as will anyone who is aware of the contents of those Gallup polls, that there seems to be a large majority of people who favour the name "Canada Day." That was simply persuasive evidence which was put before the committee.

I was grateful for the support and co-operation of all committee members. We did not, of course, agree on the contents of the report—as has been said, it was not a unanimous report—but everyone discussed the matter thoroughly and came to those decisions, as Senator Frith has said, not necessarily along party lines.

In reply to Senator Donahoe, I am aware that he was at the committee meeting for a certain part of the day, on into the afternoon.

Senator Donahoe: The whole day.

Senator Neiman: I do not have to remind honourable senators that he does make his point very forcefully and well. He is quite right; he did say that he had to leave before the conclusion of the hearings that day and he wanted his opinions and objections to be noted. I can only assure him that I believe everybody at that meeting understood extremely well what his opinion was before he left. The fact remains, however, that, as chairman of the committee, under the *Rules of the Senate* and *Beauchesne*, I cannot record in a report individual comments of members. There were other senators who had to leave who voiced their opinions, which were contrary to those of Senator Donahoe and which were also not recorded in the committee's report. I believe that all committee members who remained to take part in formulating the first draft of the report that day were conscious of the remarks made by Senator Donahoe. It is regrettable that he found it inconvenient,—to use his word—to attend the meeting this morning, because he might have been able to add something to the report as it now stands, or, indeed, might have changed its tenor.

Honourable senators, I think that what I have said is sufficient to answer some of the criticisms that were made with respect to the report. Because Senator Roblin mentioned that he would have preferred a report that was, in his words, somewhat more illuminating, I might add that I think it can be said that that alternative was considered by the committee. In essence, it was decided to be almost too difficult to try to record with any conciseness the diverse opinions we heard. It would be almost impossible to be fair and to balance the opinions, both for and against.

Senator Donahoe: Would the honourable senator who last spoke permit one question? A decision was taken by the committee to restrict receipt of submissions to September 20, and we on the committee were told that that was in order to provide an opportunity for such submissions to be translated. My question is: Were the submissions which were received up to September 20 translated into the other language?

Senator Neiman: Yes, they were all translated, Senator Donahoe.

Senator Donahoe: Why, then, the delay in making them available now?

Hon. Florence B. Bird: Honourable senators, obviously I do not have time to close the debate now. Since honourable senators have not provided me enough time, I would like to wait until third reading.

An Hon. Senator: Go ahead.

Senator Bird: No, honourable senators are tired and hungry and I will say what I have to say in the debate on third reading, if I am given a chance.

Senator Flynn: As is provided in the Rules, Mr. Speaker, you are to leave the chair, and warn the Senate that at 8 o'clock there will be the vote.

Hon. Cyril B. Sherwood: I shall be brief, honourable senators. Not having had an opportunity at any stage to speak on this bill, I will say that I have listened with interest to the remarks made here today. I have also examined the various statements of honourable senators, some of which were excellent speeches and observations made earlier in the session, concerning the bill. Most of them contained expressions of unhappiness, of unease, at the way Bill C-201 came to the Senate from the other place.

Since the adjournment of the house on August 4, I have received letters, phone calls and personal approaches in this regard. I am not talking in terms of thousands, but I had as many as six, seven, eight, perhaps 900 approaches. I would have to say that I have not received as many representations concerning any piece of legislation since coming to the Senate. Every representation that came to my attention opposed changing the name of our national birthday.

Honourable senators, in the first paragraph of the preamble to the BNA Act we read:

Whereas the Provinces of Canada, Nova Scotia and New Brunswick have expressed their Desire to be federally unified into One Dominion under the Crown of the United Kingdom of Great Britain and Ireland, with a Constitution similar in Principle to that of the United Kingdom—

The Hon. the Speaker: Honourable senators, it is 6 o'clock and, according to the Rules, I have to leave the Chair at this moment. We will reconvene—

Senator Sherwood: If I have unanimous consent, Your Honour, I can proceed. I only require another minute.

[Senator Neiman.]

The Hon. the Speaker: I have no choice. I have to leave and I will reconvene the Senate at 8 o'clock this evening.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Bird, seconded by the Honourable Senator Lamontagne, that this bill be read a second time.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

Motion agreed to and bill read second time on the following division:

YEAS
THE HONOURABLE SENATORS

| | |
|--------------|------------|
| Adams | Lamontagne |
| Anderson | Lapointe |
| Argue | Lawson |
| Asselin | Leblanc |
| Austin | Lewis |
| Barrow | McElman |
| Bélisle | McGrand |
| Bird | Molgat |
| Bonnell | Neiman |
| Charbonneau | Nurgitz |
| Cottreau | Olson |
| Croll | Perrault |
| Davey | Petten |
| Denis | Riel |
| Deschatelets | Riley |
| Flynn | Rizzuto |
| Frith | Robichaud |
| Giguère | Rousseau |
| Godfrey | Rowe |
| Graham | Stollery |
| Guay | Thériault |
| Haidasz | Tremblay |
| Hastings | Wood |
| Lafond | Yuzyk—48. |

NAYS
THE HONOURABLE SENATORS

| | |
|----------|------|
| Beaubien | Bell |
|----------|------|

Bielish
Cook
Donahoe
Doody
Everett
Hicks
Inman
Lang
Macdonald
Macquarrie

Manning
Marshall
McIlraith
Murray
Phillips
Roblin
Sherwood
Smith
Sullivan
Walker—22.

ABSTENTIONS

THE HONOURABLE SENATORS

NIL

DISTINGUISHED VISITORS IN GALLERY

METROPOLITAN-ARCHBISHOP MAXIM HERMANIUK, HEAD OF THE UKRAINIAN CATHOLIC CHURCH IN CANADA, AND OTHER BISHOPS

Hon. Paul Yuzyk: Honourable senators, I should like to draw your attention to a group of distinguished visitors sitting in the Senate gallery this evening.

I should like to present His Grace, Metropolitan-Archbishop Maxim Hermaniuk of Winnipeg, the Head of the Ukrainian Catholic Church in Canada, and welcome him to this chamber. In particular, we wish to warmly congratulate the prelate on the high award, Officer of the Order of Canada, which he received from His Excellency, Governor General Edward Schreyer, at the investiture last Wednesday, October 20. He is now wearing this beautiful medal. This is a worthy and well deserved recognition for the many outstanding services and contributions he has made to Canada in the fields of religion, ecumenism, social welfare, culture and the unity of our country.

Hon. Senators: Hear, hear.

Senator Yuzyk: Metropolitan-Archbishop Hermaniuk is accompanied by several bishops of his hierarchy: Their Excellencies Bishop Nil Savaryn of Edmonton, Bishop Demetrius Greschuk also of Edmonton, Bishop Jerome Chimy of Vancouver, and Bishop Myron Daciuk of Winnipeg.

Hon. Senators: Hear, Hear.

Senator Yuzyk: Bishop Isidor Borecki of Toronto was unable to be present because of a previous commitment. We extend a warm welcome to them and to the several priests in attendance. We are sorry to learn, however, that His Excellency Bishop Andrew Roborecki of Saskatoon, who was to be one of this distinguished group this evening, suddenly passed away in Toronto on October 23 in the course of his duties. We extend our heartfelt sympathy to his fellow bishops, to his family, and to the faithful of the Eparchy of Saskatoon.

HOLIDAYS ACT

BILL TO AMEND—THIRD READING

Hon. Florence B. Bird, with leave of the Senate and notwithstanding Rule 45(1)(b), moved the third reading of Bill C-201, to amend the Holidays Act.

She said: Honourable senators, I have listened thoughtfully to all honourable senators who have spoken on this bill, and I listened carefully to the witnesses who appeared before the committee. There are a few points that I think I should deal with briefly. It was not surprising that the Monarchist League of Canada, the Royal Commonwealth Society, which used to be the Royal Empire Society and before that the Royal Colonial Society, and the Imperial Order of the Daughters of the Empire were, understandably, afraid that the Monarchy may be injured by this bill. As I said when I presented the bill, it has nothing to do with the Monarchy, which is firmly entrenched in the Constitution Act of 1982.

Some of the witnesses were also worried that there may be an erosion of the Dominion. Also entrenched in the Constitution Act is the fact that the name of this dominion is Canada, and I think a great many people like the name "Canada". A number of senators and some of the witnesses felt that our traditions were being eroded by this change in name. I think it is important to understand that traditions grow as the country grows. I always think of them as the seed of a nation which has been put in good earth and, in due course, a small green tender shoot comes up. Then, after a while, there is a sapling and then, later, a great maple tree with branches coming from every country. The traditions that are good for that tree are different from the ones that were good for the small seed on the sapling. Therefore, I think we should not be worried about the growth of traditions. They are what a country acquires as it gets older. The time came when we needed a distinctive flag; the time came when we needed our own national anthem; and now the time has come for us to call our national holiday after our country. I hope that honourable senators will not be distressed by this.

● (2020)

There was also a discussion about the procedure in the other place. The witnesses, as well as many honourable senators, have mentioned that has certainly been, as everyone has pointed out, an accepted convention, though not a rule, that senators do not interfere with or discuss procedures in the other place. By the same convention, members of the other place do not have the effrontery to tell us how to handle our business. The responsibility of senators is to make decisions based on the merits of the legislation that comes before us, and not on the way it gets here. I therefore find it impossible to understand why several honourable senators have told us that they would have voted in favour of the Canada Day Bill if the procedure had been different in the other place. This, to an

unprejudiced observer, would seem to be a rather lame excuse for blocking the passage of popular legislation.

In any case, it seems to me that the procedure followed by the Senate is above reproach, although today we did hear some mild words of reproach. I guess "mild" is an understatement.

With respect to the letters that were received by the committee, and there were a great many as I said, I read them with interest, but I think perhaps the polls were more convincing. I think that for the record we should be clear that there were more than one Gallup poll. There was the one that was mentioned earlier in the debate which took place on November 7, 1981. That certainly made it quite clear what the majority of Canadians wanted. There was another poll undertaken by the Institute of Public Opinion but commissioned by the National Committee for Canada's Birthday. That also is very conclusive that the majority of Canadians really prefer "Canada Day" to "Dominion Day".

I think the committee was quite justified in concluding that it would be a good idea to support the principle or subject of the bill. I hope, therefore, that this house will move with the times and go ahead and adopt this bill without amendment.

Some Hon. Senators: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators—

Hon. Daniel A. Lang: Will the honourable senator yield?

Senator Flynn: Well, if Senator Lang promises not to speak for half an hour, I will yield to him. If he says he will be half an hour on the principle of the bill, I am not prepared to yield.

Senator Lang: Twenty-five minutes.

Senator Flynn: No; fifteen minutes.

Hon. Royce Frith (Deputy Leader of the Government): Do I hear 20? Going once, going twice—

Senator Lang: All right, 15 minutes.

Senator Frith: What did you settle for?

Senator Flynn: Fifteen minutes.

Senator Lang: That is a real concession for the Leader of the Opposition.

Honourable senators, I rise to speak on third reading, not lightly but with a real and deep concern for the issue before us. I am appalled by the lack of that sense of history with which one would expect this institution to be imbued. May I at the outset say something to my French Canadian confreres?

Hon. Martial Asselin: Not again.

Senator Flynn: You are starting on the wrong foot.

Senator Lang: It should be that the Québécois of this country would oppose this change of name, because they have always believed that Canada did not begin in 1867 but that it began long before that.

Hon. David Walker: That is right.

[Senator Bird,]

Senator Lang: It was the Canada of New France; it was the Canada of the Province of Canada. But here they are trying to convert Confederation Day, which we celebrate, into "Canada Day". Are they not themselves defeating their own traditions? I wonder.

An Hon. Senator: That sounds like something new to me.

Senator Lang: Well, I think that is new to many senators. We should first recall that on July 1 we celebrate the occasion of the Confederation of the three provinces of Canada, namely, Canada, New Brunswick and Nova Scotia. Personally, I do not think we have gone far enough back in our history to find out where the hangups about the name "Dominion" have come from and why the name should be considered as some sort of impingement on our sovereignty.

"Dominion" is a word which some people, curiously enough, identify with 19th century British imperialism. Because it has been thus identified, the word "dominion" has come to be thought of by many as depicting a subordinate state. Such people imagine that the word is an invention of colonialism to designate a state which, although one step above a colony, has an underling status.

I hope, honourable senators, that in a few words I will be able to dissipate that misconception. We all know that Sir Leonard Tilley was one of the prime movers at the time of Confederation in selecting that word as an alternative to the word "kingdom" or "Kingdom of Canada". You must not forget that at the same time the word "dominion" sent a signal to the warring states in the south that our country was to be from sea to sea and that we would not allow them to come up behind the Detroit River to take over the west of this country.

Those are matters that should be engrained historically in the mind of each person in this chamber, but, while I am sure that is true for many, I am sure it is not the case for many others.

In choosing the word "dominion," Sir Leonard Tilley made reference to the Old Testament, in which the eighth verse of the Seventy-Seventh Psalm says that "He shall have Dominion also from sea to sea." We have heard that many, many times, but that is only the beginning of the story.

What does the word actually mean? The word "dominion" comes from a Hebraic tradition and is translated from at least four of several Hebrew terms as found in the King James version of the Bible. The first of those terms is "memshallah," meaning "rule" or "constitutional government." That term is found in Psalm 114, verse 2, which says in translation, "Judah became his sanctuary, Israel his Dominion." It is also found in 1 Kings, chapter 9, verse 19, where it is translated as "In all lands of his Dominion," referring to King Solomon. It is found again in Isaiah, chapter 39, verse 2, where it says that "King Hezekiah showed them everything in his house and in his Dominion."

The second Hebrew word from the Bible is "shiltone," which means "to have power." It comes from the word "shalot," which means "to let rule," and which is a community concept word, that is, a word giving power to a gathering or to

a group. The reference there is to Daniel, chapter 4, verse 31, "For his Dominion is an everlasting Dominion."

The third word for "dominion" to be found in the Bible is "yoraht," which may derive from the word "rowya," meaning "to come down upon." The River Jordan is derived from that word, because it is a "descender." It comes down as people come down upon the land and overtake the land. They rule it.

● (2030)

It is to be found in Psalm 72 verse 8, where it states:

May he have Dominion also from sea to sea and from the river unto the ends of the earth.

The fourth word for Dominion is a little phrase "l'hatzev yah'doh", and it means with hand direct, as in a commanding role. That is to be found in I Chronicles, Chapter 18, verse 3, wherein it states:

And David smote Hadarezer King of Zobah unto Hamath, as he went to establish his dominion by the river Euphrates.

Surely, honourable senators, it is blazingly apparent that none of these words, either the Hebrew or the English forms, could be taken as either subordinate, servile or of colonial mindedness. They represent nobility of spirit, community strength and independence of mind, of which there could be nothing more relevant to the spirit of this land. The evolution of these words in the ancient vocabulary of the Hebrews might very likely have developed in two stages: first, when, under Joshua, as refugees from slavery, they yearned to have their own home, and secondly, in keeping with that home in the Promised Land, a secure place to live and bring up children. The words "Dominion" and "to have Dominion" then enter the canon because of a people's spiritual ambition to rule their own home, and then from the people's will to secure that independent home.

Canada does well to emulate this worthy Biblical example, for we, too, come to be a Dominion in aspiring to be free, to rule ourselves, and, having achieved that desirable consummation, to retain it. The word "Dominion", then, is of our history, derived from the history of the humanizing influence of the Bible. We have Dominion; now, having it, let us retain that name or, as the Book of Proverbs would have it, "destroy not the old landmark".

Honourable senators, I am not a Hebraic scholar and want to make attribution of the content of what I have said so far to an old and dear friend of mine by the name of Sholome Gelber, a dedicated Canadian who is now studying in New York City. His feelings about this, although having been out of the country for some 20 years, are as deep and as heartfelt as mine.

The word "Dominion" has in its connotation the recognition of the fact that we are celebrating the Confederation of three provinces in 1867, not the so-called new Constitution of 1982.

There have been allegations made that the word "Dominion" crept into our historical usage by accident or error, but, honourable senators, I have in front of me a photostatic copy of a transcript on file in the Public Archives, copied from the

original in the Public Record Office, London, England, which is the commission for Lord Monck as the first Governor General of Canada. In that commission he is instructed to deal in all aspects with "The Dominion of Canada."

Honourable senators, I have always felt that the hallmark of a free and democratic society is how the government of that society treats its minorities. One of the minorities in Canada today is the Anglo-Saxon minority, and for no reason whatsoever to advantage this country the government is overrunning the sensibilities of that minority.

If you wish to look at the history of this country, I do not think that when the Anglo-Saxon majority formed the government, up until relatively recent years, it treated the French-Canadian minority that way. I think we require a reciprocity in this area, and an easy way to do that is to stop pressing and bulldozing this bill through Parliament, through devious means in the House of Commons without representation, and now through a majority push by the government in the Senate.

Honourable senators, I think one of the greatest dangers to our country is the tyranny of the government. I have always felt that the purpose of this Senate is to be a check and a rein on that tyranny, but here, in this bill, we have the knife edge of that form of tyranny.

Honourable senators, I want to tell you something that derives from a very deep conviction, and I think out of the many years I have been in this chamber. If this chamber has any value at all it is to halt hasty and ill-considered legislation. Those are, of course, as you all know, the words of Sir John A. Macdonald in the Confederation debates.

This institution should not exist unless it is a place of sober second thought. Honourable senators, I want to say to you now that if this bill is passed unamended on a government majority push this chamber should be abolished as being legislatively useless.

Senator Frith: Because it does not agree with you?

Senator Lang: It does agree with the concept of the *raison d'être* for this chamber's existence.

I could never have said this before, but I can say it now: We have here an example of hasty, ill-conceived legislation from the other place. I have never seen an example such as this in the time I have been here, and I am sure nobody has since Confederation. This is hasty, ill-considered legislation and deserves sober second thought, which it has received at the committee stage, but the government whips will render this chamber marked useless as a legislative body to Canada forever, and once that has been done, we should get rid of it.

● (2040)

[Translation]

Hon. Jacques Flynn (Leader of the Opposition): I have no regrets about letting Senator Lang speak for only fifteen minutes. Since the Senate has already agreed with the principle of the bill, perhaps Senator Lang would have done those of us who support the bill a favour if he had spoken before the second reading of this bill. I am not going to try to respond to what he just said, although several allusions were made during

today's debate to the position taken by Quebecers, which could very well elicit a strongly worded response. However, that is not the point.

The Senate as such has decided to support the principle of the bill, and we must consider the problem we have now. We have decided that Dominion Day would become Canada Day. Is the bill we have before us satisfactory in this respect and what is the Senate's responsibility with respect to this text?

The committee has considered practically all factors for and against the bill. I could perhaps add a few arguments. I could go back to the year one, but I shall refrain. The committee noted the following:

Your Committee noted the technical defects of the Bill now before the Senate as compared with Government Bill C-37, particularly with respect to the lack of consequential amendments to other federal statutes. The Secretary of State for Canada, expressing the Government's desire for expeditious passage of the Bill, undertook that, if the Bill is passed by the Senate in unamended form, the Government would, at the earliest opportunity, introduce an appropriate amending Bill.

On the part of the Secretary of State, Mr. Joyal, this was an invitation to the Senate to pass a defective bill for the sake of the government's purely political, and I would even say partisan objectives. Following discussion and debate, the committee's conclusion was as follows:

Your committee decided to support the principle contained in Bill C-201, to recommend that it be proceeded with . . .

That is what we have done. We have just agreed on the principle. The committee's report goes on:

. . . and, further, to recommend that the necessary consequential amendments to the bill be made by the Senate in this Session.

In other words, the committee recommends that the Senate ignore the advice of the Secretary of State, Mr. Joyal, and amend the bill so as to make it a sound piece of legislation that will not have to be amended later on, since we are aware of the problems and defects with which it is afflicted. That is exactly what the committee is recommending.

This afternoon, Senator Donahoe was the first senator to speak to this matter. He said he was opposed to the principle of the bill. He also said that he would be unable to support any amendments. There is something to say for this point of view. I merely wish to make the point that once the Senate has expressed its views on the principle of the bill, is the Senate acting responsibly, once a decision has been made to approve a defective bill, in refusing to improve a bill once the principle has been accepted by the majority? I think not.

Senator Manning also raised a second objection this afternoon. He suggested that to move amendments at this stage would be playing games. Why? Because, as he told us, the government will vote against the amendments and what with their majority, the whip and the good old discipline, they will succeed as usual in defeating the motion in amendment. I

cannot agree with Senator Manning's argument. If that is true, we shall see later on whether the new Leader of the Government will tell us or have his deputy tell us—unless there is no need to transmit the order because it has already been given—not to accept any amendment; to vote for an imperfect bill, a private member's bill, but to toe the party line because that is the way the party sees it. We shall see whether the Leader of the Government or his deputy—or if he feels that the order was clearly understood—whether the majority here will decide to reject the committee's recommendation to amend the bill so as to make it consistent, taking no heed of what the Leader of the Government said this afternoon, namely that we should endorse the views of the committee and its members. That is what he told us this afternoon and we shall see whether he will say the same thing, the opposite or nothing at all, and whether those who support him, who stand behind him, will vote as he does. We shall see really whether he is consistent with the position he took this afternoon.

In any event, this bill is faulty. There is no doubt that if we pass the bill without amendments, we create a highly irregular situation.

There was some talk of illegitimacy this afternoon. I have no qualms in using an even more direct term: we would have adopted a bastard bill. That is clear, and the French word "bâtard" may not be as pejorative as "bastard" in English, but I think it is fair to say that if the majority rejects the amendments this bill requires, we will pass a bastard bill.

In view of the circumstances, I want to move a series of amendments which will make this bill, which we have approved in principle, consistent with the solution proposed by the government in its own legislation, that is Bill C-37.

The first point in issue concerns the wording of the bill, of which the only operative clause states that the name "Dominion Day" would be changed to "Canada Day"; of course, if Canada Day should fall on a Sunday, Canada Day itself would not be shoved to the Monday, but only the public holiday, and Canada Day would still be celebrated on July 1. In any case, this may not be the major weakness in this bill, and with a few contortions by the Department of Justice, of which I have some experience, it could perhaps be decided by proclamation that July 2 would be a public holiday. In any event, we could always manage to solve this minor problem if we wanted to. However, the situation is more serious as concerns the other amendments required, first to the Interpretation Act, because this Act provides for a whole series of public holidays, including Dominion Day, which means that if this act is not amended, we shall still have listed Dominion Day, but not Canada Day, so that Canada Day will not be a holiday. It is as simple as that.

If we want to risk having an amending bill only a few years from now, this would perhaps save the government some trouble; this will perhaps occur after the next election and we may be rid of this notorious administration which has been ruining the country these last few years since its return to power in 1980. The problem might be less serious then.

We also have the Bills of Exchange Act which states that days which are not legal days include Dominion Day, without mentioning Canada Day, so that Canada Day would become a legal day for the purposes of the Bills of Exchange Act.

We also have the Canada Labour Code which deals with public holidays in general and mentions Dominion Day, which reference would remain even though we would no longer have this Dominion Day. I do not know how this problem could be solved.

There is finally a general provision which states that wherever the words "Dominion Day" are used, these would from now on be read as "Canada Day". If these amendments are passed, we shall refer to the House of Commons a bill which is consistent with the position of the government and also with the wording standards of such a bill, of a bill which is not simply, as is usually the case, a bill sponsored by a private member who has no hope of seeing his bill passed. We would be saying: This is the way you should go about it and we are returning to the House of Commons the bill as amended. Some will worry and say: What will happen in the House of Commons? The government will simply have to move a motion to concur in the amendments approved by the Senate. Such being the case, the Commons do not have to divide over the principle of "Dominion Day" or "Canada Day". This will have been settled by us and by them in their own manner, but that is their problem. The House of Commons will at least be in a position to vote on the details of this legislation and thus enable those who, in the other place, are not very happy with the process that has been followed, to express their views. As a matter of fact, it is in this regard—to give this opportunity to those who are opposed to this legislation—that we, in the Senate, have finally convinced the government to refer this bill to a Senate committee where different views have been voiced. It could well be alleged *ad nauseam* that all views have not been stated. I believe that the substance of both sides of this issue has at least been explained. This legislation is not perfect and will never be. That is unfortunate and I am sorry for its opponents. At a given time, a decision has to be made! As far as I am concerned, this matter is not an emotional one, I can assure you. If the majority in this House or in the Commons had rejected it, I would not have been the least upset. The majority in this house or in the other place—and I say it in all respect for some of my colleagues—is not French-speaking. This is in no way a concession made to Quebecers or to the French-speaking community. At this point, the principle of the bill having been approved, it is up to the Senate to ensure that this legislation is consistent, logical, complete and not simply the result of partisan expediency from this government which likes to say: "You, in the Senate, just follow our instructions, and do not create problems for the House of Commons, just pass this legislation and later on, we shall see about bringing about some amendments".

I wish to say to the Leader of the Government that many problems have never been solved despite solemn promises made in committee by the Secretary of State among others.

Speaking of the dignity of the Senate, which was referred to, I have no objection to it but I do believe that it is improper for the government to ask us to forget about the problems of content and form of this bill and refuse to let it be amended along the lines which I propose in these amendments.

● (2050)

[English]

MOTION IN AMENDMENT

Senator Flynn: Therefore, honourable senators, I move, seconded by Senator Roblin:

That Bill C-201, intitled: "An Act to amend the Holidays Act" be amended

(a) by deleting clause 1 and substituting the following:

"1. The heading preceding section 2 and section 2 of the *Holidays Act* are repealed and the following substituted therefor:

"CANADA DAY

2.(1) In each year the first day of July shall be kept and observed throughout Canada under the name of "Canada Day".

(2) Canada Day is a holiday, except when it falls on a Saturday or Sunday, in which case the following Monday is a holiday".

(b) by adding thereto the following clauses:

"2. All that portion of the definition "holiday" in section 28 of the *Interpretation Act* preceding paragraph (a) thereof is repealed and the following substituted therefor:

" "holiday" means any of the following days, namely, Sunday; New Year's Day; Good Friday; Easter Monday; Christmas Day; the birthday or the day fixed by proclamation for the celebration of the birthday of the reigning Sovereign; Victoria Day; Canada Day; the first Monday in September, designated Labour Day; Remembrance Day; any day appointed by proclamation to be observed as a day of general prayer or mourning or day of public rejoicing or thanksgiving; and any of the following additional days, namely:"

3. Paragraph 43(a) of the *Bills of Exchange Act* is repealed and the following substituted therefor:

"(a) in all the provinces of Canada,

Sundays,

New Year's Day,

Good Friday,

Victoria Day,

Canada Day,

Labour Day,

Remembrance Day,

Christmas Day,

the birthday (or the day fixed by proclamation for the celebration of the birthday) of the reigning sovereign,

any day appointed by proclamation to be observed as a public holiday, or as a day of general prayer or mourning or day of public rejoicing or thanksgiving, throughout Canada,

the day next following New Year's Day, Christmas Day and the birthday (or the day fixed by proclamation for the celebration of the birthday) of the reigning sovereign when such days fall on a Sunday;"

4. The definition "general holiday" in section 26 of the *Canada Labour Code* is repealed and the following substituted therefor:

"'general holiday' means New Year's Day, Good Friday, Victoria Day, Canada Day, Labour Day, Thanksgiving Day, Remembrance Day, Christmas Day and Boxing Day and includes any day substituted for any such holiday pursuant to section 51;"

5. Wherever in any Act of Parliament or in any rule, order, regulation, by-law or proclamation made or issued thereunder or in any contract, lease or other document made pursuant thereto reference is made to "Dominion Day", there shall in every case, unless the context otherwise requires, be substituted a reference to "Canada Day"; and

(c) by deleting the title thereof and substituting the following:

"An Act to amend the Holidays Act and to amend certain Acts in consequence thereof"

As I have indicated before, in a sense, these amendments would render this bill in the same terms as Bill C-37, a bill which was prepared by the Department of Justice and which meets the normal requirements of drafting.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Flynn, P.C., seconded by Honourable Senator Roblin, P.C.:

That Bill C-201, intituled: "An Act to amend the Holidays Act" be amended—

Hon. Senators: Dispense.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I rise on a point of order. I hope that I can do it in such a way that my friends, particularly the Leader of the Opposition, will understand.

Senator Asselin: Is that so complicated?

Senator Olson: I shall speak very slowly, deliberately and in language that I am sure they will understand.

Senator Flynn: Don't speak slowly; speak clearly.

Senator Olson: Honourable senators, I have read very carefully the amendment that has been moved by the Leader of the Opposition and have compared it with Bill C-37. It is not an amendment but is, rather, a complete substitution for Bill C-37.

[Senator Flynn.]

To move an amendment which is a substitution for the principle that is embodied in a bill has, in the past, definitely been ruled out of order. I am not, however, going to pursue that argument.

Senator Flynn: If you don't, why do you raise it?

Senator Roblin: It is a pretty weak one.

Senator Olson: I raise it because it is important. If the Leader of the Opposition wants to use this procedure as a precedent, at another time, when an amendment which did, in fact, constitute a total substitution would be in order, I would then have to stand on the basis that we did not allow such an action to become a precedent in the past. Such a precedent is clearly against the rules of any legislative body.

If honourable senators examine Bill C-37, Bill C-201 and the amendment which is proposed, they will see that my honourable friend begins by deleting clause 1 and substituting something therefor, and that which he is substituting is the whole of Bill C-37. There is only one clause. Therefore, it is out of order on those grounds.

I think I understand what the Leader of the Opposition intends to do, however imperfectly he has tried to do it, and it has to do with the argument that he advanced a few minutes ago about the consequential requirements. He should agree with me when I say that if he wants to pursue that principle, he should continue it through his own actions. There, I suggest, he failed.

Senator Flynn: What is the conclusion?

Senator Olson: What he indeed wanted to add were the consequential amendments that are contained in Bill C-37. If that was the intent and it is clearly understood that a complete substitution is not to be considered a precedent which could be used in the future, then I am prepared to accept his amendment in this case—not to accept his amendment, but I am prepared to accept his right to move it as being in order.

Senator Asselin: You were not too clear, I'll tell you that.

Senator Olson: I will go over it once again. I am prepared, in this one case, to accept that his motion in amendment can be in order. I am not prepared to accept the amendment at all, for the reasons that I gave some time ago. We are aware and have said that there are consequential amendments that will be necessary. The government has given an undertaking that those constitutional amendments, which may be contained in Bill C-37, and perhaps others, will indeed be brought in as a government-sponsored bill.

On those narrow grounds, therefore, if the Leader of the Opposition will accept that this is not setting a precedent, then I will accept that it is not out of order according to the precedents.

Senator Flynn: I agree with that. I am willing to say that I will not consider this as a precedent, but I would add this: If the leader had not raised any objections, it could not have been interpreted as a precedent because there would have been no decision made on any point of order.

Senator Olson: My honourable friend knows as well as I do that a senator—and there are some very skilful members of this chamber—could come back to this instance in an attempt to move a complete substitution for a bill by reminding us that, on this date, October 25, 1982, on a motion of Senator Flynn, a complete substitution was allowed. I want to avoid the establishment of that kind of precedent.

Senator Flynn: I agree with that, but I do not think that anybody should be obsessed with raising questions of the rules.

● (2100)

[Translation]

Hon. Royce Frith (Deputy Leader of the Government): I wish to make a few comments on the progress of the debate on this bill. This is not a point of order. It is in my view a statement on what are essentially the present conditions.

The Senate has after discussion approved this bill in principle. Its subject matter is whether the name "Dominion Day" should be changed to "Canada Day". It is quite desirable that we should be ready to change that name. In the speeches delivered before the amending motion was brought in, reference was made to the Senate's decision that the change is advisable and has received some support. Senator Manning feels that after 115 years of existence, such a procedure would lead to the abolition of the Senate. If we are not ready to bring in the amendments in a single stage, we have to consider the situation as a whole, because the Senate has approved the principle of the matter and the government has agreed to introduce the necessary amendments to improve the bill. I think that we are all ready to admit that the so-called deficiencies of the bill are the consequential amendments.

Now every lawyer knows quite well that consequential amendments are only the housekeeping tools of draftsmen. The fact that amendments are described as being consequential but not essential represents a certain point of view. However, it is the view of a number of people who are not lawyers that they are inconsequential. Anyway, those are mere details.

Senator Asselin: Important details.

Senator Frith: Drafting details. Let us say that such is not the case, that those details are essential and important. Let us admit that they are not details, but important provisions which could even be considered as of a constitutional nature. The fact is that no matter how these amendments are perceived, whether as a major or minor point, the government has agreed to improve this bill. However, we are told that "No, it must be done today. Otherwise", as Senator Lang has claimed, "it would mean the end of the Senate". I, for one, feel that this is a lot of quibbling. How could it be otherwise, when we are told that this bill . . . even if it is accepted, although it is unacceptable in my view, and even if the procedure in the other place is unacceptable, we have changed it here. We have changed it as we had to, following meetings and deliberations of our committee. Because this bill is not perfect, it must be improved. Even the government has admitted this bill has flaws. On that basis, we are told to change and improve it this very day, and

not wait until tomorrow or at a later date during this session. Today! Tonight! If not, it would mean the end of the Senate!

Senator Asselin: I should like to ask Senator Frith a question, if I may.

Senator Frith: And I will answer gladly, once I have completed my remarks. I suggest, honourable senators, that the Senate could play a very useful role in the legislative process by improving or streamlining this bill. But why must we do it in one single operation?

Senator Flynn: Why not?

Senator Frith: Why? That does not change anything. Why? For it is not possible to escape the conclusion that the Senate can improve a bill, and that it must do it in two stages—

Senator Asselin: That was your committee's recommendation.

Senator Frith: Yes.

Senator Asselin: And your committee has stated that it had to be accepted.

Senator Frith: I voted against this recommendation for the reasons I have explained tonight. And tonight it would be the Senate's responsibility to improve this bill; I cannot understand why it is absolutely essential to rush it through in one sitting. I do not see how our doing it in two stages would mean the end of the Senate's usefulness.

● (2110)

[English]

Hon. Florence B. Bird: Honourable senators, I believe it is obvious to all of us that the consequential amendments should have been included in Bill C-201.

Some Hon. Senators: Hear, hear.

Senator Bird: As the Deputy Leader of the Government has said, they are housekeeping amendments, but to my mind there is no doubt that the Senate committee was doing its duty, as a legal and constitutional authority, by recommending such amendments. I would have voted for them had I been a member of the committee.

On the other hand, an amendment by this house is not necessary, because the Leader of the Government in the Senate and the minister have given us an unqualified undertaking that the necessary consequential changes—

Senator Asselin: As usual.

Senator Flynn: If that is all you have to say, why speak?

Senator Bird: —will be brought forward if the bill is passed in its present form. Honourable senators know perfectly well that there is nothing unusual about this procedure. It has been followed many times before, as a result of the Hayden formula, when an undertaking by a minister has satisfied the Senate that necessary amendments will be made in the other place; and that procedure was followed last March with respect to Bill C-78.

For us now the important consideration is that the standing committee was asked to study the subject matter of the bill, and, after hearing witnesses from a number of associations, it supported the principle that the name "Dominion Day" be changed to "Canada Day".

The question which we should all now ask ourselves is: Do we want to change "Dominion Day" to "Canada Day"?

Some Hon. Senators: No.

Some Hon. Senators: Yes.

[Translation]

Senator Bird: The only question we should ask ourselves, honourable senators, is: "Do we actually want to change Dominion Day to Canada Day?"

[English]

If we agree, then we must defeat this and any other amendment, because it will surely kill the bill—and honourable senators know that it will. Here is the reason why—and this is for the record, because honourable senators know the answer as well as I do. Bill C-201 is a private member's public bill. It will be given precedence in the private members' hour, but it will undoubtedly be talked out in that hour, and it will then go to the bottom of the order paper, where it will die—and it will be the Senate of Canada which will have killed it.

Senator Flynn: How do you know?

Senator Bird: As several honourable senators have pointed out, and as I remind all those who love history, in 1946 the first of 23 subsequent bills to change the name of our national holiday was introduced in the other place. It was passed very quickly. When it came to the Senate, it was sent to the Standing Senate Committee on Banking, Trade and Commerce. The committee recommended several amendments, namely, that the name Dominion Day be changed to the National Holiday of Canada and that consequential changes and minor changes in wording be included in the bill.

The Senate did not seem to be greatly concerned about the change in name. The bill, with the amendments recommended by the committee, was passed on division. It was then sent back to the other place and it died on the order paper.

Honourable senators, if we amend Bill C-201, we will kill it just as the Senate killed the bill in 1946. In other words, we will be repeating what happened 36 years ago. In the last 36 years a great deal of time, energy and money has been spent on debates about changing the name of our national holiday. Twenty-three private member's bills on the subject have been introduced and talked out. Do we want to go on having this debate for the next 36 years—or for the next 36 hours, or for the next 36 minutes?

Honourable senators, we are living through a very difficult time in history. There are very important issues such as the economy, unemployment and inflation which require many second thoughts. Surely it is the path of wisdom to get on with the serious affairs of the country. So let us, in our wisdom, settle this matter once and for all and not pass this or any other amendment to Bill C-201.

[Senator Bird.]

Some Hon. Senators: Hear, hear.

Hon. G. I. Smith: Honourable senators, I have heard some extraordinary expressions of opinion in this venerable house during the years I have been here, but never have I seen anything to equal the extraordinary and untenable views expressed by the Deputy Leader of the Government and by the sponsor of the bill.

Senator Frith: What was that second adjective? You said "extraordinary" and something else.

Senator Walker: "Nothing".

An Hon. Senator: No, he didn't say "nothing".

Senator Smith: I still have not heard the honourable senator's question. However, he achieved his purpose; he disturbed my train of thought. That may not be to his advantage, because I may have to talk for a while until I find it again. What I shall say again, so that the honourable gentleman will have no trouble in understanding what I am saying, is that I have heard some extraordinary expressions of opinion in this venerable house since I came here some years ago, but never have I heard such extraordinary and untenable arguments as those put forth by the Deputy Leader of the Opposition—I am sorry, I am only forecasting.

Senator Frith: Wishful thinking.

Senator Smith:—by the Deputy Leader of the Government and the sponsor of this bill. "Let us pass the bill," they say—a bill which they admit is badly drawn, so badly drawn that the government, which supports this bill, says that it has got to be amended. "Let us pass it," they say.

Senator Frith: It's a good bill.

Senator Smith: "Let us pass this poorly drawn bill"—so poorly drawn, I say again, that they cannot support its draftsmanship, and they admit now that they cannot; yet they say, "The haste to get this done is so great that we must pass this imperfect bill now". We cannot wait until it has been amended, until it reaches the form where we ourselves can say that it is fine. I am sorry that the honourable gentleman considers other things more urgent than listening to me, but I hope he will not interrupt me with a question again when he finishes his conference.

● (2120)

Senator Walker: Pay attention!

Senator Smith: The honourable senator does not know what wisdom he is missing when he starts these conferences in the middle of a speech.

Senator Olson: You have been all wrong so far.

Senator Smith: I never expected the honourable gentleman would think anything that was sensible was right, so I am not surprised. But I say again that honourable senators opposite are saying, "Look, this is a very badly drawn bill."

Senator Olson: We did not say that.

Senator Smith: You did say that. The Secretary of State said that to the committee. He said that the government knows that the bill is badly drawn and that it undertakes at some future date to present a bill to Parliament which will remedy those defects. But now they say, "Let's get this thing through, rush it through." One would think that it was necessary to get the bill through now to put out a fire. One would think that we should vote "yes" to this bill with the same urgency one would shout for a fire engine if this place was burning down. Yet, for what great purpose? The purpose given to the committee by the Secretary of State, as I said earlier today, is simply so that the committee, which is thinking about how it will celebrate the next first of July, which is nearly 10 months away, will be able to have their feelings settled so that, if they want to, they can put in "Canada Day" with the benefit of a statute behind it, when they have been putting it in for years without any benefit of a statute.

We are asked to do this strange thing, this unparliamentary, unreasonable thing simply to satisfy the wishes of this committee to remedy what they think must have been wrong in the past. There is no great principle at stake now. The principle has been settled. As my leader so eloquently said, "We have decided as a matter of principle that this change in the name shall be made." There is no question about that. That is the decision of this house, and I accept it as I always accept a decision of Parliament, even though often I am against those decisions. There is nothing here at stake but the sensibility of this house to the decencies, niceties and the rights and wrongs of parliamentary procedure. That is what these amendments are about.

Senator Olson: No, they are not.

Senator Smith: Of course they are. What reason is given by the Deputy Leader of the Government and the sponsor of the bill for voting now? They say, "Don't put this bill back in the democratically elected House of Commons; it may die there." Is that not a strange argument in a democracy, that we should not submit this question to the House of Commons, which is elected by the people?

Senator Olson: They have already made a decision on this matter.

Senator Smith: That is what the honourable gentleman and the honourable lady opposite have said—"Don't let them get their hands on this again."

Senator Olson: No.

Senator Smith: Of course it is. "It will die" are the very words of the sponsor of the bill, and I recall them to be the simultaneous interpretation of the words of the Deputy Leader of the Government. I will get him demoted yet, without waiting for a vote.

Senator Walker: I would like to see him promoted.

Senator Smith: He will get his reward in Heaven in due course, but let us not give it to him now. I say to the honourable gentleman and lady opposite that whatever arguments have been used, they are not going to let the House of

Commons get their hands on this question again. They may have decided that. I do not know, but we will soon see. I say that if they have decided that, it is a veritable negation of any democratic principle, any principle of parliamentary procedure that we know, that they have put forward or that they can summon to memory. So I suggest to honourable senators that there is no reason in the world for not remedying the imperfections of this bill now, since everybody recognizes that they are there. It is not as though there is any dispute about these imperfections. They exist and everybody admits they exist, so why should we accept them? I ask all honourable senators to ask themselves this question: Why should we now accept a bill which is so imperfect that its sponsor, the Secretary of State, representing the government, and the Deputy Leader of the Government in this place, and even the Leader of the Government himself, if one can understand his strange interruptions, agree that it is not perfect and needs to be remedied?

[Translation]

Hon. Yvette B. Rousseau: Honourable senators, should the 1st of July be called Canada Day or Dominion Day?

We have to make a choice. At first sight, it should be fairly easy. Not so, as we have all seen. It will even be a painful choice for some of us. The decision we are about to take concerning that public holiday will have consequences far beyond the fact that it will be binding on all Canadians for generations to come. It requires as well that we make a choice between a certain mostly historic and rather traditional vision of Canada and a vision of the future which reflects a different perception of the reality of our country.

I can understand that many of our fellow Canadians should not even be put in a position where they have to choose between quite legitimate traditions and new symbols. In many respects, they are right.

We could maintain or, indeed, we could have maintained the historic notion of "Dominion" had we felt supported by the people insisting that we take a whole series of measures to reach that objective. But such is not the case now and it has hardly been so in the past. A number of speakers referred to a tradition, but a good many failed to point out that it is a dying tradition. Unfortunately, we must admit that it has not been vigorously sustained. Otherwise, I suggest that we would not have to make a choice today.

Honourable senators, since we must make a choice between Canada Day and Dominion Day, I think that our judgment ought to be based on all aspects, but mainly those which will enable us to improve the image of Canada and promote a better national consensus. We may very well regret having selected one name over the other. Our fellow citizens may some day blame us for our choice. However significant that aspect, I do not feel it is all that important because it seems that the majority of Canadians are in favour of changing rather than maintaining the status quo. What matters in this debate is to reach a decision which, at least in the long term, will make it possible for us to improve the structure of the nation and the identity of our country.

The rest of the world still looks upon Canada as a young country which can show initiative and adapt itself. That is why the name Canada is synonymous with vitality and progress. The word Canada encompasses today a much truer and much more real concept as well as a much more significant political community than was the case in 1867 or even 25 years ago. We have gradually grown into nationhood, over many years and with lots of difficulties, but we did make progress. I am not sure that the word Dominion reflects the same symbolic value as the word Canada. Not only is it part of our heritage, of course, but it has been quite a worthy concept of our country at a certain time which is still fairly recent for many. Today, because we have been unable to nurture and preserve that vision of our country, it is indeed appropriate to say where we stand about the need to rejuvenate that symbol.

Throughout Canadian history, we have had to make difficult choices between keeping certain traditions and building for the future. All these choices have led to Canadian autonomy both inside and outside the country. By achieving its full sovereignty recently, Canada has freed itself from the last bonds which restricted its actions and has gained even more political maturity and national identity. What seemed difficult and even impossible a few years ago has become a reality. We have become masters of our Constitution.

This is a concrete indication that times have changed, that the mentality of the Canadian people is capable of evolution, that Canadians are willing and able to consider the realities of this century and future needs. I do not believe that, by supporting the new Constitution, Canadians have rejected their past and their history. On the whole, they thought that it was better to look to the future than to the past. However, they have not rejected their past. This indeed proves their maturity and must be taken into account. I do not believe that it can be inferred that the Canadian people are more willing to work for the future than to preserve their heritage.

Of course, it is our responsibility to help the people and to legislate so that they can preserve their heritage. It is also our duty to contribute to its evolution if it so wishes and to provide it with living traditions. Preserving our heritage does not mean that we must only keep our ancestral traditions. They must also be allowed to develop in the same way as a capital is permitted to grow. If certain symbols or certain aspects of our traditions such as words and historical concepts lose their original meaning, we must not cling to them needlessly. We would risk impeding an adjustment that a large sector of the population believes necessary. This would be an overly rigid attitude which could freeze within a series of traditions a whole people searching for its own identity. This could be as damaging to a country as asking it to evolve too quickly. It seems to me that, in this case, it is much better to place our stakes on change rather than on the status quo.

To change the name of our national holiday is to acknowledge that our country is made up of many ethnic groups. In 1867, this was not the case. One must ask oneself to what extent immigrants from Asia, Africa, Latin America and even Europe see in the term "Dominion" an historical concept

[Senator Rousseau.]

which arouses particular emotions and appeals to their mind and their imagination. Conversely, I am convinced that for them, for all the new Canadians now settled on this soil the word "Canada" conveys a precise meaning and expresses a day-to-day reality. They are steeped in this reality since Canada is their country. It is unlikely that they were attracted by something else than the hope that the word "Canada" raised in them.

Now that the patriation of the Constitution gives us more control over our destiny, we have the opportunity to take a first step in this direction. How should the July 1st holiday be called? By asking the same question today we are repeating much of the debate that took place in 1867. Whitelaw, in his study on the Conference of Quebec City, published by the Canadian Historical Association, tells us that—

—the new nation continued to be haunted by the problem of how the country would be named. July 1st was called Dominion Day by some and Canada Day by others, sometimes depending on the preferences of the party in power.

In other words, both names were used at the time. And the problem is still with us today. We have one name that is relevant to the whole country and another that is relevant to only part of that country.

The name chosen was Dominion. As you all know, the new State was to have been given a different name. Historian Jean Bruchési, in his *Histoire du Canada*, mentions an interesting fact that sheds considerable light on our discussion. He tells us that it was not the Fathers of Confederation who selected the name Dominion, to be used for the 1st of July, but Lord Stanley, who insisted on the name Dominion because, and I quote:

—he was afraid our American neighbours would be offended if the new nation were christened Kingdom of Canada—

—as had been preferred.

This explanation should make us think about the basis for a tradition that has been emphasized by so many people and also about the tradition we want to leave future generations. Personally, I am convinced that we shall be doing more to promote the growth of our national identity by changing the name of our national holiday and adapting it to our present demographic and cultural status than by preserving an historical concept which, although interesting, will be entirely obsolete in the decades to come. I seriously doubt whether we should hand down to our children a concept that they will be hard put to understand and even harder put to preserve. Present generations have barely managed to preserve this kind of concept, this traditional view of our country. We cannot expect future generations to do a better job in this respect.

Honourable senators, the traditional concept of dominion could certainly be justifiably explained as far as the future is concerned. Obviously, it will not be difficult for us to promote the unity of the country with a historically based symbol whose foundations and roots are genuinely Canadian. Already, the

younger generations speak of Canada Day because future generations will refer to their homeland by the name "Canada".

To state that the word "Canada" is not adequate to refer to this holiday is, in my view, to have little consideration for the reality of Canadian pluralism. It amounts to an attempt to lump together the whole nation into a name which has little meaning for a great majority of its citizens. It is also a deliberate denial of the pressing necessity to bring our country into today's reality and to prepare it for a better future.

Now that we have our own Constitution and we all want to keep this Constitution in tune with the requirements of modern times, it is necessary to take action that will reflect our times and our sense of responsibility toward the future. I most sincerely hope, for the sake of the future of Canada, that July 1st, 1983, will mark the first in a long series of Canada days which, I dare say, will last at least another century.

For these reasons, honourable senators, I will vote for the principle and the subject matter of the bill.

● (2130)

[English]

Hon. Ann Elizabeth Bell: Honourable senators, I have to agree with Senator Rousseau. I do believe that if we spent a little more time and effort in telling people what "Dominion Day" really stands for it would still be a popular term. But as it appears to be now, it is rather in the same context as saying, when you have not fed the baby for quite a while, "Why bother feeding the baby? He is dying." That is what is happening to the expression "Dominion Day".

"Dominion Day" is not in general use, we were told at the committee meeting last October 13. Of course it is not in general use. But by whom is it not in general use? Officialdom. That is true to such an extent that a beautiful set of commemorative stamps was put out on June 30, paintings depicting each province, commemorating "Canada Day." When I wrote to the Postmaster General inquiring, "What and when is Canada Day?" I received a quite terse reply saying, "Oh, well, you know, it is not official but this is what everyone uses." So it is perfectly all right for Canada's legitimate stamps, which go all over the world, to be in commemoration of a day which we do not have by legislation. That is the type of use we are lending ourselves to this evening, I feel.

Apart from that there is another aspect to all this which disturbs me terribly. If other countries were doing what we are doing here, we would accuse them of being revisionists, or rewriting history. Well, perhaps that is too strong; maybe it is not fair to apply that to Canada. But we are being terribly destructive. In the almost 1,000 letters I have received, mainly from British Columbia, the main point is that the people of Canada do not care to lose their heritage; they value it.

● (2140)

I forwarded to the clerk of the committee as many of these letters as I could, because I knew that the members of the committee, as well as other members of the Senate, would be anxious to read some of the comments made to me.

Another thing that is important and that was brought out to a certain extent at the committee hearings was that the people of Canada are entitled to think that we in both houses of Parliament do have some sense of expertise; we called upon experts when we were considering the national energy policy. Of course, we in the Senate understood that thoroughly, did we not? We knew exactly what was being proposed and the effect that that policy would have on Canada's economy. We were thoroughly versed on that, and the people of Canada are entitled to think that we should be.

With the serious deficits we are running, it is naturally thought by the people of Canada that the committees of Parliament will interview the Comptroller General and ask searching questions. The people of Canada should not have to concern themselves with the details of that. They feel that we in Parliament should concern ourselves with those details. But when it comes to a piece of legislation which deals with the symbolic name of the birthday of the country, every Canadian is entitled to an opinion, every Canadian is an expert, just as much as any of us care to think we are. I feel we should give them credit for that.

The people who appeared before the committee were very convincing. I found their thoughts to be extremely helpful, and I certainly learned a great deal from them. I hope that when the report eventually reaches us—I was told it would reach us on Wednesday—some of you will take the opportunity to read it.

What I feel most strongly about, and which did come out during the committee hearings, is the importance of a spiritual concept of Canada. We have a political concept, we have a geographical concept, but I am afraid that we are losing the spiritual concept of Canada.

He shall have Dominion also from sea to sea, and from the rivers unto the ends of the earth.

That is integral to our country. It was there at its birth; it was there on July 1, 1867.

I believe that "Dominion" has a connotation of a firm foundation and an assurance of growth. It takes us above and beyond rather small partisan political concepts of a country. "Dominion" leads us closer to the true Kingdom, the Kingdom of the spirit. To retain the word "Dominion" is important to many people in Canada. I can assure you that many of those people are residents of British Columbia.

Although I am totally opposed to what we have agreed to in principle, I might support the amendment to the extent it would make a better bill, which is what the Senate is supposed to do with all legislation that comes before it. I would be more than pleased to see this bill returned to the House of Commons so that they may have a proper look at it.

The Hon. the Speaker: Honourable senators, before I ask honourable senators to vote on the amendment, I want to be sure I understand that the Leader of the Government has not raised a point of order.

Senator Olson: I did not ask that you rule the amendment to be out of order, for the reason I gave. As long as it is not a precedent, that is fine.

The Hon. the Speaker: I wanted to be clear on that. Those in favour of the amendment, please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Those opposed to the amendment, please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it. *And two honourable senators having risen.*

The Hon. the Speaker: Please call in the senators.

● (2150)

Motion in amendment of Senator Flynn negatived on the following division:

YEAS

THE HONOURABLE SENATORS

| | |
|-------------|-----------|
| Asselin | Marshall |
| Beaubien | Murray |
| Bielish | Nurgitz |
| Charbonneau | Phillips |
| Cook | Roblin |
| Doody | Sherwood |
| Flynn | Smith |
| Hicks | Sullivan |
| Inman | Tremblay |
| Lang | Walker |
| Macdonald | Yuzyk—23. |
| Macquarrie | |

NAYS

THE HONOURABLE SENATORS

| | |
|--------------|------------|
| Adams | Guay |
| Anderson | Haidasz |
| Argue | Hastings |
| Austin | Lafond |
| Barrow | Lamontagne |
| Bird | Lapointe |
| Bonnell | Lawson |
| Bosa | Leblanc |
| Cottreau | Lewis |
| Croll | Manning |
| Davey | McElman |
| Denis | McGrاند |
| Deschatelets | Molgat |
| Frith | Neiman |
| Giguère | Olson |
| Godfrey | Perrault |
| Graham | Petten |

[The Hon. the Speaker.]

Riel
Riley
Rizzuto
Robichaud
Rousseau

Rowe
Stollery
Thériault
van Roggen
Wood—44.

ABSTENTIONS

THE HONOURABLE SENATORS

Bell

Donahoe—2.

THIRD READING

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Bird, seconded by the Honourable Senator Lamontagne, that this bill be read the third time now.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Senator Flynn: On division.

● (2200)

Senator Macdonald: Should not the doors be opened in the event that some senators may be outside?

The Hon. the Speaker: Let the doors be opened.

Senator Flynn: We have no confidence in you at all. You may as well have your way, if that is how you want to behave.

Senator Frith: That is how we want to behave.

The Hon. the Speaker: Do I have to read the motion?

Senator Flynn: They don't want to hear anything; they just follow the Whip. Shame. Trained seals!

Motion agreed to and bill read third time and passed, on division.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, when I move the adjournment, according to the rules, we will re-convene tomorrow afternoon at 2 o'clock.

The order respecting Bill C-127, which will be the first order tomorrow after Question Period, provides, as did the order regarding Bill C-201, that if the Standing Senate Committee on Legal and Constitutional Affairs does report, or if the bill is referred to it, as it has been, it be an instruction of this house that the bill or the subject matter thereof be reported back to the Senate on Monday, October 25, 1982, and that not later than six o'clock p.m. on Tuesday, October 26, 1982, any proceedings before the Senate shall be interrupted and all questions necessary to dispose of all remaining stages of the said bill shall be put forthwith without further debate or amendment.

Honourable senators, I underline that, with regard to this bill, as with regard to the bill we have just dealt with, it is to be voted on not later than 10 o'clock p.m. However, that does not mean that we need wait until 10 o'clock before voting on it if honourable senators are ready to vote on it before then. We will deal with Bill C-127 immediately after Question Period tomorrow. Honourable senators have copies of the report of

the committee, and I am sure that any additional information they may want before deciding whether they will intervene in the debate or how they will vote will be available from the committee chairman between now and the time of our sitting tomorrow.

If there is no misunderstanding, I move that the Senate do now adjourn.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(See p. 4798)

STANDING SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ON THE SUBJECT MATTER OF BILL C-201
"AN ACT TO AMEND THE HOLIDAYS ACT"

Monday, October 25, 1982

The Standing Senate Committee on Legal and Constitutional Affairs, to which the subject-matter of Bill C-201, intituled, "An Act to amend the Holidays Act" was referred for consideration and report in advance of Second Reading of the said Bill, has, in obedience to the Order of Reference of August 4, 1982, examined the said subject-matter and now reports as follows:

Your Committee met on August 4 to discuss organizational matters. It decided to receive written submissions from private individuals and groups and to hear the evidence of national organizations.

Many individuals and groups from all parts of Canada sent letters, telegrams and briefs which were considered by the Committee on October 13, 1982.

Your Committee heard representations from the Secretary of State for Canada and from every national organization that requested a hearing, namely, the Royal Commonwealth Society, the Canadian Consultative Council on Multiculturalism, the Monarchist League of Canada, the Council of National Ethnocultural Organizations of Canada, the IODE National

Chapter of Canada, and the Baptist Joint Committee on Public Life in Canada. These representations included arguments for and against changing the name of "Dominion Day" to "Canada Day".

Your Committee noted the technical defects of the Bill now before the Senate as compared with Government Bill C-37, particularly with respect to the lack of consequential amendments to other federal statutes. The Secretary of State for Canada, expressing the Government's desire for expeditious passage of the Bill, undertook that, if the Bill is passed by the Senate in unamended form, the Government would, at the earliest opportunity, introduce an appropriate amending Bill.

After discussion and deliberation, your Committee decided to support the principle contained in Bill C-201, to recommend that it be proceeded with and, further, to recommend that the necessary consequential amendments to the Bill be made by the Senate in this Session.

Respectfully submitted,

JOAN B. NEIMAN,
Chairman.

APPENDIX "B"

(See p. 4798)

STANDING SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ON THE SUBJECT MATTER OF BILL C-127
"AN ACT TO AMEND THE CRIMINAL CODE IN RELATION TO SEXUAL
OFFENCES AND OTHER OFFENCES AGAINST THE PERSON AND
TO AMEND CERTAIN OTHER ACTS IN RELATION THERETO OR
IN CONSEQUENCE THEREOF"

Monday, October 25, 1982

The Standing Senate Committee on Legal and Constitutional Affairs, to which the subject-matter of Bill C-127 entitled "An Act to amend the Criminal Code in relation to sexual offences against the person and to amend certain other Acts in relation thereto or in consequence thereof" was referred for consideration and report in advance of second reading of the said Bill, has, in obedience to the order of reference of August 4, 1982, examined the said subject-matter and now reports as follows:

Your Committee, on August 4, 1982, decided to invite submissions on Bill C-127 from provincial law enforcement officials and several organizations with a particular interest in the subject-matter. Accordingly, submissions were solicited from: the ten Attorneys-General of the Provinces; law enforcement officials of the two Territories; the Canadian Advisory Council on the Status of Women; the National Action Committee on the Status of Women; the National Association of Women and the Law; the Criminal Lawyers Association; the Canadian Bar Association; and the Canadian Association of Chiefs of Police.

Of these individuals and groups, two expressed a desire to appear before your Committee. One group, the Advisory Council on the Status of Women, although so desirous, was unable to appear. The other group, the National Action Committee on the Status of Women did appear and expressed its views on the Bill to your Committee on October 14, 1982.

Of the remaining groups and individuals, only the Attorney-General of the Province of Alberta and the National Association of Women and the Law submitted briefs to your Committee. The remaining groups either did not reply or indicated that they had nothing to add in relation to the Bill since they had already expressed their views on Bill C-53, the predecessor to Bill C-127, in briefs and submissions to the Standing Committee on Justice and Legal Affairs of the House of Commons and had been made aware that their previous representations were known to your Committee.

Your Committee wishes to remind you that, in anticipation that Bill C-53 would be the Bill it would shortly have to consider, it held two lengthy hearings with the officials of the Department of Justice on August 3 and 4, 1982 at which time it conducted a detailed pre-study of the subject-matter of Bill C-53. Following the Order of Reference made later on August 4, 1982 and its organizational meeting referred to above, your Committee held a further meeting on that date with the officials of the Department of Justice to examine the subject-matter of Bill C-127, particularly in respect of the changes from and amendments to Bill C-53 which it had earlier considered.

Finally, as a result of the invitations it had extended for comments on Bill C-127, your Committee heard representations from the National Action Committee on the Status of Women, on October 14, 1982 and again heard explanations from the officials of the Department of Justice on submissions that were made to the Committee and by its members with respect to the subject-matter of Bill C-127.

During the course of its examination of the Bill, your Committee heard some recommendations for further improvements to the Bill. Your Committee, however, was informed by officials of the Department of Justice that the proposed legislation will be subject to continuous monitoring by that Department and that, if there is a need for improvement based on the Department's on-going studies and experience with the legislation, future amendments would be introduced. Your Committee was also reminded that the entire area of the criminal law of Canada is currently the subject of a long-term comprehensive review involving the Department of Justice, the Law Reform Commission of Canada and the Ministry of the Solicitor General, working in close cooperation with the Provincial Attorneys General.

Your Committee, accordingly, supports the principle of Bill C-127 and recommends that it be proceeded with in the Senate.

JOAN B. NEIMAN,
Chairman.

THE SENATE

Tuesday, October 26, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

THE LATE MARIA MAGDALENE MOLSON

NOTICE OF DEATH

The Hon. the Speaker: Honourable senators, I regret having to inform you that Senator Molson's wife has passed away. The funeral will take place in Montreal on Thursday. Those who would like more information can get in touch with my office.

[Later:]

The Hon. the Speaker: Honourable senators, I now have further information. The body of Mrs. Molson is resting at the funeral parlour of Wray-Walton-Wray Funeral Services Ltd., 1459 Towers Street, Montreal. Visiting hours are from 4 p.m. to 8 p.m. tomorrow, Wednesday. A private funeral will take place on Thursday.

TABLED DOCUMENTS

AVAILABILITY TO SENATORS

Hon. Jack Marshall: Honourable senators, I rise on a point of order. Yesterday the Leader of the Government tabled several reports and orders. May I be advised as to the disposition of those? Are they automatically delivered to our offices or do we have to ask for them? Could I have an explanation?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will obtain a more detailed explanation respecting the documents I listed yesterday, but, generally speaking, there is no need to ask for them, because copies of financial reports are delivered either to the mailboxes of senators or by hand to their offices. It may be that there has not been a general interest in all of them or that some of them have not been generally required, in which case a request might be necessary. However, I will look into the matter and find out exactly what the situation is.

Senator Marshall: There is a reason for my question. Yesterday I was interested in hearing the tabling of the report of the Army Benevolent Fund Board, which was not delivered to my office until I called the minister's office this morning. On the other hand, in tabling documents today, the minister listed the report of the Canadian Commercial Corporation, and that document was in my office yesterday.

What is the cause of the confusion? Is delivery supposed to be automatic, or does someone just say, "We will deliver it when we are going over that way"?

Senator Olson: I will attempt to remove the confusion. I know that from time to time an assessment is made of whether there is a broad general interest in certain of these reports. If, for example, we find that 80 per cent or more of these documents are being printed for the kind of general distribution my honourable friend has suggested, that might be considered a waste.

In any event, there is no member of either house who cannot have these documents. Perhaps there should be a mailing list so that those who are interested can receive the documents without specifically requesting each one.

QUESTION PERIOD

[English]

THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, can the Leader of the Government indicate what is in store for us in the immediate future? Perhaps I should direct the question to the deputy leader, since he has the specific responsibility for this.

My understanding is that we will be disposing of Bill C-127 this afternoon, and that there are no other urgent matters that require our attention. With that in mind, is it the plan of the government to adjourn today or tomorrow? If so, when will we be expected to return?

● (1405)

Hon. H. A. Olson (Leader of the Government): It may be that after Bill C-127 is dealt with today, one could assume that the Senate has no urgent business before it. However, I do not accept the proposition that the Senate should meet only when there is urgent business before it.

There are a number of items still on the Order Paper. I believe there should be negotiations to determine whether there are any with priority interest, and if there are perhaps we could deal with them later today, tomorrow or Thursday.

We are now in the process of arranging for Royal Assent for Bill C-201, which was passed by the Senate last evening, and also, we hope, for Bill C-127.

The Minister of Finance has indicated that he will make a statement on the economy in the other place tomorrow. It is difficult to predict the exact hour at which he can commence that statement. It could be said, all other things being equal,

that he will begin at approximately 3 o'clock, and he will require a reasonable length of time. Members of the Opposition have, quite properly, asked for some time to reply to his statement tomorrow, and in the days that follow.

As I said, we are attempting to arrange for Royal Assent tomorrow, if it does not cut into the time allocated for opposition spokesmen to reply to the statement of the Minister of Finance. If we find that we have a few minutes before 6 o'clock, then I believe Royal Assent will be scheduled for tomorrow. In the event that there is no time for Royal Assent tomorrow, it will be scheduled for Thursday afternoon.

Senator Flynn: You are not serious!

Senator Olson: It is fairly important that Royal Assent be given to these bills, if they are both passed.

Senator Flynn: You are going to keep the Senate here for Royal Assent?

Senator Olson: A number of other interesting things may arise on Thursday. I am sure honourable senators opposite would want to ask questions on the state of the economy.

Senator Flynn: We never get any valid replies.

Senator Olson: I am sure there will be questions arising from the statement of the Minister of Finance and, as I said earlier, there are a number of other items on the Order Paper we may want to deal with.

I do not accept the view of the Leader of the Opposition that the Senate should only sit when it has urgent business before it.

Senator Flynn: When it is useful.

Senator Olson: There are a number of other items to be dealt with. In any event, that is the situation as we see it now. We will give you more specific details as soon as we have them.

Senator Flynn: The Leader of the Government has mentioned that Royal Assent for Bill C-201 and Bill C-127, assuming that it is passed, will take place on Thursday, if it cannot be held tomorrow. If Royal Assent is held tomorrow it will only take 15 minutes of the time of the House of Commons. If Royal Assent is on Thursday, it might just as well be held next week. There is no urgency in having these two bills receive Royal Assent; it will not change anything if these two bills receive Royal Assent either tomorrow or next week.

I would hope that the Leader of the Government would be realistic and not continue the practice of accepting orders from the other place as to when the Senate will sit and as to when it will adjourn.

Senator Olson: I would like the Leader of the Opposition to know that I seem to place a much higher priority and value on the work of the Senate and its sittings—

Senator Flynn: After what happened last night, I have lost a great deal of my faith.

Hon. David Walker: So have we all.

Senator Olson: It is sad that the honourable senator—

• (1410)

Senator Flynn: It's sad because of you.

Senator Olson: The fact remains that we have responsibilities in this chamber. It may be that we would want to have a discussion on Thursday so that we in this place may have an exchange of views respecting economic matters, as do the members of the other place. It may be that honourable senators opposite would like to ask some questions about the state of the economy.

Senator Flynn: You no longer have responsibility in that area, so what is the use?

Senator Olson: As usual, the Leader of the Opposition is completely wrong in that respect. All members of cabinet have some responsibility for this country, including the economic factors that are involved.

Senator Flynn: You are not going to speak for someone else.

Senator Olson: The honourable gentleman asks me a question and when I give him my views he disputes them. It may be that he wants to ask some questions, even though he does not get a satisfactory reply, so that the people across this country will know that he has some intelligent curiosity about some of these kinds of things. Even that has a useful purpose.

Senator Flynn: In any event, the honourable leader cannot say that he is now speaking for the Minister of State for Economic Development. He held that position, but he no longer does, and the only questions that he can receive are those posed to him, and, of course, he can consult others for an appropriate reply. He has no authority to speak for someone else, unless he gets definite answers to transmit to us. That is all he can do in his capacity as Leader of the Government.

Senator Olson: I am not sure that this is the place for this kind of debate, but I am amazed at the complete 180 degrees flip-flop of the Leader of the Opposition.

Senator Flynn: Why?

Senator Olson: A day or so ago, and in many previous discussions—indeed, even when he was the Leader of the Government—he assumed that the Leader of the Government in the Senate had an obligation to reply to any questions concerning the government.

Senator Flynn: On behalf of the minister responsible.

Senator Olson: You have to be present to hear the question. If I know the answer, I will give it immediately, and—

Senator Flynn: It makes no difference.

Senator Olson: —if I do not have the answer, I have the responsibility to accept the question as notice and seek a reply. If the Senate is not sitting, then obviously that cannot be done. If the Leader of the Opposition is saying now that he has no curiosity, or believes that I do not have any responsibility to accept questions on any subject respecting the government, that is a new stance.

Senator Flynn: I am saying that you can accept them, but you have no authority to give your own reply. You must say that "the minister responsible has told me to say this and that," and that is all you can say.

Senator Olson: Honourable senators, that is not accurate at all. My colleagues will take the questions that are addressed to them—

Senator Flynn: If those questions fall within their jurisdiction.

Senator Olson: —and they will reply if they are sure they are enunciating government policy. There is no question about that. There are some types of questions that my honourable friend and some of the honourable senators sitting around him very cleverly design trying to anticipate government policy, and in those cases a reference to the minister directly responsible is the appropriate procedure.

SPORT

LOTTERIES—ACTS OF VIOLENCE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the difference between the role of the Leader of the Government and the very important portfolio held now by Senator Perrault is quite marked. For instance, I could ask Senator Perrault what he has to say about the decision of the Superior Court of Quebec rejecting the injunction that the federal government sought to stop the so-called sports lottery in Quebec. I believe the press attributed some statement to him. Perhaps he would like to repeat it now in this place.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, may I place on the record a statement I made on October 22 on the subject of sports lotteries? It is a short statement, but I believe it will clarify the position of the federal government. I stated:

As you know, the Government of Canada has introduced legislation in Parliament calling for the establishment of a National Sports Pool.

This style of voluntary funding was first popularized through the two national lotteries authorized and later operated by the Government of Canada. The Olympic Lottery and Loto Canada raised \$424 million for the Montreal Olympics.

Therefore I am concerned to learn that Loto Quebec has introduced their own sports pool.

May I provide you with some background of the present situation.

In August of 1979, the Clark Government entered into an agreement with the provinces that the Federal Government would withdraw from the sale of lottery tickets effective December 31st of 1979.

While the Federal Government could have challenged that agreement, it chose not to do so, leaving the lottery field to the provinces.

[Senator Olson.]

As a result of this decision, the Federal Government decided to examine other areas of gaming, and a proposal was made to establish a sports pool program. The purpose behind the new proposal was to establish a type of fund-raising program to provide non-tax monies for specific programs in the areas of fitness and amateur sport, arts and culture and medical research, as well as worthy capital projects of national interest—projects such as the Calgary Winter Olympics.

● (1415)

My predecessor, the Honourable Gerald Regan, then Minister of Fitness and Amateur Sport, quickly announced the Government's intention on September 14, 1981 in order to coincide with the presentation of Calgary's bid for the 1988 Winter Olympics. Indeed, this commitment was an important factor in Calgary's success in the bidding process.

On March 18th of 1982, Bill C-95, The Athletic Contests and Events Pools Act, was tabled in the House to establish such a pool. In that Bill were included amendments to the Criminal Code, providing for a legal operation of a sports pool. The Bill will proceed through further stages when Parliament resumes in a few days.

Senator Flynn: It has already resumed.

Senator Perrault: Yes, it has resumed, but I am quoting exactly from the statement of October 22. The statement continues as follows:

This proposed Bill is designed in the first instance to assist with the Calgary Olympics, and coincides in spirit with the similar notion of the Olympic Lottery and Loto Canada which were used to raise \$424 million to help pay for the Montreal Olympics.

And now we have the news of the establishment of a Quebec sports pool.

I concluded the statement by saying:

The Federal Government is concerned by what appears to be an action by the Government of Quebec to attempt deliberately to sabotage federal plans to assist Calgary by introducing an almost identical version of the sports pool.

Hon. Martial Asselin: Not again! You are always against Quebec.

Senator Perrault: I went on to say:

It is almost unconscionable that the Government of that province—a province assisted heavily by people from all parts of Canada to sponsor their Olympics—would seek to jeopardize similar assistance to a fellow province. It is inconceivable that a majority of Quebecers would support such unfair and unsportsmanlike action.

Since the Federal Government considered that legislation would be required to legitimize its own planned activities, the Honourable Gerald Regan, minister responsible for the sports pool legislation, has asked the Attorney General to consider any kind of legal action appropriate to deal with this matter.

The Leader of the Opposition very correctly pointed out that application was made in the Quebec courts for a temporary injunction to halt the hockey pool established by the Province of Quebec. The injunction was not granted. The matter is in the hands of the Department of Justice and is being pursued actively at this time. It does not, however, mean an end to the matter by any means, either judicially or in any other sense.

Senator Flynn: Is the honourable minister saying that no decision has been made as to an appeal from the decision of the Superior Court?

Senator Perrault: Yes. Discussions are being held by Department of Justice officials at the present time to determine what other legal avenues may be open.

Senator Flynn: But no decision has been made?

Senator Perrault: Other extra-legal actions may also be available.

Hon. Nathan Nurgitz: I have a supplementary question to the minister on that very point. I would point out that the difference between a sports pool and a lottery is a very basic question.

Senator Perrault: In the case of the sports pool, the person engaged in this type of activity must make a selection of the anticipated winners of sports contests such as hockey games, baseball games and football games. A lottery involves random numbers chosen by chance. A pool involves a degree of skill, and a lottery involves pure random chance; that is the difference.

Senator Nurgitz: As a further supplementary question, although my recollection is vague, do I understand that there is an agreement with the provinces with respect to lotteries?

Senator Perrault: Yes.

Senator Nurgitz: Am I correct that the holding of these sports pools would certainly be considered both beyond the spirit and the letter of that agreement?

Senator Perrault: I will be chairing a meeting of ministers from all provinces in Saskatoon on Wednesday to discuss this and a number of other matters.

In my view, it is important that the respective federal and provincial jurisdictions should be established. We should know, as well, what is clearly within the law and what is without the law; and, beyond the legalities of the matter, what is perceived to be fair play is an important consideration.

Senator Flynn: You may use the word "sabotage" again.

Senator Perrault: Honourable senators, we want to be fair. We want to be sure that the Calgary Winter Olympics will be the most successful Winter Olympics ever staged in the world. The Montreal Olympics were a superb world success. Canada's reputation is at stake. We are looking to revenues from the sports pool as a major means of financing the Calgary Olympics.

Senator Nurgitz: By way of clarification, am I correct in my understanding that the anticipated revenue from the sports

pool to which the minister has referred is approximately \$200 million, and that that is the total commitment of the federal government to the Calgary Olympic Games?

Senator Perrault: Honourable senators, the yield from the sports pool could be as much as \$60 million per year for sport, in addition to funds for medical research and culture. The estimates vary, of course. The federal government has made a commitment to contribute up to \$200 million to the Calgary Olympic Games. When people consider a contribution of this kind, which sounds rather large, they should keep in mind that there are enormous gains to be derived from the revenue side of the equation. I think that all of Canada will benefit from this great event which will take place in Calgary.

Senator Nurgitz: Honourable senators, I do not quite understand that answer. I am not arguing with the idea that the tourist, hotel, travel and other industries will benefit from the revenues to be derived from the Calgary Olympics. I am asking whether it is expected that the \$200 million will come directly from a portion of the sports pool profits.

Senator Perrault: Yes, the honourable senator is quite correct. The sports pool is looked upon as the main source from which that revenue would be drawn and directed to the Calgary Olympic Games. Regardless of the events which have taken place during the last week, the intention of the Government of Canada is to support the Calgary Winter Olympics to the extent to which that commitment has previously been made.

Senator Nurgitz: Honourable senators, I have one final supplementary question. Quite apart from the Province of Quebec, has any other province made a complaint, if I can use that term in a broad sense, to the effect that the operation of a sports pool is in breach of the arrangement to allow a province the sole jurisdiction over lotteries?

Senator Perrault: In this regard, honourable senators, two things can be said. Certain provinces have indicated concern, or have, at least, raised a number of questions in that regard. That is one of the reasons for the meeting on Wednesday in Saskatoon. We wish to sit down and discuss with the provinces federal and provincial ideas in a number of areas. I anticipate that it will be an amicable meeting. We do not expect to encounter any serious difficulties. I must express my deep regret that the Province of Quebec will not send a representative to that meeting.

Senator Asselin: They won't? If not, it is because you used the word "sabotage".

Senator Perrault: Honourable senators, the decision of the Province of Quebec not to send a representative to that meeting was made long before any statement of mine. The only way we can make this nation work is by standing together, overcoming many of our federal-provincial differences, and building goodwill.

Senator Flynn: The honourable senator is repeating the Prime Minister's speech: "Have faith in us; trust us!"

[Translation]

Senator Asselin: I have a supplementary. I realize that the absence of the minister from Quebec is significant, since the matter raised by the Minister of State for Fitness and Amateur Sport is an important one. If he had been more careful in his choice of words in his statement regarding the attitude of the Quebec minister, perhaps the minister in question would have come to discuss the matter with the federal minister.

In any event, does the minister intend to use his meeting with his provincial colleagues to discuss with them a matter of major importance in the world of professional and amateur sport? I am referring to violence in sports.

If we look at newspapers across the country, people seem to be very concerned about a situation that seems to be firmly rooted in the sports world, namely, that some athletes use their skills not necessarily to provide entertainment but quite often to commit criminal acts in the course of sports events, acts for which they are not punished by the provincial attorneys general since the latter seldom prosecute athletes who are guilty of such aggressive acts.

I believe the Minister of State for Fitness and Amateur Sport should raise the matter with his provincial counterparts. I would like to hear what his opinion is on the matter and how the federal government or the Minister of Justice can convince his provincial counterparts that the Criminal Code applies to people in sports as well as the rest of us in this country.

I do not think the Criminal Code provides for any exemption or privilege for people who commit a criminal offence on the ice, on the football or soccer field or in any other sport here in Canada. I feel the minister has a responsibility here, and he should tell this house what he intends to do to try and correct the situation.

● (1425)

[English]

Senator Perrault: Honourable senators, to answer the second question first, the honourable senator advances a most interesting idea. Many Canadians are concerned about violence in sport, not only in hockey and football but also in boxing, where a number of deaths have occurred over the years. It may well be that the Senate should consider undertaking a study in this area. I know that if such a study were established, Senator Asselin would wish to play an active part in the committee's deliberations. His idea will most certainly be discussed with the Leader of the Government in the Senate, and perhaps a study can be initiated.

So far as the sports pool is concerned, of course, we would like to achieve an amicable understanding with all of the provinces. Our concern stems from the fact that the sports pool concept, which has been in the planning stage for some considerable period of time, has been known to all of the provinces. The provinces have been aware of the fact that some of the proceeds from that sports pool, when established, are to be directed to the Calgary Olympics. That fact is known to all of the provinces. They know why the pool is being established. All the provincial governments, including the Government of

[Senator Flynn.]

Quebec, know the reasons. They know the proposed legislation is before Parliament, and they know that the Department of Justice had rendered a preliminary opinion that legislation is required to make the sports pool legal. Had the government proceeded unilaterally without legislative action, the establishment of a sports pool could be in contravention of the Criminal Code. Yet, with this prior knowledge, one province has acted to introduce a sports pool which is virtually identical to the federal model—almost to the type and structure of the forms being issued.

We consider that action by the Quebec government to be hardly an act of good faith, under the circumstances. There is no shortage of revenue from lottery games in Quebec, from which something like \$150 million a year is derived. We believe that the vast majority of Canadians in all of the provinces want to support the Olympic Games in Calgary and make them a success.

Senator Asselin: Honourable senators, I would like to know from the minister if he consulted with his colleague in the Province of Quebec and tried to negotiate with him before taking any action before the court.

Senator Perrault: Honourable senators, there were numerous consultations over a period of some months. I will undertake to check the record which I believe will serve to indicate that we have acted in good faith. When the sports pool is finally established, may I point out that the revenues that will derive—perhaps in the area of \$100 million a year—will result in substantial new sums for medical research, cultural activity and sport in all the provinces, without discrimination. So it is a worthy channeling of funds.

[Translation]

Senator Asselin: To get back to violence in sports, would the minister, in consultation with his provincial counterparts, let us know whether he is in favour of establishing a senatorial commission that would examine all aspects of this problem? Has the minister considered the possibility of establishing a code of ethics for sports or amending the Criminal Code so that the law will be observed? Is the minister prepared to recommend such a study?

[English]

Senator Perrault: Honourable senators, the idea that has been advanced is a worthwhile and constructive one. I happen to believe, and the record will show, that the most effective committee work of any parliamentary assembly in Canada is done by the Senate.

Senator Flynn: Are there any other appointed assemblies?

Senator Perrault: The quality of the parliamentary committee work in this chamber is unexcelled in this country.

Senator Flynn: It is the best appointed body that we know of!

Senator Perrault: The Leader of the Opposition still retains his old-fashioned cynicism. The idea put forward by Senator Asselin is a good one and I believe it should be pursued. We

might have a meeting involving both sides, and, if we can structure a study, then let us do it.

WORLD UNIVERSITY GAMES

Hon. Daniel A. Lang: Honourable senators, while the minister is on his feet, jogging or not, there is a proposal to hold a games tournament in Edmonton next July, I believe. I believe it is called Universiade and refers to the university games. Are those games to be supported by the federal government, either by direct funding or through gambling games, or what role does the federal government have in connection with exploiting that operation?

• (1430)

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): The honourable senator is referring to the World University Games. The games will be supported, in part, by the federal government. The commitment is now something in excess of \$5 million. The games will also be supported by the federal government insofar as it is necessary to provide certain federal services, such as immigration, policing, Department of Defence services and so on.

SOCIAL DEVELOPMENT

RESPONSIBILITY OF MINISTER OF STATE

Hon. Jack Marshall: Honourable senators, I have a question for Senator Austin, but first I would like to congratulate him on his appointment. I am interested in his appointment because it seems to cover a wide umbrella of concerns that will be expressed by senators, including old age security pensions, family allowances, veterans affairs and unemployment insurance. The news articles and the items surrounding the minister's appointment are a bit confusing, especially when they refer to the allocation to his portfolio of \$30 billion.

Hon. Martial Asselin: It is too much money for him.

Senator Marshall: These articles also said that the minister's responsibilities would not overlap into the responsibilities of, for example, the Minister of National Health and Welfare.

I wonder if the minister could advise us as to what responsibilities he has as far as this chamber is concerned and whether or not we can question him on these various items that I have mentioned, to express our concerns on behalf of Canadians?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I appreciate very much the congratulations offered today and also yesterday with respect to my appointment. I must say I find it an exciting and challenging one. I also want to express my regret to Senator Marshall for being unable to stay beyond 3 o'clock yesterday to answer the question he put after I had left. One of my responsibilities is that of chairing a cabinet committee, so it will not always be possible for me to stay beyond 3 o'clock for that reason, though I respect the fact that the Senate regulates the length of its own Question Period, which often runs beyond 3 p.m.

However, if I leave at about that time, I am sure you will appreciate that I have cabinet responsibilities to which I must attend.

I would like to try to answer Senator Marshall's question with some background on the Ministry of State for Social Development. The position of Minister of State for Social Development was created by this government in June 1980, and it was considered by the Clark government as part of its reform system in the organization of government as recommended by the Lambert commission.

My primary responsibility is to act as chairman of the Cabinet Committee on Social Development by developing, in concert with the committee, a policy and a resource overview of the social sector and ensuring the individual actions of committee members reflect the common government approach for the social development sector.

The committee is responsible for managing the social policy sector composed of ministers responsible for the following departments and agencies: Communications, Employment and Immigration, Environment, Indian Affairs and Northern Development, Labour, National Health and Welfare, Canada Mortgage and Housing Corporation, Secretary of State, Veterans Affairs, Justice, Solicitor General and Office of the Coordinator of Status of Women.

With respect to the question of my relationship to the ministers who hold those portfolios or responsibilities within the categories I have described, I think it is obvious to honourable senators that the responsibility for the administration of their departments and for the policies under administration in their departments belongs to the appointed ministers. It is not mine.

My responsibility is that of chairman of the cabinet committee—

Hon. Jacques Flynn (Leader of the Opposition): That's all.

Senator Austin: —co-ordinating the policy system described by the portfolios and responsibilities I have described and also in controlling the spending allocations for the overall envelope. That envelope for the fiscal year 1982-83 totals \$31.4 billion or 42 per cent of total federal expenditures.

Senator Flynn: But you cannot change the amount of, for example, old age security pensions or family allowances, which are included in that \$32.4 billion?

Senator Austin: Senator Flynn well knows that there are statutes prescribing the system of transfer for a majority of those funds and that there are also executive agreements.

Senator Flynn: But you said that you have control over these expenditures.

Senator Austin: No, what I said was that the envelope's resources total \$31.4 billion. I did not say that I controlled those resources in the sense that I was some sort of czar over the funds.

Senator Flynn: You said it in another sense, but you said "control".

Senator Austin: Of course, these funds are subject to statutes and agreements—

Senator Flynn: That are beyond your authority.

Senator Austin: There is a lot that is beyond my authority—

Senator Flynn: Thank God.

Senator Austin: —and probably beyond your judgment.

Hon. D. G. Steuart: Don't worry, you'll get your old age pension.

Senator Flynn: There's Davie. I didn't know he was here.

Senator Marshall: I thank Senator Austin for his answer, but would he answer the specific question: May we ask questions pertaining to the umbrella of his responsibilities and the chairmanship he holds to combine the efforts of these departments? In other words, is the minister prepared to take questions pertaining to all these portfolios mentioned?

Senator Austin: Honourable senators, indeed, I am prepared to receive questions within my authority as it pertains to this envelope, but in many cases honourable senators will appreciate that I will have to seek specific answers from the responsible ministers, which I will, as a member of cabinet and as Senator Olson said a few moments ago, offer to the chamber as soon as the answers can be obtained.

Senator Marshall: The minister mentioned that the meetings would be held at 3 o'clock in the afternoon. In order to facilitate the Senate, would he consider postponing his meetings until 4 o'clock so he could be here to answer questions?

Hon. Royce Frith (Deputy Leader of the Government): You couldn't help smiling, could you?

Senator Austin: I would like to say to honourable senators that I am not seeking to be a busy minister in terms of answering questions in the house, but to the degree you can accommodate me, I would appreciate whatever questions you might ask as much before 3 o'clock on Wednesdays and Thursdays as is possible.

PARLIAMENTARY SECRETARIES

SUGGESTED APPOINTMENT OF SENATORS

Hon. Jack Marshall: Honourable senators, I direct my next question to the Leader of the Government. There was an idea being mooted that the government might consider appointing parliamentary secretaries from the Senate, which I think is a good idea. It could appoint members of the Senate as parliamentary secretaries to many of the important ministries, and there are many good, intellectual senators on the opposite side as well. Would the honourable senator tell us whether there is any basis of fact in that idea being put forward?

Hon. H. A. Olson (Leader of the Government): I am not quite sure where my honourable friend's rumour came from or whether it is one of those self-generating ones.

Senator Marshall: From the paper.

[Senator Flynn.]

Senator Olson: The idea is an interesting one, but the government has made no decision with respect to it as of this point in time.

TRANSPORT

BRITISH COLUMBIA—GRAIN HANDLERS' STRIKE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question for the minister in charge of the Canadian Wheat Board. Would he inform the chamber whether he has any further information to add to the facts he gave us yesterday respecting the labour dispute in Vancouver?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I was in touch with the Canadian Wheat Board this morning to see how this situation stands as far as the position of the board itself is concerned. They tell me that there are now 23 ships in Vancouver harbour awaiting loading, and that if there is no settlement of the lockout soon the number will increase in the next few days by another 10 ships. So it is a very serious question.

● (1440)

One of the factors involved is that some of our customers do not have large storage facilities and, therefore, it is urgent that they receive their supplies on a regular basis and with as little interruption as possible. A further factor is that in the opinion of the board there are possibilities for increased sales, over and above all that are in place at the present time, that would have the effect of providing additional shipments of grain during the current year out of the west coast.

So, as I have said, it is a difficult situation at the present time, but it is quite likely that there could be an increase in sales, if the present interruption is of short duration. I can tell you that the Minister of Labour has the whole question very much in hand. The government acknowledges that this is a serious situation and, in the words of the Minister of Labour yesterday:

Failing an early settlement of this dispute the government will accept its responsibility, repugnant though it might be, to bring about resumption of vital shipping operations.

The government is considering its position, and I take it that an announcement will be made by the appropriate minister when a decision is taken. In the meantime, all of us hope that the parties to the dispute will themselves reach an agreement and settle the whole matter by negotiation in the normal tradition.

Senator Roblin: Honourable senators, I draw the minister's attention to some of the language used in the telegram sent by the Minister of Labour to the two parties to the dispute and which he read to the house yesterday. Towards the end of the telegram we find the sentence:

I strongly advise you to immediately resume negotiations.

Ignoring the split infinitive, which I cannot really approve, I ask my honourable friend whether he has had any reply from the two parties to this request that they resume negotiations.

Senator Argue: I am not able to give the honourable senator any information on that. I spoke to the Minister of Labour recently and, although I cannot be definitive about it, I am not aware that they are negotiating at the present time. I am quite certain that they are not.

Senator Roblin: Has there been any indication that the parties acknowledge having received the telegram?

Senator Argue: I would have to ask the Minister of Labour whether there was a reply or not. I was informed shortly after the telegram was sent that it was, in fact, received by the parties to whom it was sent.

Senator Roblin: With respect to the telegram, I take it that the present situation is that the minister is pretty sure they got it, but he hasn't the faintest idea what they intend to do about it.

I would then ask him to consider another question I put to him yesterday. I asked him if he would undertake to ask his colleague, the Minister of Labour, how long a period of grace he intended to allow before taking the action he referred to in his telegram, in which he said he would accept his responsibility, which I presume means using the facilities of Parliament to settle this affair. Did my honourable friend speak to his colleague about this question?

Senator Argue: We have discussed this matter, the minister and I and certain other ministers, and when a decision is taken and a period of time has been decided upon for a particular action, an announcement will be made, not by me but by the appropriate minister designated.

Senator Roblin: Will my honourable friend undertake to talk to his colleague to find out what he intends to do about this matter, because it is still pending? We do not know what will happen. No sanction is attached to this telegram. No time limit has been imposed. The minister himself has outlined to us in clear language the problems involved and the economic disabilities being suffered on this account. Will he give us the assurance that he will make the representations to his colleague and obtain an answer as to what the government intends to do?

Senator Argue: Representations have been made based on what was said in the Senate yesterday. I shall be happy to take the message of Senator Roblin to the minister.

Senator Roblin: I honestly advise my honourable friend not to take my message to the minister.

Senator Argue: Your statement.

Senator Roblin: Well, not my statement either. I want the minister himself to become the advocate of the agricultural interests of this country, who are suffering, and persuade his colleague to get a move on.

Senator Argue: I take second place to none as a strong advocate of the interests of the agricultural industry. I believe that, in compliance with the words of the Minister of Labour in his telegram yesterday, appropriate action is certainly being considered. My personal hope is that the matter will be settled

at an early date. My further hope is that, when the workers do go back to work, they will go back with enthusiasm to try to improve the efficiency of deliveries of grain into the export market on the west coast, and that we will in fact, after this dispute has been settled, see an increase in exports.

Senator Roblin: We all live in hope, but I want to tell my honourable friend that "hope deferred maketh the heart sick." I would like to see him deal with this question of deferred hopes in this matter.

What this chamber wants—and I don't think I speak for myself alone—is a positive indication so that the country may know what the government really intends to do.

I have said it three or four times; the minister has answered me three or four times; we have really not advanced the situation very far. I hope tomorrow he will allow me to ask him another question on the point.

Senator Argue: Agreed.

AGRICULTURE

ATLANTIC REGION—PROPOSED VETERINARY COLLEGE

Hon. Heath Macquarrie: Honourable senators, I direct my question to the Leader of the Government in the Senate—and not just because he is simply being upstaged by his colleagues in the answering process, but because my question concerns a matter of the highest and utmost importance.

I am sorry that I cannot put this with my usual laconic brevity, but I must point out that yesterday and today the maritime premiers have been meeting in Prince Edward Island.

The Charlottetown *Guardian* recently had this headline, "Ottawa Stalling on Vet College". In an article appearing in the *Guardian*, it was stated that the Nova Scotia premier believes that the federal government is stalling on its support for this essential project, and he is quoted as saying that "it is obvious that they are not going to do it and never intended to do it."

The article further stated that the Premier of Prince Edward Island, Mr. Lee, has said, "All we need is the green light from the federal government."

I listened with anxious but unfulfilled anticipation to the Prime Minister's speeches in the last series, and I remember very well his comment that the big thing is trust. We recall—

Hon. Duff Roblin (Deputy Leader of the Opposition): "Hope deferred maketh the heart sick."

Senator Macquarrie: If the scripture quoting is through, I will continue.

We recall that the Prime Minister said that the important thing is trust, belief. We know very well, and the leader knows very well, that the commitment was made by the federal government that, if certain provisions were made by the provincial premiers, that veterinary college, a much-needed establishment, would go forward.

Now, as a consequence of the magnificent statesmanship displayed, especially by Premier Buchanan and Premier Lee, everything is in readiness. Therefore, I should like to ask the Leader of the Government if he can assure the people of the Atlantic region that in this era, when trust is so important, the federal government will go through with its commitment, following up on what the premiers have done, all of them—and I can assure the leader that they are not playing politics because they won all of their elections—to establish this essential institution in our region.

Hon. H. A. Olson (Leader of the Government): Honourable senators, my honourable friend's eloquent attempt to equate this matter of announcing a decision to trust may have been a great attempt, but of course it was completely irrelevant to the subject matter involved.

● (1450)

He quoted one of the premiers to the effect that all they were waiting for was the green light from the federal government. The green light, I presume, includes considerable funding.

An Hon. Senator: It's a green bill.

Senator Olson: Somebody says it is a green bill in addition to that.

The minister responsible for that will have to look at that in view of the restraint program of the government, which program is well known to honourable senators opposite.

For many, many months—in fact years—the deficiency was a lack of agreement among the governments of the maritime provinces themselves. It may be that that has been worked out, but it was not worked out at that time.

I do not have any evidence in front of me to the effect that the site has been agreed to, and that all the governments of the maritime provinces will support the location of the college, or that they will make the financial commitments that it needs. Maybe that has changed; nevertheless, there are many high priority items which require commitments of funding that have not been proceeded with because of the restraint program of the federal government.

Senator Macquarrie: Honourable senators, I do not like to be bootlegging into questions on matters of information, but since the minister is clearly so deficient on the latest information, I feel it is my duty to the Senate and the country to do so.

He has indicated that there was a lack of agreement. That agreement was dated during the premiership of his colleague, the Honourable Gerald Regan, who although he suggested they should set up a committee to decide on the best place in the maritimes to establish a veterinary college did not agree with the choice of Charlottetown.

Premier Buchanan, who could have suggested many places in Nova Scotia, was sufficiently a man of the region that he said, as he is quoted in today's press, that the Nova Scotia government would support construction grants and do its part for the ongoing expenses of the students. He realized that there was great importance in having the college in the region.

[Senator Macquarrie.]

That new kind of statesmanship may be somewhat new to the minister, but I suggest he look into that, because he will find that there is a new situation prevailing.

The Minister of Agriculture said clearly that if the maritime premiers and their governments would make contributions the federal government would respond.

The maritime premiers have solidified their contribution and now, exactly in the words of the premier, there is nothing left but for the federal government to answer them in trust—quoting the words of the Prime Minister who said a great deal the other night but made few commitments.

Senator Olson: There is no question that the Minister of Agriculture has stated publicly that he would like to see the veterinary college established in the maritime provinces. There is no doubt about that.

The government has many other priorities with respect to this, but my honourable friend, as usual, has attempted to lay the total responsibility for the delay of X number of years at the door of the federal government, and I must explain to him, so that he has the right perspective—something which is somewhat closer to the truth than his interpretation—the cause of the delay, and that is what I was attempting to do.

Senator Macquarrie: I have been called many things, and have to live with that, but I think the record shows that now, and not under the Regan administration, the maritime premiers have come forward with the part of the bargain which the Honourable Eugene Whelan said was a part of the federal obligation.

If the minister can tell me that the provincial people have not done so, that is something, but if he is going to tell me in woolly words that the federal government has now changed its obligation, let him say that; let him tell the people of the Atlantic region that the commitment the federal government made to them is now no longer obligatory.

Senator Olson: I cannot say that because that is probably not a fact. The federal government generally has to look at all matters in terms of priorities within the circumstances that exist at the time.

I will take my honourable friend's question as notice and see if I can obtain an answer soon, but I did not want to leave the misinterpretation that he attempted to paint when he was revolving all around the word "trust". I feel that I have done that satisfactorily.

Senator Flynn: If you say so.

ENERGY

QUEBEC AND MARITIMES PIPELINE

Hon. G. I. Smith: I shall observe, before I ask the question I rose to ask, that the minister's interpretation of the meaning of the word "trust" obviously does not coincide with that found in the dictionary.

My question is: What is the situation with regard to the construction of the TQ&M pipeline to the Atlantic region?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will obtain an answer to Senator Smith's question. I do not think that things have changed much since I last answered questions on that earlier this year—that is, before the Senate recessed for the summer.

I will ask the Minister of Energy, Mines and Resources for a complete update with respect to that pipeline.

If my honourable friend wants an immediate answer, I can, from memory, tell him what I said then, and that is still clear in my mind.

Senator Smith: I do not know that I would like to commit myself to trusting the memory of the honourable gentleman, good though it may be.

Senator Olson: You obviously have forgotten, so I just wanted to remind you of what I said then.

Senator Smith: After all, a long time has passed since the honourable gentleman answered that question, so I thought it might well be that some progress had taken place, and if so, I would want to know what the progress is. Obviously, the honourable gentleman does not know, so I prefer that he consult with someone who does and perfect his answer with knowledge and with truth.

Senator Olson: My honourable friend has invited me to take his question as notice and update information for him, so I accept his invitation.

Senator Smith: That is some progress, and I appreciate that.

I also ask him, while investigating this matter, if he would refresh his memory regarding the commitment given by the government that it continue the construction of this pipeline into the Atlantic provinces, and particularly into Nova Scotia, and whether that undertaking still stands.

Senator Olson: I will take that as notice as well, although I am tempted to quote him chapter and verse replies that I think I made to him in April, May and perhaps the first week of June, which gave him a very specific reply, but I will resist that temptation.

Senator Smith: That is already some months past, and surely even he has noticed that passage of time and, even in his very pedestrian sort of idea of progress, must recognize that that is time enough for something to have been done. I want to know whether there has been any change in the undertaking, and if so, what that change is.

FOREIGN AFFAIRS

MIDDLE EAST—GOVERNMENT POLICY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question posed by Senator Macquarrie yesterday concerning a proposed visit by the Secretary of State for External Affairs to Arab and Israeli capitals, and Canada's support for the Reagan peace proposals in the Middle East.

Honourable senators, I have been informed that the Secretary of State for External Affairs is not contemplating a visit to the Arab and Israeli capitals in the immediate future.

As for the question regarding the Reagan peace plan, we have made it clear, and it is well known, that Canada supports the Reagan proposals as a basis for beginning negotiations in the Middle East.

FOREIGN INVESTMENT REVIEW AGENCY

DECISION RE J.B. LIPPINCOTT COMPANY OF CANADA LIMITED

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question raised by Senator Nurgitz on July 29 concerning the Lippincott case, and the recent changes in the administration of the Foreign Investment Review Act.

Senator Nurgitz asked whether recent changes to the administration of the Foreign Investment Review Act might allow for a review of the decision taken in the Lippincott case.

The new measures announced in the June 30 budget were developed specifically to reduce red tape and delays. Thus, the thresholds for the shortened procedures for small investments were raised and the government undertook to confine its examination of undertakings to the key elements of an investment proposal. There were no changes that related to the review of decisions previously taken under the act.

● (1500)

As for the Lippincott case per se, I would like to reassure the honourable senator that the government shares his understandable consternation over the planned closing of Lippincott, but that the decision to close was taken by the foreign parent, at its own initiative and not as a result of a government order. There are a number of alternatives open to the foreign parent, including the filing of a new revised application with the Foreign Investment Review Agency.

I would also like to have a letter written by the Honourable Herb Gray, the minister then responsible, to the editor of the *Globe and Mail* incorporated with the answer, as I think it will shed further light on this particular case. That letter is one-and-a-half pages of single-spaced typing and, if it is agreed, I should like to have the letter taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The letter follows:)

Contrary to what you say in your editorial of July 30, FIRA is not shutting down Lippincott Canada. This is being done, if it does in fact happen, by Lippincott Canada's United States parent, Harper and Row, of its own accord and on its own responsibility.

In June 1981, the Cabinet decided not to allow the takeover of Lippincott by Harper and Row in the light of information then available to it as well as in the light of a longstanding policy to encourage a stronger Canadian role in book publishing and distribution. This has also been the

policy of the Ontario government. The fact that this decision was made some twelve months before Harper and Row announced that it was going to close Lippincott Canada helps confirm that the federal government is not forcing Lippincott Canada to close. Rather, this is being done by its parent, Harper and Row, instead of making use of one of a number of alternative courses of action open to it. It could file a new application with the government under the Foreign Investment Review Act. It could have Lippincott Canada form a joint venture with Canadians. It could sell Lippincott Canada to Canadians. As your own paper reported, the Association of Canadian Book Publishers confirmed that Harper and Row rejected three credible offers from Canadians for the company.

It is important to note that last year, when the transaction was being reviewed, the Ontario government informed the federal government that the application was not compatible with its own objectives for the book publishing and distribution industries, and in effect asked that the application be disallowed.

The editorial alleges that FIRA, by its own yardstick, is not of significant benefit to the country. On the contrary, the evidence confirms that the effect of the Foreign Investment Review Act has been to bring thousands of jobs and other economic benefits to Canada. For instance, in the period from April 1, 1977 to December 30, 1980 approximately \$3.5 billion in new investment and 53,000 new jobs were to be created by investors receiving approval during that time. It is estimated that in 1981 new investment proposals approved under FIRA accounted for the creation of another 14,000 to 15,000 new jobs.

The requirements of the Act as passed by Parliament are such that the government must find significant benefit connected with an application in order to allow it. It has been able to do so with respect to most FIRA applications to the benefit of Canada and Canadians since 1974 when the Act came into effect.

ITALY

EARTHQUAKE DISASTER—CANADIAN AID

The Hon. the Speaker: Honourable senators, before I call the Orders of the Day, Senator Rizzuto would like to make a report on aid to earthquake victims in Southern Italy. Is it agreed, honourable senators?

Hon. Senators: Agreed.

[Translation]

Hon. Pietro Rizzuto: Thank you, honourable senators.

I have just come back from a trip to Italy as a member of a delegation headed by the Honourable James Fleming, Minister of State (Multiculturalism), which also included Mr. Frank Vincelli, President of the Italian-Canadian Congress and several other members of the committee for assistance to

victims of the earthquake which took place in the autumn of 1980 in Southern Italy.

The purpose of the trip was to sign contracts for the construction of homes and to attend the official sod-turning ceremonies.

As several senators were involved in the fund-raising campaign which was chaired by our honourable Speaker, I am pleased to be able to inform you that a contract worth \$8,048,000 was signed for the construction of 128 homes in the towns of Balvano, Conza di Campania, Calabritto, Laviano and San Mango sul Calore, plus the construction of a senior citizens' home in the town of Acerenza. Construction should be finished by the end of the summer of 1983.

As soon as the work has been completed, as chairman of the fund management committee, I shall be able to provide a complete and detailed report on the use made of all funds collected from the general public and from provincial and federal governments.

Finally, I would like to add that our national anthem was played during the official ceremonies and there was a great display of Canadian flags. It was very moving to receive the thanks of the local authorities for our humanitarian gesture, and it was particularly touching to see the gratitude on the faces of the people present at the ceremony.

It is with great pleasure that I extend their sincere thanks to the people of Canada.

[English]

VISITORS IN GALLERY

MEMBERS OF TERRY FOX YOUTH CENTRE

Hon. Nathan Nurgitz: Honourable senators, I should like to draw your attention to the south gallery where we have a group of young but distinguished Canadians visiting us from across Canada under the auspices of the Terry Fox Youth Centre. Their presence in the gallery is part of their visit to Parliament Hill.

Hon. Senators: Hear, hear.

CRIMINAL CODE (SEXUAL OFFENCES)

BILL TO AMEND—SECOND READING

Hon. Joan Neiman moved the second reading of Bill C-127, to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other acts in relation thereto or in consequence thereof.

• (1510)

She said: Honourable senators, Bill C-127 is grounded in two previous bills, one of which was Bill C-53, tabled in the other place in January 1981, on the same general topic of amendments to the Criminal Code with respect to sexual offences, child exploitation and child abduction. These bills all arose out of a series of studies and recommendations which were made by the Law Reform Commission, by various legal organizations, by many women's organizations and individuals,

and also through the efforts and intensive studies of officials within the Department of Justice.

The sexual offence provisions, particularly, were the object of intense debate in the other place; so much so that the study of Bill C-53 dragged on through a long period of time in the committee stage over there. As a result of that, it appeared, as we were getting ready for the summer adjournment, that the bill might not arrive here until very late in the session, thus resulting in very little time being available for the Senate to give it any proper consideration. The rumour was, as you may recall, that we would receive Bill C-53 with just a few days to give it consideration. However, as a result of negotiations, that bill was considerably shortened and the essential elements on which there was no basic disagreement were incorporated in a new bill called Bill C-127. It does not include the sections on child exploitation or pornography that had been the subject of a great deal of controversy at the committee stage and, I believe, throughout debate in the other place.

As a result of our being forewarned that this bill or some version of it might appear here, the Standing Senate Committee on Legal and Constitutional Affairs convened in early August to undertake what we called a pre-study of the subject matter of the bill. The committee held two long meetings, on August 3 and 4, with officials from the Department of Justice who gave a thorough explanation of the provisions of Bill C-53.

Following an agreement between the Leader of the Government in the Senate and the Leader of the Opposition, we agreed, as you will recall, to refer the subject matter of the new bill, Bill C-127, to the Standing Senate Committee on Legal and Constitutional Affairs to report back this day. The report which was approved in committee was tabled yesterday.

Bill C-127 deals with a number of amendments to the Criminal Code but, insofar as we are concerned, some of the most significant and the most far reaching are those sections which would change the present definitions and methods of prosecution of various sexual offences. They demonstrate in a very tangible way the more subtle changes which have occurred in societal attitudes and in the gravity with which certain types of offences against the person are now viewed.

As many senators will be aware, with respect to sexual offences, our Criminal Code incorporates notions derived from both the English common law and statutory precedent. It developed from a time when women were regarded more as chattels than persons, and its concepts have remained remarkably unchanged for literally hundreds of years.

At present we have a number of provisions in the Criminal Code ranging from the most serious offence of rape down to indecent assault on a female. In between there are a number of provisions involving sexual elements which can be described as offences involving interference with the integrity of the individual. Most of those offences also include a degree of violence as an element of their commission.

The crime of rape, as I have said, evolved from medieval times and the notion of female ravishment. It has gradually

taken on a specific meaning of what has been referred to as unlawful intercourse; the only lawful intercourse recognized being that between husband and wife.

The concept that, upon marriage, a husband and wife gave their consent to sexual intercourse is deeply rooted in both the religious and social mores of western civilization and, therefore, until comparatively recently, the idea that there ever could be inter-spousal rape was never really seriously entertained.

Another aspect of our approach towards the spectrum of sexual offences involving violence is that the entire emphasis of the criminal law has turned on the sexual element of the crime rather than the violence which is also intrinsic to the commission of those offences. For that reason, the most important issue in cases involving sexual offences has been whether there was consent between the parties; that is, did the complainant by word or action, then or previously, consent to the violence which had been inflicted? If that element were established, the accused almost invariably had a good defence to the charge.

In recent years, the umbrella of that defence has been enlarged through judicial decision to the effect that the accused would need only prove that he had an honest belief, even although it might appear to others to be unreasonable, that the complainant had consented to the sexual assault in order to be deemed not culpable with respect to that particular offence.

Bill C-127 addresses the concerns of those people and organizations who have indicated that our concepts and practices with respect to sexual offences are not only outmoded but, in particular, almost always militated against the human rights and dignity of women, the principal victims of such crimes.

Bill C-127 will encompass three new sexual offences. They are sexual assault; sexual assault with a weapon, with threats or by bodily harm; and then the most serious charge, aggravated sexual assault. These will parallel a similar three-tier approach to assault involving no sexual aspect.

Other significant changes in the provisions pertain to the prosecution of sexual offences, changes which will do much to abolish the inequities in our law enforcement and judicial procedures which very often allowed the victim's past history and character to become overriding issues to the central issue of whether a violent and criminal assault had taken place. These changes provide a very welcome improvement over present practice and have the approval of the majority of law enforcement bodies, legal bodies and other interested organizations.

Although they have been generally supportive of all the changes that have been made, a few of the women's organizations have expressed the view that the present provisions still do not go far enough in the matter of protecting the rights of women when their character and previous actions are called into question in court. In fact, our committee clerk received today four telegrams from organizations in the Vancouver area where these problems are very prevalent and very disturbing to

women who are working in the field of trying to help other women who are victims of assault. They feel that, in this version of Bill C-127, we have not gone far enough to protect the victims of sexual assault. However, I think that, as a result of all of the debate which took place in the other place and the testimony that was given before our committee, we reached a fair and reasonable compromise. I can only suggest that if, in practice, it appears that the law has not provided sufficiently stringent protection for women, suitable changes will be made in the future.

• (1520)

I should like to mention briefly the other important provisions contained in Bill C-127 concerning custody battles over children. The existing provisions of the criminal law are unsatisfactory because the child abduction sections provide a defence on the basis of colour of right, with respect to the right to the possession of a child.

Without going into great detail, honourable senators, I will say that the proposed changes would create two offences. The first would be for abducting a child where there is a custody order outstanding anywhere in Canada; the second would be for abducting a child where there is no custody order. In the latter case, consent would have to be obtained from the attorney general of the province or his local representative before taking action against the offending parent.

There does appear to be an anomaly or hiatus in the child abduction sections with respect to children of the ages of 16 and 17 years, who are legally minors in certain jurisdictions. Officials of the Department of Justice and other agencies are aware of this problem, which arises from the fact that we do not have the same age of majority in all provinces. However, we may cause greater administrative difficulties than exist at present if we try to correct what appears to be an oversight in the provisions which are proposed in Bill C-127.

As is stated in the final paragraph of the report, we did hear various recommendations for even more improvements to the bill. It seems clear to me, honourable senators, that this bill, as it now stands, has the overwhelming endorsement of literally hundreds of people and organizations across Canada. There can always be room for improvement in the Criminal Code because of its very complexity and because of variations in the jurisdictions in terms of the administration of justice. We are assured, however, by the Department of Justice that there will be undertaken an ongoing monitoring process of this bill as it is administered in the various provinces. I am confident that, should any changes be necessary, they will be carried out at the earliest possible date. In the meantime, I highly recommend this bill to honourable senators as a very progressive step in our criminal justice system.

Hon. Senators: Hear, hear.

Hon. Nathan Nurgitz: Honourable senators, I should like to express my appreciation to Senator Neiman for her excellent presentation of this bill today, and, indeed, for her handling of the committee hearings dealing with this entire matter. For many of us it has been a complicated subject, the understand-

ing of which has been made much easier through the efforts of Senator Neiman.

Hon. Senators: Hear, hear.

Senator Nurgitz: Honourable senators, the explanation of this bill is, I think, clear. There should be no misunderstanding of the kind of significant changes that will be made to our criminal justice system. With the exception of the abolition of the death penalty, I cannot think of a more revolutionary change to our criminal law in the last 25 years.

There have been many diverse views expressed about this bill across the country. At our committee meeting we heard from two women who, although representing one group, actually spoke on behalf of women everywhere. I recall that Senator Frith was pressing them—as he often does all of us—to admit that half a loaf is better than none, but then, he is used to doing that; from his position, I suppose he is often selling half loaves.

Hon. Royce Frith (Deputy Leader of the Government): Steady now, mate; half a compliment is better than none.

Hon. Jacques Flynn (Leader of the Opposition): A quarter!

Senator Nurgitz: A slice!

Hon. C. William Doody: A crumb!

Senator Nurgitz: Notwithstanding the fact that those two women criticized and complained about the bill, they did intimate that it constitutes an improvement. I think we should all be looking upon this not simply as a badly needed reform, not simply as an update of our criminal law, but, more significantly, as a means by which we can bring the law into some conformity with present-day values and current thinking. It is to be hoped that after today we will begin addressing what we will call "sexual offences," not with a view to the erotic nature of the offence but with more concentration upon its violent aspect. It is clearly the violence that we are seeking to eradicate.

In my view, these women were recounting their own experience, which was totally within the realm of a rape crisis centre, where they were constantly exposed to the very serious, brutal kinds of sexual offences. As a result of that, I think that some of their concerns were not exactly realistic. We had, with these two women, a lengthy discussion concerning what is referred to as the "Pappajohn defence"—the defence of honest belief. A man may be acquitted of the charge of rape where he honestly believed that he had obtained the consent of the woman with whom relations took place. The two women made the statement, quite baldly, that there is never such a situation. I think, honourable senators, that we must consider their perspective in the context of their experience, which has been only in the very violent sexual situations. I am willing to concede that, in any brutal sexual assault, there is no basis for the defence of honest belief. However, perhaps they failed to address the question of what happens in other types of indecent assaults, such as rape brought on by intimidation, rape brought about through threats, and so forth, where there are no obvious signs of violence.

[Senator Neiman.]

I was a little disappointed in the presentations in that they did not raise the question of section 245 of the Criminal Code. That is the section which describes an aggravated assault, one which wounds, maims, disfigures or endangers the life of the complainant. I was somewhat disappointed because the presentations made to us did not include the mental harm done to a victim as a result of a sexual assault. One would think that an accused ought to pay the same price for causing mental harm as that for causing physical harm. I am sure that all honourable senators have heard of cases where sexual assaults have resulted in severe mental damage that might take years, if not forever, to resolve.

I believe that the most significant complaint we received regarding the bill was delivered to us in a brief on behalf of the Attorney General of Alberta and it concerns the question of lack of definition. Nowhere in the Criminal Code will there now appear, once this bill is passed, what indeed constitutes a sexual assault or an aggravated sexual assault.

● (1530)

I make the comment, more in general than specific terms, that it seems to me to be bad practice forever to be allowing the courts not only to interpret but indeed to write the law. We all understand that once the law is made the courts will interpret it. In this instance I believe we are clearly allowing a situation where the courts will indeed make the law as to what is sexual assault.

As the departmental officials explained to us, we are dealing with a matter that is rather self-evident. I hope and trust that is so. In any event, we have the assurance of officials that this type of matter will be monitored. I consider this bill to be a great step forward and that we should not argue about that aspect at this time.

Another matter of concern is that of questioning the complainant with respect to previous sexual activity. I understand that Senator Frith may speak on this aspect. I do not want to leave the impression that questioning of the complainant is now totally forbidden. I believe the new bill proposes to remove the old rape trial procedure, where, instead of an accused being on trial, it was quite easy for defence counsel to put the complainant on trial. I believe that the new section 246.6 deals in large measure with overcoming many of the current difficulties while not, in obvious cases, removing the prospect of examining a woman who, in clear circumstances, should be examined on her conduct. I leave that point for others.

Before concluding, I wish to comment on what I consider to be a serious flaw, if not omission, in the bill. Clause 16 of the bill now before us amends section 214 of the Criminal Code. If I can explain the section in simple language, section 214 describes those offences which, if death ensues during the commission of such an offence, the offence then constitutes first degree murder.

I have conducted my own private poll, and have asked friends and others, lawyers and laymen, to name an indictable offence, a serious offence, for which a person would be guilty

of capital murder if death ensued during the commission of that offence. Everyone I polled immediately snapped back "Armed robbery".

When one looks at the statistics, one finds that in the province of Quebec the incidence of robbery is approximately four or five times the number of sexual assaults. I have the figures.

Senator Frith: That is, known sexual assaults.

Senator Nurgitz: Yes. But there are also armed robberies, and in the provinces of Quebec and Ontario, particularly, there is a large number of armed robberies. For those who undertake such a venture with a firearm, there is, I admit, a serious penalty. I do not say there is not a serious penalty in the event that a death occurs in the course of armed robbery, but it does not constitute first degree murder. My point in committee was that it should have been included in the amendments.

I repeat that I believe this legislation to be a great step forward, but I point this out as being a serious flaw, a serious omission, and one that I hope the department, or this or the other chamber, will deal with quickly.

I should mention that when this point was raised with the departmental officials at our hearings, I received agreement and a sympathetic response; but we did not receive an amendment. This morning I received a copy of the speech made by the Minister of Justice, which he thought was fitting enough to distribute to all senators and members of the House of Commons. His topic was "Criminal Law: Perception versus Reality". Needless to say, honourable senators, omissions such as the one I have mentioned provide, I suggest, a greater gap between perception and reality.

Having said that, possibly for the third or fourth time, I should say that I consider this legislation to be more than half a loaf. I repeat that it is a great step forward. I agree that it should be monitored and watched, and I consider that amendments such as the inclusion of robbery in section 214 should be made quickly. However, I believe the bill will help narrow, to a large extent, the gap between perception and reality, and, further, I believe it will help bring some of our laws into the twentieth century. I commend the bill to honourable senators.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as Senator Nurgitz has suggested, I would like to make a few comments, particularly to underline an aspect of this bill I consider to be important from a psychological viewpoint. As most honourable senators know, there is a substantial body of opinion that maintains that the number of complaints of rape, or aggravated or other forms of sexual assault, represent only the tip of the iceberg, to use a rather hackneyed but still poetic expression. Many women would rather accept an incident of sexual assault, with all of the psychological and often physical horrors that are attendant upon it, than complain to the police and be obliged to go through added psychological horrors in instituting a complaint.

Honourable senators may or may not know that one of the reasons for that is the principle that long existed relating to the question of consent. It was based, as Senator Neiman has

pointed out, on the assumption that a sexually active woman was not rapable, in effect, because it was to be assumed that she had likely consented.

Under the old system, one of the horrors for a complainant was that, as a matter of law, counsel for the accused could question her on her previous sexual behaviour. If she were not of so-called chaste character previously, then that would be evidence that she may have consented.

We have heard over many years from women's organizations, crown attorneys, police and others, that that principle, in practice, discouraged many women from making a complaint. There was an improvement prior to the present bill, with the provision that notice had to be given by counsel for the accused if he wished to raise the question of previous sexual behaviour; and that hearing, as to whether permission should be given, was heard in private.

There is a further advance in that area contained in the bill now before us. We should simply note that although the point made in law appears to be a narrow one, in terms of the administration of justice and of the whole concept of treating so-called rape not, in effect, as a sort of moral aberration but as an assault on the person, it is, however, an improvement, I think it is worthwhile noting that we in Canada can take credit, in my opinion, for having made a substantial advance in this aspect of the law on rape or sexual assault. As it once was, counsel for the accused could determine in the midst of the trial that since he had nothing to lose he would go on a fishing expedition. It used to be perfectly admissible for counsel to go on such an expedition, make innuendoes, suggestions and so on, thereby subjecting the complainant to a kind of procedural horror to add to all the rest of the horror.

• (1540)

What happens now is that in order to make an application to the court even to cross-examine the complainant or to offer any independent evidence touching upon the sexual history of the complainant, the accused must first serve notice upon the Crown, within a reasonable time before the trial, of the intention to adduce such evidence, together with the particulars of that evidence. The accused must then satisfy the trial judge that the proposed evidence falls within the three very limited exceptions that now exist to the general rule against such evidence, and satisfy the trial judge without being able to call the complainant—this is an important advance—as a witness at the *in camera* hearing.

The three exceptions to the general rule that I have referred to are: where the Crown itself opens up the issue of previous chaste character; where the evidence relates to identity only and not to consent; and where this results in sexual acts which relate to the accused's allegation of so-called honest belief, which was touched upon by Senator Neiman and Senator Nurgitz.

So, honourable senators, as one of the reasons that I ask you to support this bill, I underline this major advance in what has been a sad history all over the world of dealing with the question of rape—that being, as I say, the horror of the

[Senator Frith.]

procedural aspects of laying a complaint added to the horror of the experience itself.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Joan Neiman: Honourable senators, with leave, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, with leave, it is moved by the Honourable Senator Neiman, seconded by the Honourable Senator Riel, that this bill be read the third time.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I wanted to mention that one of the consequences of the amendments included in this bill is that a man may now become a victim of a sexual offence.

Senator Neiman: Honourable senators, I am glad the Leader of the Opposition has brought that point to our attention. I had intended to refer to that very important change in our law which will take place with the passage of this bill, but in following my rather convoluted notes I omitted reference to it.

The other area that is very important, to which I would like to refer briefly for the record, is that there will no longer be spousal immunity and a spouse may be charged with sexual assault. That is an extremely important new provision in our law.

Motion agreed to and bill read third time and passed.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO ATTEND LAUNCHING OF ANIK C SATELLITE AT CAPE CANAVERAL, FLORIDA

Hon. G. I. Smith, pursuant to notice of Monday, October 25, 1982, moved:

That the Standing Senate Committee on Transport and Communications be authorized to send representatives to the launching of Telesat Canada's Satellite Anik in Florida.

He said: Honourable senators, you will recall that this matter was raised yesterday, and I think that I should enlarge a little on what I said then.

It will be recalled that the members of the Standing Senate Committee on Transport and Communications received an invitation to attend the launching of the first of Telesat Canada's three Anik C series satellites. Perhaps the best thing I can do is read portions of the letter of invitation. A copy of this letter was sent to each member of the committee. It reads in part:

On 11 November 1982, the first of Telesat Canada's three Anik C series satellites is scheduled to be launched from the J.F. Kennedy Space Centre in Florida. When it enters commercial service in January 1983, Anik C3 will be the most powerful domestic communications satellite in the world. Anik C3 will be launched from the Shuttle Columbia during its first commercial flight into space.

On behalf of the Chairman of the Board of Directors of Telesat Canada, I am pleased to invite you to join us in Florida on this historic occasion.

The letter goes on to give particulars of the event and the arrangements for accommodation. The invitation was dated August 20, 1982. A subsequent letter from Telesat Canada was received on October 21, 1982 expressing satisfaction that some members of the committee had been able to accept the invitation and giving further details of the program. I do not know whether the Senate would be particularly interested in hearing me recite the two pages of detail, so I merely say that they are available, should any honourable senator wish to see them.

I have information from the clerk of the committee that five senators have accepted the invitation from Telesat Canada, so they would be covered by the motion. The clerk of the committee also understands that two other senators have accepted the invitation but have made their own arrangements.

The budget of the committee is more than capable of taking care of the expenses involved. We have made inquiries as to what those expenses are likely to be, and it seems likely that they will total less than \$5,000.

I ask honourable senators to support this motion so that those who have been invited will be able to accept this invitation.

● (1550)

I might add that I am not one of those who have been able to accept the invitation, so it is of no personal benefit to me. However, as chairman of the committee, I understand that it is my duty to seek this authority from the Senate.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it is clear that an important Canadian event will be taking place in Florida touching on and, in fact, further expressing what has become some leadership for Canada in world communications. Thus, it is entirely appropriate that members of the committee attend.

I thank Senator Smith for giving us the opportunity to support this motion. I believe we should all support it.

Senator Smith: Thank you.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, October 27, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

27 October 1982

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 27th day of October, 1982, at 5.55 p.m., for the purpose of giving Royal Assent to certain Bills.

I have the honour to be
Sir,

Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable

The Speaker of the Senate,
Ottawa.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding Rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, November 2, 1982, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

THE SENATE

TIMES OF SITTING

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a suggestion to make regarding the hours of sitting—and it is simply a suggestion. Some honourable senators will know what I am going to say because I have already raised it with them.

I say this now so that honourable senators may give it some thought in the days ahead. My suggestion is that the Senate sit on Tuesday, Wednesday and Thursday, as usual, but with the sitting on Tuesday commencing at 2 o'clock.

If that were the case, the available time for committee meetings would be increased substantially, and attendance, I believe, significantly improved. I know that committees can sit on Tuesday afternoon, but, since I was summoned to the Senate, my experience has been that it is easier to get a quorum and good attendance if the Senate is sitting.

● (1405)

We would continue with the practice of permitting one committee to sit while the Senate is sitting. If the Senate were to sit at 2 o'clock, then one of the committees could meet later that day while the Senate is sitting. We could have several committees meet on Tuesday evening, and we would still have Wednesday morning when, despite caucus meetings, one committee could meet. On Wednesday afternoon another committee could meet, according to our practice, while the Senate is sitting. It seems to be traditional that we do not have committee meetings on Wednesday evenings. Then, of course, we would have available to us Thursday morning for committee meetings. Normally committees do not meet on Thursday afternoon after the Senate rises, except perhaps for Senator Godfrey's committee.

I am not moving a motion but asking honourable senators generally to consider whether this is a good idea or not, and then consider the suggestion of Senator Macdonald, Senator Marshall and others. I know it would create scheduling problems for some honourable senators. I am not pressing it, but if it is considered a good idea then we might put it into practice next session.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I think that next session, whenever it comes, might be the proper time to do this, after consultation in caucus. Personally, I think it is a good idea but, as the deputy leader said, we have to see whether it creates problems for some by forcing them to come to Ottawa a day earlier. Perhaps we could consider the exact hour of sitting in the afternoon. In any event, we have agreed to discuss this in caucus. Perhaps we should invite Senator Lang, Senator Man-

ning and Senator Cook to attend our caucus meetings because of their interest in the question. However, this matter is not urgent, as the Deputy Leader of the Government has mentioned.

What we should discuss at this time is the program for next week. We have no legislation or items of an urgent nature before us at this time, and I should like to know what is scheduled for next week, because some of our colleagues are wondering why we are not adjourning to November 9 instead of November 2.

Hon. Paul C. Lafond: Honourable senators, before Senator Frith replies to the question raised by Senator Flynn, I should like to say that the proposal is a surprise to me. Speaking now as co-ordinator of committees, I point out that on Tuesdays we have been able to accommodate six committee meetings. The proposal for the Senate to sit on Tuesday afternoons, having regard for space and personnel, cuts us back to five.

Because I am a local resident, my preference would be for the Senate to sit on Monday evenings, and so leave Tuesdays for committee meetings. I am not proposing that, but I ask honourable senators to keep in mind that to have the Senate sit on Tuesday afternoons does reduce the availability of time, rooms and personnel for the number of committee meetings that can be held.

Hon. John M. Godfrey: Honourable senators, I have long been an advocate of holding committee meetings on Tuesday mornings, when necessary, and that we should not find it necessary to have a Senate sitting on Monday evening, in order to have a committee meet on Tuesday morning.

• (1410)

Senator Frith did not mention the possibility that, if the sitting of the Senate commences at 2 o'clock in the afternoon, senators will get into the habit of arriving early on Tuesday morning. As far as senators from Toronto and, I am sure, Montreal, are concerned, we could have committee meetings commence at 10.30 on Tuesday mornings.

Hon. Paul Lucier: Honourable senators, for those of you who have not noticed, there is a part of Canada outside of Toronto and Montreal.

Hon. Senators: Hear, hear.

Senator Lucier: I would point out that at the present time I have to leave my home on Sunday night in order to arrive here for a Tuesday evening sitting. I would prefer not to have to leave on Saturday night in order to accommodate Senator Godfrey by being present on Monday or Tuesday morning.

Honourable senators, I think the schedule of the Senate should be geared to the fact that Canada is a big country; it is not that I think committee meetings cannot get along without me, since I know they can very nicely.

Hon. Duff Roblin (Deputy Leader of the Opposition): No, we need you; we want you.

Senator Flynn: No decision has yet been made.

Hon. Ernest C. Manning: Honourable senators, with reference to the suggestion that has been made by the Deputy Leader of the Government, from the standpoint of committees I think there is, undoubtedly, merit in it. However, when this question is being considered, I would ask that one other factor be taken into account: Those of us from the western regions of Canada—and I assume the same is true of those from the Atlantic provinces—have available to us only one direct flight to Ottawa per day, which flight leaves in the morning and arrives in this city in the afternoon. Therefore, to be in attendance for committee meetings on Tuesday morning would necessitate leaving on Monday morning.

If the house sits on Tuesday afternoon, and then does not resume again until Wednesday afternoon, to arrive here for the Wednesday afternoon sitting it would be necessary to leave on Tuesday morning, because the day flight on Wednesday does not arrive here until 4.30 or 5 o'clock in the afternoon—too late for the afternoon sitting. If it is decided to sit on Tuesday afternoons instead of Tuesday evenings, I would ask the deputy leader to consider retaining the Tuesday evening sitting, so that those of us who may not be able to attend a committee meeting on Tuesday can still be in attendance for the Tuesday evening sitting. If the house sits only on Tuesday afternoon, and not on Tuesday evening, some honourable senators will have to leave on Monday. They will not be here in time for the sitting on Wednesday unless they leave a day early. Therefore, I would ask the deputy leader to retain the Tuesday evening sitting.

Hon. Frederick W. Rowe: Honourable senators, this is an appropriate time for me to refer to "my old perennial" again. I plead that consideration be given to those of us who, first, do not live in Ottawa, and, secondly, do not live in the corridor between Quebec City and Windsor and, therefore, are not within a couple of hours of motoring distance from this city.

Some honourable senators live on the periphery of the country and have to depend on airplanes. As the fall advances, it becomes increasingly difficult to arrange accommodation and flight reservations at short notice. Even in recent weeks I have had some difficulty in that regard, and I can expect more of it.

Honourable senators, I plead that, no matter what schedule is adopted, there be a minimum of variation from it. That will, at least, facilitate our making reasonably long-term reservations with the airlines so that, assuming they fly, we can guarantee we will arrive on time. I would ask that more consideration be given to that factor than, I regret, has been given in the past.

• (1415)

Hon. George van Roggen: Honourable senators, I echo the sentiments expressed by Senators Manning, Rowe and Lucier to the effect that consideration be given to the convenience of some of us who must come from the extremities of this country. On many occasions, when I have arrived on the flight from Vancouver, my friends in the Senate would say, "Oh, George, you are here again. Have you just come in from Vancouver? I don't know how you manage such a long com-

mute." They are most solicitous until it comes to rearranging the scheduling of committee meetings or chamber sittings. It then becomes quite a different story.

I would submit to those honourable senators from central Canada that it is time that this chamber—and I will not speak for the other place, although I think it should do the same thing—give serious consideration to adopting a full working week for two or three weeks, and then adjourning for a week.

Some Hon. Senators: Hear, hear.

Senator van Roggen: That would be a meaningful gesture to all honourable senators and members of Parliament who must travel to Ottawa from the extremities of this country. We would accomplish twice as much work, and would not have to live on airplanes. Including the time spent in airports, I spend 15 hours a week travelling just to be here for a couple of days. I do not even have to travel the first 50 miles by horseback to get to the airport, as do some of my friends who live on the prairies.

I would make the strongest plea that, while discussing this in caucus and in considering it individually, honourable senators give some thought, first of all, to our sitting on Monday afternoons. Some of us could leave Vancouver, for instance, on Monday morning by the 8 o'clock flight. We would arrive in Ottawa at 3.30, and, although we might be somewhat late, we could then work through the rest of Monday. Perhaps the Senate need not sit on Tuesday, which would allow the committees to have the full day, as well as Thursday morning, in which to conduct their hearings. Possibly we could adjourn Thursday afternoon rather than Friday, although it would not bother me to stay until Friday. I do not really appreciate spending more time in a given week on airplanes than I spend in the chamber and attending committee meetings, which is what I must do at present.

I hope some thought will be given to my suggestion by honourable senators from central Canada.

Senator Flynn: Perhaps some thought could be given to this not only by senators from central Canada but by members of the other place. If we could decide our own fate, our own hours without interference from the other place, perhaps this could be more readily achieved.

Senator Frith: I thank all honourable senators for their suggestions. For a moment I thought about prefacing my comments by saying that I'm sorry I brought it up. But I do hope that all honourable senators will remember that I was merely asking for their consideration of this change; I was not moving a motion. I assure them that it is not my intention to bring this matter to a vote. We will not implement this change unless everyone more or less consents to making the adjustments necessary to put it into effect.

All the suggestions that have been made are valuable. I know that they will be taken into account by senators in their reflections.

As to the question of sitting next week, honourable senators, I will reiterate what Senator Olson, the Leader of the Government, mentioned on Monday. It is part of his and the govern-

[Senator van Roggen.]

ment's plan to try to share some of the legislative burden which falls on the other place by introducing more bills in the Senate. I know that Senator Olson has proceeded with that plan. There is a good chance that next week we will receive a bill from the other place. As well, we may be introducing some bills here. It is for that reason, and because we would like to give all honourable senators an opportunity to deal with what will be a major economic statement delivered by the Minister of Finance in the other place this afternoon, that we want to come back next week. Because we hope to have Royal Assent this afternoon, we do not intend to sit tomorrow. Therefore, the first opportunity for honourable senators to dig into the statement of the Minister of Finance will arise next week. For that reason, and for the general reasons advanced by the Leader of the Government yesterday—although there may not be legislation, there will be other matters for us to deal with—the Senate will sit next Tuesday at 8 p.m.

• (1420)

QUESTION PERIOD

[English]

EMPLOYMENT AND IMMIGRATION

QUEBEC—NATIONAL TRAINING ACT—FEDERAL-PROVINCIAL AGREEMENT

Hon. H. A. Olson (Leader of the Government): Honourable senators, an announcement is being made today by the Minister of Employment and Immigration respecting an important agreement that has been signed between the federal government and the Government of Quebec. I am prepared to read it, if the opposition is agreeable. It is brief.

Hon. Jacques Flynn (Leader of the Opposition): We did not get prior notice, but we will agree to its being read.

Senator Olson: The communiqué is as follows:

Federal Employment and Immigration Minister Lloyd Axworthy and Quebec Manpower and Income Security Minister Pierre Marois today signed an agreement under the new National Training Act.

As a result of this agreement, the federal government will be providing funds for training in Quebec during 1982-83 amounting to \$141,590,000 for institutional and apprenticeship training and \$30,830,000 for training in industry.

"Today marks the beginning of a new era of co-operation between the Government of Canada—

Senator Flynn: Thank God! It's about time.

Senator Olson:

—and the Government of Quebec in the vital area of human resource development," Mr. Axworthy said.

Some Hon. Senators: Oh, oh!

Hon. Jack Marshall: Human resources are Senator Austin's responsibility.

Senator Olson: To continue:

Noting the agreement was the culmination of months of extensive negotiations between federal and provincial officials, the two Ministers said that it is now possible for thousands of Quebecers to improve their skills which can open the way to the careers of the future.

The new act also will benefit workers who need to be retrained because of technological changes which now require new skills.

"I am particularly pleased that the new National Training Program will facilitate training opportunities for members of minority groups traditionally disadvantaged on the labour market," said Mr. Axworthy.

Mr. Marois said that "the agreement reaffirms our belief that the province's economic development is largely dependent on the timely development of the skill and knowledge of our labour force."

"Today's agreement," he said, "represents an important step forward in federal-provincial cooperation to improve Quebec's social and economic conditions."

That is the end of the announcement. I should advise, by way of a postscript, that agreements of this nature, of course, were entered into with almost all of the provinces some time ago, and we are particularly pleased that the present agreement is now also part of that major National Training Act scheme.

[Translation]

Hon. Arthur Tremblay: Honourable senators, I have a question for the Leader of the Opposition about the agreement previous to the one which has just been signed. I believe there have been similar agreements in previous years, and in this connection I would like to know—and I think all our colleagues would also be interested—what amounts were involved in the agreement previous to the one that has just been signed.

[English]

Senator Olson: Honourable senators, that requires some historical data that would have to be obtained. I do not have it with me today.

Senator Flynn: We will reserve our comments for the time being.

SOCIAL DEVELOPMENT

TRANSFER FROM WESTERN ECONOMIC DEVELOPMENT FUND

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Social Development. Could the minister confirm that as a result of the budget of November 12, 1981, \$345 million was transferred from the Western Economic Development Fund to the Social Affairs envelope? It is my understanding that that fund is there to improve housing conditions and, generally, economic opportunities for native people.

● (1425)

Hon. Jack Austin (Minister of State for Social Development): The sum of \$345 million reserved for native economic development, including housing, has remained under the control of the Prime Minister.

Hon. Jacques Flynn (Leader of the Opposition): What else?

Senator Nurgitz: Honourable senators, I have a supplementary question. If the fund has remained under the responsibility of the Prime Minister, would the minister confirm whether these monies are earmarked funds out of the Western Economic Development Fund?

Senator Austin: I shall have to make an inquiry to check those facts, and I will do so.

Senator Nurgitz: While the minister is checking those facts, would he obtain answers to a couple of other questions I have relating to this fund? First, would these monies be for western native people only, considering the source of the fund; second, have any of the funds been distributed yet and, if not, when will they be distributed; and third, what would the criteria be for the distribution of those funds? I assume the minister will want to take those questions as notice.

Senator Austin: I thank Senator Nurgitz for his questions and interest, and I will reply with some care in a day or two.

HEALTH AND WELFARE

UNIVERSALITY OF OLD AGE SECURITY AND FAMILY ALLOWANCE PROGRAMS

Hon. Peter Bosa: Honourable senators, I have a question for the Minister of State for Social Development. There has been a great deal of speculation in the media in the recent past concerning the universality of certain programs—namely, the old age security program and the family allowance program—and whether the government is examining them with the possibility of making changes. Would the minister advise the Senate as to what the government proposes to do in this area?

Hon. Jack Austin (Minister of State for Social Development): At the moment, I think the short answer to the honourable senator's question is that all government programs are under review at all times, but the universal nature of the availability of family allowances and old age security pensions is not in the process of any change or new designation. This is a firm characteristic of the programs and it will continue.

INCREASE IN NUMBER OF WELFARE RECIPIENTS

Hon. Jack Marshall: Honourable senators, I have a supplementary question. In view of the fact that statistics show that the welfare rolls are increasing at the alarming rate of 10 to 12 per cent, and the prediction is that this process will continue for the next few years because of bankruptcies and high unemployment, I wonder if the minister could advise us as to whether he is discussing these statistics with the provinces in order to be able to cope with this problem, to provide the necessary funds to keep people off the welfare rolls.

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I, personally, am not having discussions with the provinces, but the responsible ministers are.

Hon. Jacques Flynn (Leader of the Opposition): And you are not a responsible minister?

Senator Austin: I think the honourable senator can anticipate that statements will be made on this subject over the next few days in the other place by the responsible ministers.

VETERANS AFFAIRS

AGING PROGRAM—EXTENSION OF COVERAGE

Hon. Jack Marshall: Honourable senators, turning to another social problem having to do with veterans' affairs, there is in existence now an aging program which is extended to disability pensioners. The minister, on several occasions, has been asked to extend the program to those veterans on war veterans allowance and civilian war allowances, and he has indicated that because of a lack of funds it will probably not be extended for the next many months or, perhaps, years.

● (1430)

In view of the fact that the Second World War veterans are now, on average, in their middle sixties and, for the most part, need to participate in that aging veterans' program, which is excellent, would the minister, when he meets with the cabinet committee, discuss with the Minister of Veterans Affairs this alarming situation, which is becoming worse with each day that passes, to see if they can hasten the extension of that program to those recipients of the war veterans allowance?

Hon. Jack Austin (Minister of State for Social Development): I will certainly speak with the Minister of Veterans Affairs on the subject of disability pensioners under his authority.

HEALTH AND WELFARE

UNIVERSALITY OF OLD AGE SECURITY AND FAMILY ALLOWANCE PROGRAMS

Hon. G. I. Smith: Honourable senators, I should like to address a question to the Minister of State for Social Development. I heard the question and answer with regard to universality of family allowances and old age security, if that is the right terminology. I also thought I heard the Prime Minister, when he made his trilogy of speeches last week, declaring that the universality of those two programs would not be affected by any effort to find money to convert to other purposes.

Hon. Jack Austin (Minister of State for Social Development): I believe the Prime Minister said about two weeks ago that these aspects of universality in the two programs, child care and old age assistance, would not be amended.

Hon. Jacques Flynn (Leader of the Opposition): Oh, yes, they would be amended.

[Senator Marshall.]

Senator Austin: He went on to say that this was a time when the social security system of Canada was most needed by the people of Canada and that, indeed, it would be maintained and, where necessary, reinforced. I hope that is the same answer I gave earlier today in this chamber with respect to Senator Bosa's question.

Senator Flynn: I think you are wrong. The Prime Minister said it would be amended so that the rule of six and five could be applied. That is an amendment.

Senator Austin: I am speaking about the universality. With respect to the rule of six and five, the Prime Minister—

Senator Flynn: You said "reinforced." How can you reinforce universality?

Senator Austin: Let us take the record as it stands. If you want to bring a prime ministerial comment to the chamber, I will be glad to see it.

Senator Smith: Honourable senators, I think the answer the minister gave to my question, subject only to the question of six and five, was what I heard, or thought I heard, the Prime Minister say and what I thought I heard the minister answer to Senator Bosa. However, I wanted to make sure that he was relying, as I had come to do, on what the Prime Minister had said and not upon his own responsibilities.

Senator Austin: I do not know what that question means. I am taking responsibility, as a minister, for answering questions in this chamber, and I am happy also to advise you of the Prime Minister's statements with respect to policy, and I will endeavour to make them clearer, if that is possible.

With respect to the previous question and Senator Flynn's comments, I am sure Senator Flynn understands that I was dealing with the question of universality, that is to say, universal access to those programs, and not with the question of how much is paid specifically or other matters which, albeit of important character, are not identified with the concept of universality.

Senator Flynn: How can you reinforce universality?

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, my question concerns the Garrison situation in Manitoba. In spite of the fact that both the federal government and the Government of Manitoba have repeatedly made representations to stop progress on the Garrison project, the fact remains that money has been voted to continue its further development. The people of Manitoba are becoming more and more concerned that their fresh water will be polluted because of infiltration of water from the project. They are concerned also about the fish and wildlife dependent on that fresh water.

I am not asking my leader to answer that question today, but bearing in mind the importance of the project and the seriousness of the question, could he undertake to give us a progress report, perhaps some time next week?

It may be that he will wish to refer the matter to the Secretary of State for External Affairs. If so, perhaps he could ask him to make representations on our behalf so that the work on the project will be stopped once and for all, and so that the people of Manitoba can be reassured that the planned development will not proceed and the water will not be diverted into Manitoba, as has been suggested.

I am voicing this concern in the hope that some representation will be made by the leader of the Senate on our behalf.

Hon. Jacques Flynn (Leader of the Opposition): He is the Leader of the Government in the Senate. He is not the leader of the Senate.

Senator Guay: I am sorry. I forgot for a moment that there was a leader of the other side. I should have said, "Leader of the Government in the Senate."

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am keenly aware of the importance of this situation and of the consequences for that part of Manitoba that would be affected should the project go ahead. I am also keenly aware of Senator Guay's interest in this matter and of the service he is performing for the people of the province—who, understandably, are apprehensive—by continually and consistently reminding us that certain events appear to be taking place that are inconsistent with the best interests of Manitobans.

As Senator Guay has suggested, I will take notice of the question and try to bring an update to the Senate early next week.

SOCIAL DEVELOPMENT

RESPONSIBILITY OF MINISTER OF STATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I should like to ask the Minister of State for Social Development if he has retained all of the responsibilities that fell on his shoulders prior to his present appointment. I refer to such matters as the constitutional development of the northern territories, the interests of the native peoples, and the like. Who is now responsible for those matters? Are those responsibilities on top of or beneath his new responsibilities?

Hon. Jack Austin (Minister of State for Social Development): I have retained, without change, the responsibilities I had before September 10.

TABLED DOCUMENTS

AVAILABILITY TO SENATORS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to the question asked by Senator Marshall yesterday concerning the tabling of documents in the Senate and their distribution to senators.

I should like to advise Senator Marshall that, first of all, the minister responsible sends a covering letter to the Clerk of the Senate, along with two copies of the document to be tabled, in

both official languages. The documents are then formally presented by me, as Leader of the Government in the Senate, for tabling. After the documents have been tabled, they are available to any honourable senator who wishes to examine them.

If an honourable senator wishes to have a copy of a tabled document, he or she can usually obtain it either from the Journals Branch of the Senate or from the Distribution Office.

I should like to emphasize that there is no actual link between the distribution and the tabling of the documents, except insofar as I have already explained. There are, of course, statutory requirements for the tabling of certain reports and other documents within a specific time frame, but the parliamentary distribution of documents is the responsibility of the department involved.

It follows, therefore, that honourable senators might, because of a parliamentary recess, receive some documents before they have been tabled. Indeed, that has happened. Other documents might be distributed after tabling, while still others might not receive general distribution at all, but such documents are always available to honourable senators upon request.

In the case of the report of the Army Benevolent Fund Board, alluded to yesterday by Senator Marshall, I was informed that that report had not been generally distributed. So it would seem that, because of the tabling process, Senator Marshall was made aware of the existence of the document and was able to obtain a copy for his own use. It would not be either practical or very economical for every department to send copies of every single report to the office of every parliamentarian.

● (1440)

Having said that, there is no question that those reports are available. You may request that your name be placed on a mailing list and you will receive those documents on a regular basis. To send out every single report that is printed would entail an unjustifiable expense.

EMPLOYMENT AND IMMIGRATION

ADVERTISING CAMPAIGN

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked on June 15 last by Senator Nurgitz regarding the federal government's advertising campaign.

The Canada Employment and Immigration Commission has developed a computerized system for storing and retrieving information on jobs which cannot be filled locally—the National Job Bank. Job seekers can therefore learn about job vacancies in another region. Based on the recommendation of the Allmand task force report, where there are large numbers

of vacancies in the same occupation, the CEIC places ads in newspapers. Jobs that are hard to fill are advertised in shopping centres via Teledon, a terminal on which all job vacancies are listed. Job vacancies are also posted on bulletin boards in a job information centre which is part of the CEIC.

SUPPLY AND SERVICES

GOVERNMENT DEPARTMENTS—ADVERTISING BUDGETS AND EXPENDITURES

Question No. 64 on the Order Paper—By **Hon. Lowell Murray**:

For the 1981-82 fiscal year, what is the advertising budget for each government department?

Reply by the Minister of Supply and Services:

Insofar as the Department of Supply & Services is concerned:

The projected budget for 1981-82 was \$68,900,000. The actual expenditures, for the fiscal year 1981-82 by department are provided in Appendix A for the contracts processed through the department.

APPENDIX "A"

DEPARTMENTAL ADVERTISING EXPENDITURES FISCAL YEAR 1981-1982

| DEPARTMENT | EXPENDITURES (\$000) |
|------------------------------------|-------------------------|
| Agriculture Canada | 2.5 |
| Canada Post Corporation | 1,668.1 |
| Chief Electoral Officer | 27.4 |
| Department of Communications | 12.2 |
| Consumer and Corporate Affairs | 640.2 |
| Employment and Immigration | 4,694.5 |
| Energy, Mines and Resources | 5,044.0 |
| Environment Canada | 249.3 |
| Finance Canada | 3,170.7 |
| Fisheries and Oceans | 253.4 |
| Fitness & Amateur Sports | 87.0 |
| Health and Welfare | 3,003.7 |
| Industry, Trade and Commerce | 14,484.1 |
| Justice Department | 12,738.3 |
| Labour Canada | 215.5 |
| National Defence | 3,835.8 |
| National Research Council | 21.7 |
| Public Works Canada | 1,269.3 |
| Regional Economic Expansion | 1,365.0 |
| Revenue Canada, Customs and Excise | 15.1 |
| Royal Canadian Mounted Police | 450.2 |
| Secretary of State | 2,765.6 |
| Statistics Canada | 1,950.7 |

[Senator Olson.]

| | |
|----------------------------|-------------------|
| Supply and Services Canada | 763.2 |
| Transport Canada | 1,563.8 |
| Treasury Board of Canada | 82.9 |
| Veterans Affairs Canada | 49.3 |
| Total | <u>\$60,423.5</u> |

OFFICE OF THE PRIME MINISTER OFFICE OF THE PRIVY COUNCIL

SALARIES

Question No. 75 on the Order Paper—By **Hon. Orville H. Phillips**:

What are the salaries for (i) the Principal Secretary to the Prime Minister's Office, Thomas Axworthy (ii) the Privy Council Clerk, Michael Pitfield, and (iii) the Federal-Provincial Relations Secretary, Michael Kirby?

Reply by the Prime Minister's Office and the Privy Council Office:

As individual salaries of deputy ministers or equivalent rank are determined on the basis of assessed performance, their exact salaries are not released. Effective November 1, 1981, the salary ranges were adjusted as indicated in part (a) below. Individuals did not receive an increase corresponding to this range adjustment, however, and their salaries continue to be set within the ranges as established effective April 1, 1981 as set out in part (b) below.

| | | |
|---------|-----|---------------------|
| i) a) | DM1 | \$71,100 — \$83,600 |
| b) | DM1 | \$66,800 — \$78,800 |
| ii) a) | DM3 | \$84,300 — \$99,200 |
| b) | DM3 | \$79,900 — \$93,600 |
| iii) a) | DM2 | \$77,500 — \$91,200 |
| b) | DM2 | \$73,400 — \$86,000 |

SUPPLY AND SERVICES

NEWFOUNDLAND—MOTOR VEHICLE RENTAL

Question No. 81 on the Order Paper—By **Hon. Jack Marshall**:

With regard to the Bulletin of Business Opportunities, Volume 9, Number 27, July 22, 1982, ISSN 0713-1321, page 43 (Rental Car New 82-00108/1), what are (i) the details of the car rented (ii) the reasons for rental (iii) how long it was rented for and (iv) the rental cost per day and week, etc.?

Reply by the Minister of Supply and Services:

Insofar as Department of Supply and Services is concerned:

A contract was awarded, on behalf of Fisheries & Oceans, for a value of \$18,112.00 to the Royal Garage Limited, St. John's, Newfoundland, for the rental of the following vehicles.

| i) Details of the car rented | ii) Reasons for rental | iii) How long was it rented for | iv) Rental Cost per day and week, etc. |
|--|---|---------------------------------|---|
| 1) one Compact Station Wagon as per 1982 GMV Spec. H50. options (1) radio (2) electric rear defogger | for year-round staff use to attend meetings and travel between office & suppliers | 17 May 1982 to 31 March 1983 | Rate/month including 2,500 free km \$625/month – excess kms \$0.10/km |
| 2) one Compact Sedan as per 1982 GMV Spec. D50. | for Director's use to meet members of the fishing trade. | 17 May 1982 to 31 October 1982 | rate/month including 4,000 free km \$650/month excess kms \$0.10/km |
| 3) one Light Truck as per 1982 GMV Spec. T40 | to be used during projects for travelling purposes. | 17 May 1982 to 30 November 1982 | rate/month including 2,500 free km \$650/month excess kms \$0.10/km |
| 4) one Light Truck as per 1982 GMV Spec. N40 Options – limited slip differential – rear step bumper | to be used to transport people and equipment to various project sites | 17 May 1982 to 15 November 1982 | rate/month including 2,500 free km \$625/month excess kms \$0.10/km |

NATIONAL FINANCE

"GOVERNMENT POLICY AND REGIONAL DEVELOPMENT"— CONSIDERATION OF REPORT OF STANDING SENATE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance entitled *Government Policy and Regional Development*, tabled in the Senate on Monday, October 25, 1982.

Hon. Douglas D. Everett: Honourable senators, the report of the Standing Senate Committee on National Finance entitled *Government Policy and Regional Development* was published on October 20 and was tabled in the Senate on Monday evening. Therefore, all honourable senators have received a copy of it and have had an opportunity to peruse it, so my remarks on it will be as brief as I can possibly make them.

First of all, I should like to thank, as we do in the preface of the report, all of the staff connected with the publication of the report. I thank them for the outstanding work they did.

I would particularly like to thank the members of the committee who attended the 40 meetings to hear the evidence on which this report is based.

I make special mention of Peter Dobell, from the Parliamentary Centre, who was of enormous help to the committee.

I should also like to thank Peter Sagar, who was commissioned by the Parliamentary Centre to be directly involved in this report.

I should like to make special mention of Gordon Lovelace. The Senate is fortunate to have him assisting His Honour the Speaker. I found him a joy to work with and very effective.

Hon. Senators: Hear, hear.

Senator Everett: The report on Government Policy and Regional Development is really divided into two parts, the first being an enunciation of the principles on which we believe that a regional development policy should be based, the second being an examination of the government re-organization which was announced some months ago. That examination takes place from the viewpoint of the principles that we develop early in the report.

Dealing first with the principles on which we believe regional development policy should be based, we discovered that there is a tendency to try to minimize disparities between the different parts of the country through the personal transfer system and, as admirable as that might be, we found that very often an attempt to narrow disparities by that means actually widens them. What happens is that it impedes the adjustment of costs which will attract new investment and will see those areas develop the way they should.

We find that the only effective way to reduce disparities is to encourage development to the potential of the under-developed region, and to put in place policies and investments that will improve productivity.

The government's role is to interfere as little as possible with the natural market forces. The development should be based on the principle of comparative advantage, and in the report we do define "comparative advantage". There is a fairly lengthy discussion setting out what comparative advantage is, but we conclude by saying simply that comparative advantage is that each region does what it is most able to do, and trades for the products and services it is less adapted to supply.

The most effective area for the government to take action is in the maintenance and improvement of the infrastructure. There are two elements of infrastructure: hard infrastructure and soft infrastructure. Honourable senators are very much aware of what the hard infrastructure is—roads, communications systems, the railway systems, and so forth. In that regard Canada is highly developed, but there is also another aspect of infrastructure which deals with things like training of personnel, and that is soft infrastructure. That is an area into which more time and effective effort must be put, and that effort should include improving skills in the less developed areas in marketing and management.

The committee tried to develop certain guiding principles that the government might follow when intervening on behalf of the underdeveloped areas. First of all we say, "Don't try to pick winners." That has been the problem of governments all over the world. They have not been successful at that and, in our judgment, will not be successful. What they should do is encourage the market forces to work, and react to those market forces.

There has been a tendency in Canada to emphasize development based on manufacturing and on resource upgrading—and by that I mean the processing of our natural resources. There is also a growing emphasis on investment in high technology, despite the fact that, while there is a lot of fun and sometimes some profit in high technology, it is a high risk area. Probably more than one out of every 10 firms in that area go under.

We do not believe that there should be emphasis on these particular segments of the economy. We say that whatever investment works should be supported, provided it is based on the market principle of comparative advantage.

We say that there has been a tendency to overlook certain areas of development. The idea today is that upgrading and processing one's own resources is what one ought to do. The fact of the matter is that we live in an extremely competitive world in terms of natural resources. We should only upgrade if it makes market sense to do so. We have been schooled to the idea that it is a terrible thing to be hewers of wood and drawers of water, but the fact is that an enormous part of our national income and the national income of many countries is based on the export of resources. We ought to be very careful about saying that we should not export our resources or that we should leave them in the ground until we can do all the processing and manufacturing.

● (1450)

The other thing about resources is that we are often preoccupied with non-renewable ones because the projects involved in their development are exciting. It is always exciting to see an oil well drilled and a mine started up, but we often overlook the fact that the greater national income comes from the renewable resources such as farming, fishing and forestry.

We also found that one of the most overlooked sectors, with very little support in terms of regional development and in many other areas of government assistance, has been the

[Senator Everett.]

service sector. For some reason it is not accepted as a sector that is worthy of support. In fact, the service sector is a labour-intensive one. The argument against it is that it just supports the resource and manufacturing industries, but there are many service industries that stand on their own feet.

My favourite example is the Mayo Clinic in Rochester, Minnesota, a somnolent little town 60 miles from Minneapolis, where two brothers who were doctors happened to live. They developed a clinic which now treats patients from all over the world. An enormous amount of income flows into that sector of the American economy by virtue of that service industry's being there.

One of the arguments against the service industry is that there have been no advances in productivity. The figures belie that. There have been tremendous advances in productivity in the service industries. Also, many countries have achieved very fine living standards by deriving much of their national income from service industries such as banking and insurance.

The third area that we felt was being overlooked was the tremendous improvement that has taken place over the last few years in the technology of communication. It makes it possible to decentralize much of our industry across the country that is now centralized largely in the Toronto area. It also makes it possible to have a wider dispersal of head offices across the country.

One of the other principles we found was that regional development policies must be steadily pursued and consistently funded. In other words, they have to be part of a long-range policy.

The central recommendation of the report deals with the fact that all provinces, be they rich or poor, have underdeveloped areas. By "underdeveloped areas" we mean the following—and I should like to quote from the report, at page 12:

Our concern is for those regions that for many years have known little more than failure and threatened failure and have existed at income and employment levels well below those in other parts of Canada. These areas have not fallen recently from economic grace in the same way that certain manufacturing areas in southern Ontario have done. The regions that concern us have never known such grace.

If there are such areas—and there are—in every province, be it rich or poor, then it means that the objectives of the federal and provincial governments in respect of regional development are the same. There must be involvement of the federal government in regional development to offset the advantages that exist in the wealthy provinces, to ensure that regional development policy strengthens rather than fragments the economy and to prevent balkanization of the Canadian common market. But there must be co-operation with the provinces.

The central theme of the report is that in every province there are underdeveloped areas. They may be the inter-lake area of Manitoba or the Gaspé region, but in every province

there are such areas, and they are the areas we must be concerned with. We must be concerned with them as a federal government along with each provincial government, and there must be co-operation between those two entities.

The report goes on to examine the government reorganization from the viewpoint of those principles. The reorganization centred around two areas: the Ministry of State for Economic Development, and the Department of Regional Economic Expansion. The Ministry of State for Economic Development was changed to the Ministry of State for Economic and Regional Development by adding to its mandate the regional policy and co-ordinating functions of DREE. This was done to ensure that regional concerns are a priority in cabinet decision-making. It was done to co-ordinate the activities of the economic departments that are known as the sectoral departments, such as Agriculture, and Industry, Trade and Commerce. MSERD was also to act as an adviser to the Cabinet Committee on Economic and Regional Development, and there is to be a co-ordinating executive named by MSERD in each of the provinces to co-ordinate the economic activity and to advise the government on the regional implications of its economic policies.

The Department of Regional Economic Expansion was merged with the domestic part of the Department of Industry, Trade and Commerce, to form the Department of Regional and Industrial Expansion.

Another part of the reorganization was that the General Development Agreements, which were agreements signed by the federal government with each of the provinces laying out a strategy for regional development, are to be allowed to expire. They are to be replaced, according to the news release, with simpler agreements, and the savings from the GDAs, as they expire, will be put into a regional fund, but it is uncertain how that regional fund is to be used.

The government will base much of its development on the mega-projects that it sees necessary for Canadian development down the road, and will try to assure that the benefits from those mega-projects are shared across the country.

In certain regional development initiatives the government also will assume sole responsibility for certain projects and leave sole responsibility for other projects to the provinces.

The reaction of the committee to that reorganization and some of the plans that were enunciated at the time of the reorganization is, first of all, that the idea of co-ordinating the regional development efforts of all the economic departments in the government is a good one. The idea of MSERD having executives in each of the provinces to co-ordinate activities and to keep the cabinet informed of regional development activities and needs may be a good thing. However, we are concerned about the co-operation with the provinces.

● (1500)

Take a look at the initiatives that the government is suggesting they will undertake. They are saying that they are going to replace the General Development Agreements on which, up to now, regional development strategy has been based. They say

they are going to replace them with simpler agreements. Obviously, they are going to be fairly simple because there is enough money flowing out of them to set up a regional development fund which they estimate will be worth \$200 million in 1984-85, and they see it growing beyond that.

The federal government is assuming sole responsibility for certain projects and is leaving other projects to the provinces. When we spoke to witnesses and when we did some private investigations into government thinking, it became clear that the government wants greater visibility for its role in regional development. I can understand that. Very often, if the federal government provides up to 90 per cent of the funding of a project and the province gets all the political credit, the federal government, being part of a political entity, is probably going to be upset. One construction one can put on that, if one takes those things altogether, is that there will be less co-operation with the provinces, so that the federal government will seem to be more involved in regional development than it has been to date. That is one concern.

The other concern is that if you look at the announcement of the reorganization and what we have been able to read and discover since, regional development is viewed in terms of provinces or the western region, the maritime region, the prairie region, or the central region. In anything we have been able to read, there is no mention about the underdeveloped areas of the country. Those areas, that I mentioned before when reading from the report, have never known the grace of economic development.

DREE is going to be merged with the Department of Industry, Trade and Commerce. The role of the Department of Industry, Trade and Commerce is to create development wherever it can. That is what it is there to do.

If one is trying to encourage development in the country, it is a lot easier to encourage development in Toronto than it is in the inter-lake area of Manitoba. DREE has been merged with that department, so the possibility arises that there will be no voice to champion the cause of the underdeveloped areas. The tendency will be to go for the main chance—to support development where success is assured. One cannot be assured of success in the underdeveloped areas.

A large part of the concept is based on distributing the benefits from the mega-projects, but, when we examined that, we found that the mega-projects will probably widen the disparities between the developed and less developed areas of the country and not narrow them. There may be a semantic difficulty because the government is talking about regional development in terms of spreading the benefits across the country so that there is less of a difference between, say, Manitoba and Prince Edward Island—and that is a very valid point of view—but that has very little to do with regional development. We found that that kind of development largely takes place as resources are discovered and population moves. It is not what we call regional development. What we call “regional development” is the concern for the less developed areas of this country which are found in every province, rich or poor.

The committee is prepared to accept that the government reorganization is, in many ways, a fait accompli, but there is still, as we say in the report, flesh to be put on the bones.

We suggest that MSERD and DRIE receive a legislative mandate. In this regard, I should like to read the recommendation at the top of page 12 of the report, which states:

With the demise of DREE, there is no longer a federal department with the sole mandate of promoting development in the least developed regions of the country. There is a risk that the Ministry of State for Economic and Regional Development and the Department of Regional Industrial Expansion, which have responsibility for the prosperous as well as the least developed regions, may pay diminished attention to the latter. Accordingly, MSERD and DRIE should receive legislative mandates requiring them to pay special attention to the problems and needs of the least developed regions of this country.

Additionally, we say that MSERD, in consultation with the provinces, should designate the underdeveloped areas throughout this country. The report goes on to state:

MSERD should be directed, in co-operation with provincial authorities, to designate specific regions across Canada that most require and that would benefit from regional development programs. This designation should be confined to the least developed areas of Canada and should not include areas that require special industrial adjustment assistance during a period of transition or industrial disruption.

We believe that there should be an annual assessment of the efforts of the sectoral departments in regional development.

Finally, we believe that the General Development Agreements should not be replaced; that is most important. If you designate underdeveloped areas of the country, then it follows that you should enter into agreements with the provinces. These General Development Agreements provided a co-operative effort that was based on long-range planning. They were effective and they should not be done away with.

If the federal government legitimately feels that it is not getting adequate visibility for its efforts, then the General Development Agreements ought to be amended to provide for that, and we feel that can be done.

Honourable senators, it is true that in committee we are speculating on what the government will do. It has created the framework of the organization. It has not finally enunciated the policies on which that organization will operate.

There is nothing wrong with that, although a couple of articles have been written indicating that the report has come out too late; but that is not so. Now is the time to influence the government on how it will implement that reorganization, because that is where all the difference will be made. All I say is that we, as a committee, are concerned that there be co-operation with the provinces and that visibility for the federal government be achieved through agreement with the provinces and not in spite of agreement. We further say that

[Senator Everett.]

the special efforts requiring regional development should be directed to the underdeveloped areas of Canada.

• (1510)

It seems to us, from everything we have read and from everything we have seen, that the basic point the government has missed is that regional development concerns those underdeveloped areas. That is the point that has to be brought into government policy when that policy on which the new government reorganization will operate is fleshed out.

Hon. Senators: Hear, hear.

Hon. D. G. Steuart: Honourable senators, I am a member of the National Finance Committee, and I should like to say a word or two in connection with General Development Agreements. Let me say, first, that I think the report is an excellent one. I congratulate all who worked on it, and particularly the chairman of the committee. I think one of the finest compliments I heard regarding the report was from a member of the press. He said that he had read the report and that it was so eminently sensible that he did not think the government would adopt it.

Honourable senators, I want to say one or two words about General Development Agreements. In doing so, I disagree somewhat with Senator Everett, the chairman of the National Finance Committee.

I would like to take a moment or two to put forward the case on behalf of the federal government with regard to General Development Agreements. I will only speak about the province of Saskatchewan, about which I have some first-hand knowledge. The top third of the province, or northern Saskatchewan, was one of the areas designated as being underdeveloped. A great weakness of the General Development Agreement was that, to begin with, one level of government spent the money while another level of government raised it. My experience has been that the government which did not have to raise the money—in this case, the provincial government of Saskatchewan—spent and budgeted for the money with a rather careless hand. I think that what I have to say about the provincial government of Saskatchewan can probably be generally applied to the governments of other provinces.

Honourable senators, I actually heard of a case where one individual who had been working for the provincial government came down from the north, having budgeted for \$100,000, and was almost fired and was told to go back and find a million, because, after all, "the feds are putting up 90 per cent of the money." When I was Treasurer of Saskatchewan—they are now called finance ministers because they spend more than a billion dollars, but in the old days, when we were responsible, we were called treasurers—I hated the idea of a 25-cent dollar or a 10-cent dollar, in the sense that the province would put up 25 cents while the feds would put up 75, or the province would spend 10 cents while the feds would spend 90 cents. It was my experience that, in spending that kind of money, there was a great deal of irresponsibility on the part of the province.

Therefore, while I agree with Senator Everett that there could have been some tightening up, I think it is difficult for the federal government to be in full co-operation with the provinces while they are allowed to get away with not paying the piper.

The other point I want to raise has to do with political credit. This may seem crass or rather petty, but it is not. I will deal again with western Canada. Unfortunately, there is in the west a feeling of alienation from central Canada. I am not speaking only in the political sense; it crosses political lines. Western Canadians seem to be asking, "What do we get out of Confederation? What is in it for us?" We have seen, continually, millions of federal dollars spent in northern Saskatchewan, where practically no credit at all has been given to the federal government. During the short time the Conservatives were in power, the same thing happened—and I repeat that I am not talking along political lines. The federal government continued to spend a lot of money in that province, yet still received very little credit for doing so. People continued to ask: "What is in it for us in Saskatchewan? Why should we be part of this federation? We don't get anything out of it; it is all a one-way street." The situation did not change, in spite of the warnings given over the years by the federal government to the provinces that they ought to be giving a little more recognition to the federal effort and input. The federal government certainly did not get that recognition from Saskatchewan.

Perhaps the federal government had a sore finger and cut the arm off to cure the disease; perhaps it went too far in cancelling or changing entirely the General Development Agreements. Perhaps there is another solution, as Senator Everett has said. Surely, the federal government is not without the wit or the common sense to find some way of obtaining adequate acknowledgment of the federal presence, in the spending through DREE or whatever takes its place? Let us not discount this lack of acknowledgment of the federal government's effort as being a serious problem; it certainly is serious.

I want to say only one other thing about the General Development Agreements. I say this coming from Saskatchewan, and I am sure that I will be abused for saying it, but from the security of the Senate I can take that abuse. There are some areas of northern Saskatchewan where it is just damned nonsense to talk about spending money on development. I do not know about the rest of Canada; I am sure such places exist elsewhere. There is no point in talking about spending money in efforts to encourage development—there is just nothing to develop. In a vast country like Canada, we have to face this fact. There may be some areas where perhaps, at one time, there was a mine, or where, at one time, hundreds of people made a living fishing and trapping, yet today the mines are gone or the other natural resources have become depleted. There is only one solution to this sort of problem, honourable senators, and it lies in the re-education and relocation of the people living in those areas. Politically, however, that is a very tender subject in most provinces. The easiest answer was to go

to "good old uncle down here in Ottawa" and get millions of dollars in subsidies.

Saskatchewan had a great trick. They said, "We have really cut down on welfare in northern Saskatchewan"—they hired them all to work for the provincial government. I could never really tell, in some cases, whether those people ought to have been on welfare or on the public payroll, but it looked real good in the report.

I think there was good reason, honourable senators, for the federal government to look long and hard at the General Development Agreements. I am inclined to agree with Senator Everett when he says that they went too far too fast, but if they do change their minds and reconsider the question, in whatever department this happens, I hope they are much more selective. I hope, as well, that there is a far greater demand for the fair recognition of the federal government, regardless of the political stripe of the government in Ottawa. When I make that statement, I am talking about the federal presence in a federal state.

Hon. John M. Godfrey: Honourable senators, may I be permitted a supplementary question? The Honourable Senator Steuart referred to the fact that the federal government was paying 90 per cent while the provincial governments paid 10 per cent under General Development Agreements. I would refer him to page 80 of the report, where it shows that the federal government paid 90 per cent in only two provinces—Newfoundland and Prince Edward Island. In Saskatchewan, the federal government paid 60 per cent while the provincial government paid 40 per cent. I wondered where he got his figures.

Senator Steuart: Perhaps it is so indicated in the report, but if you take the total DREE commitment in General Development Agreements, you will find that in some places the split was 50-50, and, in others, the split was 40-60. There were some places in northern Saskatchewan, however, where I am sure that the actual extra money spent by the federal government in some programs would make the split 90-10.

Senator Everett: Honourable senators, in reply to what Senator Steuart has said, I do not think there is much difference between our views. I think that the federal government, regardless of stripe, as Senator Steuart says, should receive credit for what it does in any of these areas and, indeed, should be criticized for what it does badly. I think the report is really getting at this point, namely, that the honest need for visibility should not result in the necessary reduction of co-operation between the federal government and the provincial governments. I believe that is what is so important. The means has to be found by which to give each government its proper share of the limelight. The most important thing, however, is that those areas should be looked after. The only way they can be looked after is in a co-operative effort.

I could not help but agree, as does the report, with the idea that one of the greatest criticisms of DREE was that, under political pressure, half the country was designated as being an underdeveloped area. Of course, what we are saying is that the

definition should be narrowed. We think the federal government may well have fallen into the same trap now, when it talks about provinces and regions of provinces. It is the underdeveloped areas that should be designated. They should be helped, and the only way they can be helped is by close co-operation between the two levels of government.

● (1520)

Hon. G. I. Smith: Honourable senators, I have read the report, but obviously I have not read it with the same understanding and eyes as Senator Everett has. I had not intended to say anything about the report, except to compliment the committee. However, having listened to Senator Everett explain his understanding of what the report is all about, and having listened also to Senator Steuart, it occurs to me that there may be some things that should be said in addition to saying it is a fine report. I should like to have the opportunity to read the *Hansard* report of what both honourable senators have said. Therefore, I move the adjournment of the debate.

On motion of Senator Smith, debate adjourned.

TRANSPORT AND COMMUNICATIONS

CANADIAN RAILWAY EMPLOYEES' PENSION ASSOCIATION— CONSIDERATION OF REPORT OF STANDING SENATE COMMITTEE

The Senate proceeded to consideration of the report of the Standing Senate Committee on Transport and Communications with respect to certain issues relating to the Canadian National Railways Pensions Trust Funds presented on Thursday, July 29, 1982.

Hon. G. I. Smith: Honourable senators, I do not propose to speak at length on this report; nor do I intend to make a formal motion regarding it. However, it is clear, from the evidence heard by the committee, that this question does require considerable study. I believe that in the minds of the members of the committee there is the question of whether or not those who appeared before the committee were justified in

some of the arguments they presented, and it may well be that further investigation, at some length, is necessary.

In any event, I wish to say that in the opinion of the committee this is a serious problem, the examination of which may justify the criticisms that are made about the present situation. There is sufficient evidence that things are not good and that a further and more extensive investigation should be carried out.

The Hon. the Speaker: As no other honourable senator wishes to participate in the debate, this order is considered as having been debated.

The Senate adjourned during pleasure.

● (1755)

ROYAL ASSENT

The Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Holidays Act.

An Act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other Acts in relation thereto or in consequence thereof.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, November 2, 1982, at 8 p.m.

THE SENATE

Tuesday, November 2, 1982

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

INTERPRETATION ACT BILLS OF EXCHANGE ACT CANADA LABOUR CODE

BILL TO AMEND—FIRST READING

Hon. H. A. Olson (Leader of the Government) presented Bill S-30, to amend certain acts in relation to Canada Day.

Bill read first time.

Some Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): We promised; we delivered!

Senator Olson moved that the bill be placed on the Orders of the Day for second reading on Thursday next, November 4, 1982.

Motion agreed to.

CORPORATE SHAREHOLDING LIMITATION BILL

FIRST READING

Hon. H. A. Olson (Leader of the Government) presented Bill S-31, to limit shareholding in certain corporations.

Bill read first time.

Senator Olson moved that the bill be placed on the Orders of the Day for second reading on Thursday next, November 4, 1982.

Motion agreed to.

QUESTION PERIOD

[English]

THE ECONOMY

INDUSTRIAL STRATEGIES

Hon. Lowell Murray: Honourable senators, may I ask a question of the Leader of the Government? My question arises from statements attributed to his colleague, the Minister of Finance, during the luncheon for journalists following the budget. The Minister of Finance is quoted as suggesting that the government will embark shortly on a series of industrial strategies, and, according to the report in the *Globe in Mail*,

Mr. Lalonde used the National Energy Program, which encourages Canadian ownership in the oil and gas industry, as an example of a successful industrial strategy.

Some Hon. Senators: Hear, hear.

Senator Murray: It was stated that the government has said it is preparing industrial strategies for fishing and transportation and has talked of developing others for such areas as forest products.

My first question to the minister is: When may we expect an announcement of the industrial strategies for those sectors if, indeed, the minister confirms that those strategies are now under preparation?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall refer the question to my colleague to whom certain statements in a forum other than Parliament have been attributed. Those statements may have come from a press report, and such reports can sometimes be quite accurate and, of course, sometimes not. I would, therefore, want to check with the minister to whom the statements are attributed to make sure the interpretation is correct. Following that, I shall answer the other parts of the question.

Senator Murray: Honourable senators, the minister is only a few days removed from the portfolio of economic development; I am astonished that he is not in a position to say whether the government has under consideration industrial strategies in the areas of fishing, transportation and forest products.

Can the minister say, to his knowledge, as a member of the government and as the former Minister of State for Economic Development, whether, in fact, the government will embark shortly on a series of industrial strategies in those sectors?

Senator Olson: Honourable senators, it is not a matter of embarking on a series of industrial strategies in those sectors because it is already a well-known fact that the government commissioned what is now referred to as the Kirby report on the fisheries on the east coast and the Pearce report on the fisheries on the west coast. Those reports are now complete and contain a number of recommendations. One cannot say that the embarkation upon an industrial strategy to improve the economics and the well-being of the people involved has not already taken place; there is no question about that.

With respect to the matter of reforestation, the Minister of Employment and Immigration has announced a number of agreements with the provinces regarding enhanced reforestation programs and, indeed, in many cases he has attached quite a significant amount of funding to those programs; that is already under way.

If there is any other particular sector that the honourable senator would like to inquire about in respect of an embarkation date, I would remind him that an announcement in this regard was made some time ago.

Senator Murray: It is the estimated time of arrival that we are interested in. However, I think we are making some progress, since the minister obviously knows a bit more about these matters than he was prepared to admit in response to my first question.

Senator Olson: The verb "embark" caused me difficulty, because we are already well down the road.

Senator Murray: May I ask the minister to identify which aspects of the National Energy Program commend themselves to the government in the preparation of industrial strategies for fishing, transportation and forest products?

At the same time, may I ask the minister whether the Kirby report on the east coast fisheries will be made public, and, if so, when?

Senator Olson: Honourable senators, to answer the last question first, I will make inquiries to ascertain from the Minister of Fisheries and Oceans when he is prepared to make that document public.

In regard to the other part of my friend's question—since he is obviously on a fishing expedition—I would want to check with the Minister of Finance to find out exactly what he did say, because he drew the similarity between the National Energy Program and others.

● (2010)

I know that my honourable friend can read it out of the newspaper if he wishes, but both of us have been around here long enough to know that we really ought to give it at least a cursory check in order to ascertain the accuracy of the interpretation. I have already given him an undertaking that I would do so. I also told him only a few moments ago that, after I have so checked, it may be that other information will come to light and I will be able to answer the other questions that he raised. His attempt to try to relate this matter to an allegation that I have not checked is hardly the way to pursue this kind of question.

Senator Murray: Honourable senators, the minister does seem to be terribly uncomfortable, if not embarrassed, by the suggestion that there are aspects of the National Energy Program which could be applied to industrial strategies in other sectors.

Is it or is it not the position of the government that the National Energy Program is a model for industrial strategies in other sectors?

Senator Olson: I should advise my honourable friend that I am not one bit uncomfortable. The only time I get uncomfortable is when I accept at face value one of his interpretations from whatever his sources are. I then become very uncomfortable because, upon checking them out in a number of cases in the past, I have found them to be substantially different from my information.

[Senator Olson.]

There are many highly desirable aspects of the National Energy Program, such as raising significantly the Canadian ownership of the energy sector in this country.

Senator Murray: By those means—it is good to have that on the record.

Senator Olson: "By those means" is, again, an interpretation which is highly questionable.

IMMIGRATION

CUTBACKS—GOVERNMENT POLICY

Hon. Heath Macquarrie: Honourable senators, if the Leader of the Government in the Senate has finished his postscript to my colleague, Senator Murray, I should like to direct to him a question with respect to recent indications that there will be a serious diminution of the number of people from other parts of the world who will be allowed to emigrate to our country. I am not clear on this matter, and nothing I have read in *Hansard* of the other place or, for that matter, in the press—which obviously is of the view that it knows more than the inhabitants of either house—has made it any clearer to me.

Could the honourable senator tell us what is meant, in numerical terms, by the statement of the Honourable Lloyd Axworthy? Is it possible to determine the reduction in numbers of potential immigrants who will be coming into our country? Are there any geographic or ethnic bases upon which decisions regarding immigration will be made?

I think it is apparent that it has been decided by the government that, because of the shortage of jobs in Canada, we should cut down on immigration. I am not commenting on that policy one way or the other. The honourable minister is a very astute man in terms of economics and mathematics. Could he tell us what this means?

For a long time Canada has been considered one of the great countries in terms of opening its borders and accepting people who wanted to come to a new land, namely, our land.

Hon. H. A. Olson (Leader of the Government): Honourable senators, the immigration levels are arrived at by adding their components; that is, the family class, the refugee intake, and selected workers. The reduction reflects a drop in selected worker intake and results from the current economic climate, which is well known to my friends opposite.

The reduction in selected worker intake from this year's level of a range of 20,000 to 25,000 to a range of 8,000 to 10,000 in 1983 will, when the dependants of these workers are included, account for virtually all of the reduction in the total level.

These 8,000 to 10,000 selected workers will be destined to fill job positions which, after careful checking, cannot be filled from within Canada. I should also mention that this figure of 8,000 to 10,000 is for planning purposes, and that the actual selected worker intake could be even lower. The restriction on selected workers from abroad will remain in effect until, as a result of the expected economic upturn, it is demonstrable that

such immigrants are required and can be absorbed within reason into the Canadian labour market.

● (2015)

Senator Macquarrie: I thank the minister for his answer. I do not wish to be argumentative about this, but, as one who knows what is decided by the Cabinet, can he tell me whether, in terms of movement into this country, the policy will prove to be a hardship on the suffering people of Lebanon, and the people from the Caribbean, who have established a flow to our country?

Senator Olson: Honourable senators, I shall look into that aspect and give a more precise answer as soon as possible. However, I want to make it clear to my honourable friend that we hope that the selected workers can indeed find jobs that are economically beneficial to them, as persons emigrating to this country, and also to Canada, where the main thrust of the change is.

Senator Macquarrie: Honourable senators, may I add a final supplementary? I realize that the Caribbean people would be in that category, and I know, as does the minister, that the Lebanese people would be in the category of political refugees, or something very close to it. I should be grateful if the minister, as he indicated, would give us further information on that.

Senator Olson: Honourable senators, I shall do so; and if I were as familiar with my notes as I would like to be, I might find that I already have the information in my book.

SPORT

HALIFAX, NOVA SCOTIA—CANADIAN FOOTBALL LEAGUE
FRANCHISE—CONSTRUCTION OF STADIUM—PROPOSED
GOVERNMENT ASSISTANCE

Hon. Richard A. Donahoe: Honourable senators, I should like to address a question to the Minister of State for Fitness and Amateur Sport. Recently, I have been perusing periodicals and have noticed that the Canadian Football League has given to my constituency, Halifax, the right to a franchise to run a football team, provided it gets an adequate stadium.

I note that the federal government assisted towards having a stadium built in Edmonton for the Commonwealth Games, and that following those Games the stadium was made available to the Edmonton Eskimos of the CFL.

The article stated that the Minister of State for International Trade, the Honourable Gerald Regan—who happens to be the member of Parliament who sits for the constituency of Halifax—was opposed to a loan in any amount to assist in the construction of a football stadium. The requested amount is \$4 million.

An Hon. Senator: Shame.

Senator Donahoe: I now come to the point of my question, having set the stage for it. The article in question further stated that, since the honourable senator opposite has now become the Minister of State for Fitness and Amateur Sport,

the prospects for a loan or a grant being made to Halifax had vastly improved.

Some Hon. Senators: Hear, hear.

Senator Donahoe: I should like to know whether I can believe that story and be pleased about it, or whether it is another case of my hopes being dashed to the ground. Would the minister please state whether or not he can confirm the story?

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, concerning Canadian professional football, I cannot imagine a more desirable event than the entry of an Atlantic team into the Canadian Football League, to give the CFL a truly national dimension.

Some Hon. Senators: Hear, hear.

Senator Perrault: The fact is that today the Atlantic provinces are producing some of the most outstanding football players in Canada. Unfortunately, if they wish to enter the ranks of professional football, they must go to other teams in other parts of Canada or North America.

I have no doubt that, if the Atlantic provinces are able to field a professional franchise in the next two years, they will be competitive from the start because of the quality of the players there. I have recently had a number of constructive conversations with those who are attempting to develop the team in that area, and while there appear to be no existing federal programs available to provide loans or grants for stadium construction, except in those circumstances where Canada is hosting a major recognized international event, I can tell the honourable senator that I will do everything I can to support those who wish to establish a CFL presence in the Atlantic provinces.

● (2020)

Hon. Jacques Flynn (Leader of the Opposition): We could not expect less.

Hon. Royce Frith (Deputy Leader of the Government): Say thank you.

Senator Perrault: There seems to be a Montreal cynic here. But, really, I am not serious. I know that the Leader of the Opposition is just as enthusiastic about the prospect of an Atlantic team as anyone on this side, and it would be unfair to cast him in any other light. I want to be sportsmanlike.

Senator Flynn: So do I.

Senator Perrault: To provide a short answer, I have had conversations with some people who are attempting to bring a CFL team to the Atlantic provinces. I can say that anything I can do to make that goal a reality I certainly will do. But I have no immediate answers.

Senator Donahoe: Honourable senators, I have a supplementary question. Must we be content with generalizations, or is it possible for the minister to give a specific answer to the question asked?

Senator Perrault: At the present time, I am considering the difficulties standing in the way of plans to establish an adequate stadium in the Atlantic provinces—something suitable for CFL football and other events. Let me share with honourable senators a problem that exists.

Senator Flynn: Good.

Senator Perrault: When Canada hosts a major recognized international sports event, the Canadian government, as a general practice, has participated financially and in other ways in attempting to ensure that the event is hosted successfully and properly, and so the federal government helped to build the Commonwealth Stadium in Edmonton for the Commonwealth Games, and the federal government helped to stage the Olympic Games in Montreal, and in the process helped to build the Olympic Stadium. The task of providing stadium assistance for the Atlantic provinces would be substantially easier were those provinces to host an international event which might qualify them for some sort of federal assistance under the program for the Canadian hosting of certain international events. Without a major international event, I can make no promises to the Atlantic provinces, but if a way can be found to meet the problem it certainly will be found by me and by the officials in my department, because I think it would be very desirable to have an Atlantic franchise in the CFL.

TRANSPORT

BRITISH COLUMBIA—GRAIN HANDLERS' STRIKE

Hon. Sidney L. Buckwold: Honourable senators, I direct my question to the Minister of State for the Canadian Wheat Board. I am sure that the minister will remember my question of last week regarding the longshoremen's lockout on the Pacific coast and the rather strong criticism I and some other honourable senators had for the delay in getting these people back to work and settling the strike. The strike has now reached the stage where it appears that the government will have to legislate and end to the dispute.

Hon. Jacques Flynn (Leader of the Opposition): You mean Parliament, not the government.

Senator Buckwold: That is correct. Will the minister give us an update on how long this process will take? Can he give us the assurance that things will be done as quickly as possible, keeping in mind that this is not the first time such a situation has arisen—or, to put it another way, this is not a virginal experience—and the government has legislated these people back to work on several occasions? The economy is suffering. The farmers of western Canada are anxious to have this matter settled. I shall be listening with interest to the response of the minister as to the time schedule involved in getting these people back to work.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I, too, wish that the lock-out of the grain handlers on the west coast was not continuing and that the parties had been able to settle the dispute. Unfortunately, that has not been the case. The gov-

ernment has already said that it is prepared to accept its responsibility in this matter. I am informed that the Honourable Yvon Pinard, the government house leader in the House of Commons, filed notice of back-to-work legislation at 5 o'clock this afternoon. I am also informed that Mr. Pinard will be meeting at 9 o'clock this evening with the house leaders of the other parties and will be pressing them to bring the legislation forward and to pass it through all its stages tomorrow. I am sure that the Senate will co-operate, as usual. I express my own hope that we can have Royal Assent to the bill tomorrow, thereby putting the legislation into effect.

Senator Flynn: Have you spoken to the leaders of the NDP in the other place?

Senator Argue: I looked over the blues of the House of Commons for this afternoon, particularly with regard to the exchange between the Right Honourable the Prime Minister and the Right Honourable the Leader of the Opposition.

Hon. Duff Roblin (Deputy Leader of the Opposition): When did he become "Right Honourable"? The leader of the NDP is an Imperial Privy Councillor?

Senator Argue: I said, "the exchange between the Right Honourable the Prime Minister and the Right Honourable the Leader of the Opposition."

● (2025)

It was clear that the Leader of the Opposition was willing to co-operate and have the legislation pass all stages in a single day. The question, of course, arises as to the attitude of the leader of the NDP and the attitude of the New Democratic Party itself, but I express the hope that that party, too, will co-operate so that Parliament will be able to deal with this legislation effectively at all stages tomorrow.

I really do not think there is much more I can add. It would have been preferable—and perhaps there is still time, even though there are but few hours left—for the parties to settle their own differences. If that is not possible, the legislation will be proceeded with as soon as the parties in Parliament can agree. I understand that 48 hours' notice is required to put the legislation before Parliament, but it is hoped that that provision will be waived.

Hon. R. James Balfour: I wish to direct a supplementary question to the honourable minister. Is it not correct that in the House of Commons this afternoon the Right Honourable the Prime Minister was being pressed by the Right Honourable the Leader of the Opposition to introduce the legislation today and have it pass all stages today?

Senator Argue: That is correct.

Senator Buckwold: I have one supplementary question. In the unlikely event—and I stress that I hope the possibility is remote—that the longshoremen ignore the order of the government, in view of the seriousness of this situation has the government a contingency plan for moving that grain?

Senator Argue: I have not heard that question discussed. My own view is that the parties will abide by the terms of the

legislation. I have been around Parliament a long time and I do not recall any back-to-work legislation under which the employees involved did not in fact go back to work. I believe that if this legislation is passed they will go back to work.

In any event, I hope that when work is resumed the productivity will be there and we shall be able to meet our export targets and commitments out of the west coast. As I have referred to often before, there was a strike at Thunder Bay last year of two weeks' duration. Upon returning to work after that strike, the workers increased their productivity and broke all records of shipments through Thunder Bay.

From the statement the Prime Minister made in the House today, I understand that the legislation will provide for the immediate resumption of work. Perhaps I should read what he said so that I do not misinterpret his words:

As a first stage the lockout would be ended and work could resume in the ports on the west coast. Failing that, if the legislation has to be proceeded with then the government would intend applying the spirit of six and five legislation.

So it is now known to the parties involved that the spirit of 6-and-5 will be in this legislation. That may or may not be sufficient inducement to bring about a settlement.

SPORT

B.C. PLACE STADIUM, VANCOUVER

Hon. Nathan Nurgitz: Honourable senators, I have a couple of quick questions for the Minister of State for Fitness and Amateur Sport. Concerning various stadia in the country, it seems to me that yesterday or today I heard that Vancouver was about to test the roof on its new closed stadium. I trust the federal government has no financial involvement whatever in that structure.

• (2030)

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): There is no federal financial involvement of any kind in the new British Columbia Place stadium, which will be the largest covered stadium in North America, and a great tribute to Canadian suppliers, architects, engineers and workers.

Senator Nurgitz: I can hardly wait to get to Vancouver to hear my honourable friend speak in that place.

WINTER OLYMPIC GAMES, CALGARY

Hon. Nathan Nurgitz: Since the Minister of State for Fitness and Amateur Sport is on record as saying that the Calgary Olympic Games will get \$200 million from the federal government in one way or another, I should like to ask whether that means that the \$200 million commitment is iron-clad, or whether it is dependent upon revenue from such things as sports pools?

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, this government has a remarkable record of keeping its promises.

Hon. Richard A. Donahoe: Remarkable is right!

Hon. Jacques Flynn (Leader of the Opposition): Exceptional!

Senator Perrault: I meant that in a very positive sense. We have made a commitment to the Calgary Olympic Games, which we hope will be the finest winter games in the history of that competition. We intend to keep our commitment to Calgary.

We hope to resolve our problems with the sports pool over the next few weeks.

LOTTERIES—DECISION OF QUEBEC SUPERIOR COURT

Hon. Nathan Nurgitz: On the question of problems with the sports pool, my understanding is that since I asked my last question the Quebec Superior Court has rejected the application of the federal government for an injunction against the Quebec provincial lotteries.

Is the minister able to tell us whether an appeal of that ruling is planned?

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): The alternative courses of action are now under consideration. The preliminary action taken by the Quebec Superior Court may be but the first chapter in an extended scenario involving the courts.

Hon. Jacques Flynn (Leader of the Opposition): You are very pessimistic, aren't you?

Senator Nurgitz: I take nothing from the last answer.

I take it that Bill C-95 will deal with the question of sports pools. I trust that, in light of the decision of the Quebec Superior Court, that bill will not go forward at this time.

Senator Perrault: No, we are betting that the sports pool legislation will be through by the end of the year.

Senator Nurgitz: That bill will go forward notwithstanding the ruling made by the Quebec Superior Court?

Senator Perrault: The court ruling did not find that the proposed federal legislation was in contravention of the Criminal Code. Our view is that legislation is required to legalize sports pools in this country.

This position of the government has been stated over the past few months, and this position has been made known to the provincial governments, and, in my view, there is no feature in the preliminary ruling of the Quebec Superior Court which would deter us from our efforts to have the sports pool bill dealt with and passed by Parliament.

Senator Nurgitz: I have one final supplementary question. The federal government launched an action in the Quebec Superior Court challenging the province. I appreciate that we have received only a preliminary ruling on the injunction, but surely the government will await a decision in an action brought by itself before it proceeds with Bill C-95.

Senator Perrault: I have said all that I am prepared to say at this time. Perhaps a more detailed statement can be brought to the Senate later.

There is no intention on the part of the federal government at this time to halt its efforts to have the sports pool bill move through Parliament. I wish to give credit to the official opposition. A number of the members of the official opposition in the other place have made known their support for the bill and their desire to have it passed as quickly as possible. I want to say publicly that the government appreciates the kind of support it has received from certain members of the Progressive Conservative Party.

Hon. H. A. Olson (Leader of the Government): I wonder if the Leader of the Opposition would join with me in discouraging this kind of activity during Question Period, which activity really turns Question Period into a cross-examination.

I am sure he will recall the vigorous protests he made regarding some of those on this side of the house who involved themselves in the kind of activity Senator Nurgitz has just involved himself in. I would ask the Leader of the Opposition to ask him to please return to Question Period and cease this cross-examination.

Senator Flynn: I will certainly do that when the Leader of the Government understands the spirit of the rules, one of which is that nobody can question the Leader of the Opposition.

Senator Olson: I am just asking the Leader of the Opposition to support me in attempting to restore order to Question Period.

Senator Flynn: You cannot ask me that during Question Period.

THE ECONOMY

NOVA SCOTIA—GLACE BAY AND PORT HAWKESBURY— RUMOURED CLOSING OF HEAVY WATER PLANTS

Hon. Robert Muir: Honourable senators, I should like to pose a question to the Leader of the Government in the Senate, and I trust that he will not resent it.

Hon. Nathan Nurgitz: You had better be careful, though.

Senator Muir: Yes, I notice that he is becoming touchy.

Hon. Duff Roblin (Deputy Leader of the Opposition): He is a Senate room lawyer, that one.

Senator Muir: According to the media, both written and electronic, it would appear that the heavy water plants in Glace Bay and Port Hawkesbury, Nova Scotia may possibly close, thereby putting approximately 1,000 skilled workers out of work.

Would the leader be good enough to tell this chamber that these reports are erroneous, and that work will continue in both of those plants?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have received no notice that there is a firm announcement expected with respect to either of those plants. I think the honourable senator answered his own question before he started by saying that it was media speculation.

[Senator Perrault.]

Senator Muir: May I ask a supplementary question?

For some reason we find that with this government where there is smoke there is sometimes fire, and sometimes the media knows more about what is going on than the government does, and regrettably, this eventually develops into bad news.

Would the leader advise this chamber if he has any knowledge whatsoever, since he is one of the heavyweights in the Cabinet—

Hon. Jacques Flynn (Leader of the Opposition): He used to be.

Senator Muir: —or was one of the heavyweights in the Cabinet, that there is a possibility that these plants may close because of a lack of markets for heavy water?

Senator Olson: Honourable senators, the answer is that I do not know about that. My honourable friend also has to realize one thing. While he may think it is in order for him to ask questions regarding what takes place at meetings of the Cabinet, he should know that I am prevented by the oath I have taken from discussing that with him or anyone else outside the Cabinet.

Senator Muir: I am sure that none of us in this chamber requires a lecture from the Leader of the Government with respect to what we should or should not ask him. In fact, he resents our questions, and I thought that that was the purpose of an opposition in a democratic form of government. We have not yet become one of the South American banana republics—I hope not, in any event—and I hope we are still in a position to ask questions. I am not asking him to tell us about any great love affairs or secrets; I am asking him what the future may be for the people employed in those heavy water plants. Since he is a very knowledgeable gentleman, and has so many years of experience under his belt, both in opposition and in government, I am sure he must have knowledge of some sort upon which he can base some word of encouragement or, God forbid, discouragement, to the employees of the heavy water plants I have mentioned.

Senator Olson: Honourable senators, let me make it clear that I have never challenged or questioned my honourable friend's right to ask questions—or his privilege, or however he wishes to define it. If he is asking whether or not there has been any discussion in Cabinet on that subject, then the answer I gave him is the correct one.

• (2040)

As to the other part, if there is any announcement to be made, or if Cabinet has reached any decision with respect to this matter, I will make sure that my honourable friend is advised as quickly as possible. Let me comfort him and the workers there by saying that I do not know that any such decision is going to be made imminently.

Senator Muir: I have a supplementary question. I presumed, since the leader is the former minister of mega-projects, and this type of thing comes under that, that he might have some inside knowledge of what the future holds. May I continue to

ask him if there are any negotiations going on at the present time with the Government of Korea for the purchase of a second Candu reactor. Such negotiations were going on, but for some reason they came to a rather abrupt stop. Does he have any further information on that at the moment?

Senator Olson: Honourable senators, I will check with the Minister of Industry, Trade and Commerce and also with the Minister of State (International Trade) to get an accurate description, if that is the right word, of the present state of negotiations. My information prior to having made those inquiries is that the negotiations now are not quite as intense as they were.

Senator Muir: I have a further supplementary. In view of his response to my penultimate question, would it be in order then to relate to the workers in Port Hawkesbury and Glace Bay that the Leader of the Government is speaking on behalf of the government when he says that insofar as he can determine there is no fear of closure of the heavy water plant at either of those points, a move which would jeopardize their jobs?

Senator Olson: No, honourable senators, Senator Muir cannot put that interpretation on it. What he can do is read carefully in *Hansard* what I said, and whatever portion of that he wishes to convey would be appropriate. If he wants to put some other interpretation on it, then, of course, he will have to take the responsibility for that interpretation.

Senator Muir: Is the minister not aware, through our long acquaintance, that I would only put the truthful interpretation on it. My understanding, as limited as the leader thinks it may be, is that at the moment these plants will continue to operate, these people will continue to work and their families do not have to worry about their being laid off next week, next month or next year.

Senator Olson: If Senator Muir reads what I said in *Hansard* tomorrow, and he wants to put that interpretation on it, I guess that is his responsibility.

Senator Muir: Is the minister not aware that he is evading the question? He should either tell us that there are going to be difficulties because of the lack of a market for heavy water, or that there are not going to be difficulties. Let us be frank with these people, because they have to think about their future mortgage payments, and all the problems that everyone is faced with in this country.

Senator Olson: My honourable friend is confusing a couple of things. He asked me about a decision, and he asked me about speculation in the press. I told him very frankly that I know of no decision to support the speculation in the press. He was not satisfied with that answer, and he even went so far as to say that in his experience sometimes the press knows more than somebody else.

Senator Muir: But you discounted that.

Senator Olson: No, I did not. I said that if you want to extend it out to the words that you used after I replied to the

question that is your responsibility. I will take responsibility for what I said.

Senator Muir: I wonder if the Leader of the Government is aware that the people who are involved in these plants will be just as confused with his gobbledygook and his baffle gab this evening as I am, because in one sentence he is saying that there is nothing to worry about, and yet in another sentence he is saying I am putting a different interpretation on it. Therefore, I shall be in touch with the unions and those concerned to ensure that they read his words very carefully.

Senator Olson: I would appreciate that.

CANADA POST CORPORATION

DEFINITION OF "LETTER"

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to refer to a question I posed to the then Leader of the Government on July 20 concerning the Post Office, which had to do with the definition of "letter." As I think the minister may be aware, there is a good deal of concern about the fact that in this definition of "letter" the Canada Post Corporation is essentially defining its own monopoly. As there is no utility board or regulatory authority before which it appears, it creates some question as to whether the proposal will receive the sort of critical examination that it deserves.

On July 20 I asked the then Leader of the Government, first of all, to provide us with the contents of the representations made by the various interested parties with respect to the proposed definition of "letter" by the Post Office. I also asked him whether there would be a parliamentary opportunity to examine this definition and to ensure that Parliament be allowed to deal with the matter rather than leaving it in the unsatisfactory manner provided for in the statute, whereby the Post Office merely has to secure the consent of the Governor in Council in order to establish a monopoly in terms of its own definition, something which none of us would allow to happen in other industries which occupy similar monopolistic positions.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will endeavour to get an answer very shortly. Bearing in mind the fact that during the summer adjournment there were changes in the responsibilities of some ministers, we are now almost prepared to provide delayed answers to questions asked earlier this session.

Senator Roblin: Perhaps I should tell my honourable friend, in view of the fact that he was not the leader at the time, that on July 27 a reply was offered, but it merely repeated what we already knew from publication in the *Canada Gazette* and did not deal with the point of the question, which was whether we would have the representations to study and whether there would be a parliamentary occasion on which the matter could be examined and debated. Those questions are still outstanding from July 27.

The reason why I am pursuing this question this evening is, as I suppose everyone knows, that there has been a widespread feeling of uneasiness on the part of the people who are using private couriers and on the part of the private couriers themselves. The people who are using private couriers think that their expenses will be grossly inflated if the definition of "letter" proposed by the Post Office really comes into effect. That certainly does not seem to fit well with the present state of the economy or the desire of the government for a more efficient and productive economy.

The second part of the concern is on the part of people who provide these services, who now feel that they will be forced out of business by the Post Office monopoly. Some of the organizations concerned are: The Canadian Federation of Independent Business, the Canadian Industrial Traffic League, the Canadian Manufacturers' Association, the Canadian Bankers' Association and the Canadian Association of Couriers of Toronto. There is quite a wide spectrum of people who either use this service or provide it, and who feel that their interests are going to be adversely affected, thereby affecting the interests of the national economy, if the definition goes forward as proposed at the present time.

I want to stress to my honourable friend the desirability of putting the facts on the table. Let the Post Office put their facts on the table and let them make their case which, to my knowledge, they have not done as yet. In any case, there should be a parliamentary opportunity—in the Senate, if you like—for the matter to be studied further, and a decision rendered.

Senator Olson: Honourable senators, I understood the purport of the question, although I had not realized that Senator Roblin had already received a reply that was either unsatisfactory or incomplete. However, I will make further inquiries to see if we can complete the answer to his satisfaction. In any event, there is an opportunity in the Senate for him or any other honourable senator to give notice of an inquiry concerning this matter, which can be debated.

• (2050)

I do not want to make the other side of the argument, but there is an equally good one with respect to what the Post Office's activities are and where it has an obligation to deliver what is defined as "letter" to all places in Canada whether it is profitable or not.

Senator Roblin: I agree with my honourable friend that an inquiry could be launched, but I think he recognizes, just as I do, that that would not be an effective way of coming to grips with this problem, because the nature of an inquiry in the Senate does not permit those kinds of hearings on the part of people interested or on the part of the Post Office itself in respect to this matter.

The essential policy question is: Is he going to provide a forum before which these issues can be discussed, because they are of national importance and ought to be discussed, as any request by any other monopoly is discussed, before some public forum prior to any rights being granted?

[Senator Roblin.]

In view of the time limit, if we do not take steps very quickly to have the matter further ventilated, it will be settled by the Governor in Council. I urge upon my friend the necessity of getting a policy decision as quickly as he can.

LEGISLATION

BILL S-30—AN ACT TO AMEND CERTAIN ACTS IN RELATION TO CANADA DAY

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government with respect to the bill which has just received first reading, Bill S-30, entitled: An Act to amend certain Acts in relation to Canada Day.

It seems to me that this bill contains entirely the same wording as the proposed amendments, except for one section, that the Leader of the Government invited the supporters of the government to reject last week when we were dealing with the Canada Day bill. I should like the Leader of the Government to confirm that the government is now asking the Senate to approve something it rejected last week.

Hon. H. A. Olson (Leader of the Government): Honourable senators, that is not true. There was more to the proposed amendments than is contained in the consequential amendments.

Senator Flynn: I would challenge the Leader of the Government to prove what he has just said, because he is entirely wrong. This bill contains, word for word, what was contained in the proposed amendments and I do not accept that we can just dispense with an argument such as the one he has just made.

My second question is: If I am right—and I say I am right—would the Leader of the Government say that this bill comes under rule 47(2), which states:

An order, resolution, or other decision of the Senate may be rescinded on five days' notice if at least two-thirds of the senators present vote in favour of its rescission.

In other words, is the government asking the Senate to do a flip-flop, and, if so, will that rule apply?

Senator Olson: Honourable senators, the answer is no in both cases. My friend knows that we gave an undertaking to bring in consequential amendments to Bill C-201, and that is what is contained in this bill.

Senator Flynn: That is not true.

Senator Olson: It is not only that they are perhaps very similar to some parts of the proposed amendments—I think it was a substitution in many cases—

Senator Flynn: Word for word!

Senator Olson: It is almost an exact copy of a government sponsored bill, namely, Bill C-37.

Senator Flynn: I say that they are my amendments also.

Senator Olson: Bill C-37 was before the House of Commons. I explained very carefully to the honourable senator why

we chose the course of action that we did and why my colleagues did what they did, and, indeed, we are now making progress.

Senator Flynn: The Leader of the Government has said that the government undertook to bring forth that bill. That is not true; Mr. Joyal said he would introduce it in the House of Commons and have the House of Commons pass it first.

Now the Leader of the Government comes to the Senate and asks us to do something that he was asking us not to do last week. This is incredible and an offence to the dignity and intelligence of the Senate.

Senator Olson: My honourable friend should not get so excited.

Senator Flynn: I am not excited, I am offended.

Senator Olson: He should realize that he supported the recommendation of the special committee.

Senator Flynn: I did not.

Senator Olson: We are now keeping a commitment and are following the recommendations of the committee.

Senator Flynn: That is a lie.

Senator Olson: My honourable friend can say that and scream from his seat—

Senator Flynn: I say that it is a lie.

Senator Olson: If he wishes, he can go back and look at the record.

Senator Flynn: I have looked at the record. You asked the Senate to vote against what you are asking us to vote for now.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, on a point of order, I invite the Leader of the Government to look at the *Rules of the Senate*. He is a man who is very adept in advising us to follow the rules. I would invite him to look at rule 47(1) which says:

A motion shall not be made which is the same in substance as any question which, during the same session, has been resolved in the affirmative or negative, unless the order, resolution, or other decision on such question has been rescinded as hereinafter provided.

Then rule 47(2), which deals with the point of rescission, states:

An order, resolution, or other decision of the Senate may be rescinded on five days' notice if at least two-thirds of the senators present vote in favour of its rescission.

Honourable senators, we are not in the position at the moment of having to apply this rule because we are not at the point where we are dealing with first or second reading. A point of order has been raised between the two steps.

If my honourable friend expects to proceed with second reading of this bill, I suggest that he had better reconcile the matter with the clear order and regulation of this house. I think the plain meaning of the words is that it is the same in substance as the amendments proposed by my honourable

friend, the Leader of the Opposition, which this house rejected and, therefore, it cannot be introduced into this house again unless there is five days' notice and until the matter has been dealt with under the rescission rule. I suggest that my honourable friend take that matter under consideration.

Senator Olson: Honourable senators, we can take it under consideration, and my honourable friends can make any argument they like; if they want to raise a question of order in this place, that is their privilege. However, one thing is particularly and specifically obvious, and that is that there was more to the amendments than what is contained in the bill.

Senator Flynn: Oh no!

Senator Olson: My honourable friend is wrong because what he did the other day was strike out all the words after "That" and he made a complete substitution.

Senator Flynn: You never understood the meaning of the rules.

Senator Olson: I think I understand them better than you do.

Honourable senators, as I was saying, the Leader of the Opposition made a complete substitution, not only of the so-called consequential amendments but of the other parts of the bill. Of course, I objected because it was not an amendment but rather a complete substitution.

One citation in *Beauchesne* has been drawn to my attention which allows such a motion sometimes to be in order if it is substantially the same, even though it is a complete substitution. But, in this case, my honourable friend cannot make that argument because he does not believe it himself. He knows very well that the consequential amendment in Bill S-30 is only part of the amendments he tried to move the other day.

Senator Flynn: You say anything; you do not bother about the truth.

Senator Roblin: Honourable senators, let's cut through this Jesuitical casuistry. I am referring to the comment made by the Leader of the Government. I never heard a more ingenious—that means—

Senator Olson: Ingenious.

Senator Roblin: If it were ingenious, I would give my friend credit for it. It is not ingenious; it is ingenuous. It does not reflect any credit on his ability to lead this house in matters of order.

The Leader of the Government cites *Beauchesne*, and that is all very well, but the rules of the Senate come first. Can any ordinary mortal, who thinks in common sense terms, maintain that this proposed bill in connection with amending certain acts in relation to Canada Day, to which first reading was given this evening, is not the same in substance as the matter which this house rejected last week? It is the same in substance. He can argue until he is blue in the face, but if he were to take a straightforward view of this matter, I do not see how that point could be controverted.

● (2100)

Honourable senators, there is a procedure provided in this red book whereby we can deal with matters that have already been dealt with once in the house. If my honourable friend wishes to bring this matter back a second time, there is a procedure whereby he can do so, and I invite him to consider it. If he wishes to bring in this bill, I think it is essential that he follow the rules of this house so as to ensure that we do not debate the same matter twice.

There is a good reason why this regulation is contained in our rules. It is not in the interests of the proper conduct of the business of the Senate that we debate the same issue twice. Heaven knows we do it enough anyway in some of our debates; they tend, sometimes, to get a little repetitious, that I do not deny. In terms of the government's order paper, however, which is what we are interested in tonight, I think that it contravenes the rules and the minister ought to do something about it.

Senator Flynn: It also offends the intelligence.

Hon. John M. Godfrey: Honourable senators, I rise on a point of order. I am not an expert on the rules of the house. I do know, however, that we are not to call someone a liar or say that something is a lie. One may say that something is not the truth. One may, if one wishes, use that wonderful phrase of Senator Roblin's—"Jesuitical casuistry."

Senator Roblin: Oh, you've got it down very nicely.

Senator Godfrey: To say that something is a lie, however, is completely and absolutely out of order.

Senator Olson: Honourable senators, I regret that my honourable friend opposite resorts to that kind of language, but he has to take the responsibility for it and he knows very well why he used it. Perhaps he does not know what the word means, but it is prohibited from all proceedings in Parliament. If that is the way he wants to conduct himself, however, that is up to him.

Senator Flynn: Honourable senators, I would not reply if I thought that the Leader of the Government would not pay attention to the remarks of Senator Godfrey. If he does, however, I will say this: When I say that something is a lie, I do not mean that whoever said it is a liar.

Senator Godfrey: You can say something is untrue, but you should not say it is a lie.

Senator Flynn: Perhaps Senator Godfrey is not subtle enough to appreciate the difference.

NOVA SCOTIA

TRURO—SITTING OF CITIZENSHIP COURT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question raised on July 20, 1982, by Senator Smith concerning the celebration of Canada Day in Truro, Nova Scotia. Although the answer is not a long one, I ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

[Senator Roblin.]

Hon. Senators: Agreed.

(The answer follows:)

The celebration of Canada Day in Truro, Nova Scotia, did in fact take place on July 1 of this year. However, the ceremonies held by the Citizenship Court for the granting of citizenships and proofs of citizenship took place on June 30.

The ceremonies took place on June 30 in Truro because the Citizenship Court had scheduled similar ceremonies which were to take place in Halifax the following day. However, because of the Secretary of State's timetable, the citizenship ceremonies were rescheduled to take place in Halifax on June 30. By that time, the Court decided that it was too late to reschedule the ceremonies in Truro. Therefore, the citizenship ceremonies took place in both Truro and Halifax on June 30 but Canada Day was celebrated on July 1 in both cities as usual.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question raised by Senator Guay on October 27, 1982, concerning the Garrison diversion project. Again, honourable senators, the answer is not a lengthy one, but I ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Federal and Manitoba authorities are working closely in their efforts to ensure that members of the House of Representatives are aware of Canadian concerns with the Garrison project when the FY83 Garrison appropriation is voted on before the end of this year.

We still have serious reservations about this project and believe that before construction proceeds further, it should be redesigned to ensure that foreign biota, which would seriously and irretrievably affect Manitoba's fisheries and water quality, cannot enter Canadian waters via the project.

PUBLIC WORKS

CANADA MORTGAGE AND HOUSING CORPORATION—EXTERNAL RESEARCH PROGRAM

Question No. 77 on the Order Paper—**By Hon. Jack Marshall:**

With regard to the announced recipients of the 1982 CMHC External Research Program (i) what is the list of the selected research proposals since the inception of the program (ii) how much has been allocated to the program since its inception and (iii) what happens to the reports after they are completed?

Reply by the Minister of Public Works:

I am informed the following applies with respect to Canada Mortgage and Housing Corporation:

With regard to the announced recipients of the 1982 CMHC External Research Program

- i) a list of the selected research proposals, since the inception of the program, is attached. These are listed by small and large grants categories.
- ii) the following has been allocated to the program since its inception:

| | |
|--------------------|-----------|
| June—December 1980 | \$300,000 |
| Year 1981 | \$500,000 |
| Year 1982 | \$500,000 |

- iii) the reports are

- a) placed in the Canadian Housing Information Centre and included in their acquisition list which is distributed to libraries and interested groups across Canada. Reports are available to researchers and members of the public on request.
- b) submitted for publication by the author to professional journals and other publications.

CMHC EXTERNAL RESEARCH PROGRAM

SELECTED RESEARCH PROPOSALS

COMMITTEE OF AWARD—AUGUST 8, 1980

| <u>Name</u> | <u>Title of Research</u> |
|---|---|
| Eger, Dr. A. F. Assistant Professor Faculty of Management McGill University Montreal | Market Rates of Return in a Rent Controlled Market |
| Gau, George W. Assistant Professor Faculty of Commerce University of British Columbia Vancouver | Impact of the ARP and MURB Program on the Vancouver Housing Market |
| Jamieson, Dr. Walter Professor Faculty of Environmental Design University of Calgary Calgary | An Appraisal of Implementation Techniques in Residential Area Renewal |
| Sarkar, Asit K. Professor and Head College of Commerce University of Saskatchewan Saskatoon | Factors Affecting Consumer Adoption of Low-Energy Housing |

| <u>Name</u> | <u>Title of Research</u> |
|--|---|
| Tameanko, Marvin Michael Professor Dept. of Architectural Technology Ryerson Polytechnical Institute Toronto | Study of the Drawings and Documentation Used in the Construction of Single Family Housing |

COMMITTEE OF AWARD—NOVEMBER 21, 1980

| | |
|--|---|
| Koo, Kenneth Chief Engineer Truswal Systems of Canada Limited Bramalea | Impact of Machine Stress Rated (MSR) Lumber on Conventional Framed House |
| Phipps, Alan G. Assistant Professor Department of Geography University of Saskatchewan Saskatoon | Social Impacts of Housing Reinvestment in the Core Neighborhoods of Saskatoon |
| Rowe, Andrew C. Lecturer Department of Economics University of P.E.I. Charlottetown | Residual Financing in Atlantic Canada |
| Sherman, Elliot William Principal Les Architectes Sherman Bianchi et Voisard Cowansville | Utilization and design of group housing for retarded children |

| | |
|---|--------------------------------------|
| Simon, Mrs. Joan Associate Professor Department of Consumer Studies University of Guelph Guelph | How do senior citizens want to live? |
|---|--------------------------------------|

COMMITTEE OF AWARD—FEBRUARY 26, 1981

| | |
|----------------------|---|
| Beauchamp, Gilles | Étude des possibilités d'intervention afin de réaliser du logement accessible |
| Elliot, Christine M. | Consumer Awareness in the Housing Purchase Decision |
| Hale, Richard C. | The Effect of Housing and Transportation Costs on the Consumer's Choice of Location of Family Housing |
| Romsa, Gerald H. | Availability of Recreational Facilities; Public Versus Private Retirement Housing |

| <u>Name</u> | <u>Title of Research</u> | <u>Name</u> | <u>Title of Research</u> |
|--|---|--|--|
| Storey, Elizabeth K. | Palmerston Boulevard: An Evaluation of a Unique Residential Street | SELECTION COMMITTEE—OCTOBER 7-8, 1980 | |
| COMMITTEE OF AWARD—MAY 26, 1981 | | Brummell, Arden Craig Assistant Professor Department of Geography McMaster University Hamilton | Submarkets in Urban Housing |
| Hitchcock, John R. Associate Professor University of Toronto | The Luxury Condominium Market in Downtown Toronto | Clatworthy, Stewart J. Senior Research Officer Institute of Urban Studies University of Winnipeg | Structural Change in the Housing Industry: Implications of the Need for New Housing |
| Jordan, Elizabeth Pointe-Claire, Québec | The Housing Needs of Female Led One Parent Families | Cooper, Paul A. Assistant Professor Faculty of Forestry University of Toronto | Rationalization of Policies for Control of the Subterranean Termite |
| Leung, Hok Lin Assistant Professor School of Urban & Regional Planning Queen's University | Visual Plan for Small Tourist-Oriented Communities | Fallis, George Bryans Assistant Professor Department of Economics and Social Science York University Downsview | Housing Decisions and Housing Subsidies in a Lifecycle Framework |
| MacIntyre, Duncan Assistant Director Extension Department St. Francis Xavier University Antigonish | To Assess User Participation Techniques for Social Housing Projects | Fenton, Robert Assistant Professor Institute of Urban Studies University of Winnipeg | An Assessment of the Effectiveness of the Canadian Home Insulation Program |
| Marchand, Denys Professeur agrégé École d'architecture Université de Montréal | W.H.L.: 40 ans de transformations | Gibbon, Brian H. Special Lecturer Department of Sociology University of Regina | Public Revitalization and Tenant Displacement in Regina |
| White, Randall Toronto | The Political Theory of Subsidizing Housing Consumption | Hill, Frederick I. Research Coordinator University of Toronto | Public Services and Facilities in Low and Mixed Income Housing Environments—Their Perception and Utilization by Children from Low Income Families in Metro Toronto |
| Wilson, C. Hamish Toronto | The Effects of Acid Rain on Building Materials | Jazairi, Nuri T. Associate Professor Department of Economics and Statistics York University Downsview | Place to Place Comparisons of Housing Rent and Prices in Canada |
| COMMITTEE OF AWARD—AUGUST 26, 1981 | | Kaynak, Erdener Associate Professor of Marketing and Chairman Mount Saint Vincent University Halifax | Home Buying Behaviours of Atlantic Canadians |
| Goyette, Hervé Professeur École des Hautes Études Commerciales Montréal | Analyse de la formule de prêt hypothécaire (Transinflation) | | |
| Northrup, Shirley Jean Director, Association Policy and Activities Consumers' Association of Canada Ottawa | Consumer Awareness in the Home Purchase Decision | | |
| Szeicz, Geza Associate Professor University of Toronto | Efficiency of Solar Houses | | |

| Name | Title of Research | Name | Title of Research |
|---|---|---|--|
| SELECTION COMMITTEE—22 APRIL 1981 | | | |
| Kleinfeldt, Carol Jane Principal Kleinfeldt/Mychajlowycz— Design/Development Consultants Toronto | An Evolving View of Sub- Urban Structures and Housing | Antony, Wayne A. Research Officer Institute of Urban Studies University of Winnipeg Winnipeg | Housing for the Disabled: An Assessment of Policy and Programs |
| Kuchar, Vaclav William Principal V.W. Kuchar & Associates Architects & Engineers Islington | Nonbearing Masonry Veneer on Steel Stud Perimeter Walls of Multi- storey Apartment Buildings | Gaudet, Alphonse Professeur Science de l'éducation Université de Moncton Moncton | L'handicapés physiques dans les résidences univer- sitaires des Maritimes |
| Makuch, Stanley M. Professor Faculty of Law University of Toronto | Restricted Access to Hous- ing: Discrimination in Plan- ning | Gutman, Gloria Coordinator Gerontology Programs Simon Fraser University Burnaby | Long-term Impact of Multi- Level Accommodation for Seniors |
| Martin, Thomas E. Principal Simon & Martin Associates Architects & Planners Toronto | Community Design Princi- ples for Energy Conserva- tion | Homenuck, Peter President Institute of Environmental Research Inc. Toronto | Environmental Competence Amongst Independent Eld- erly Households |
| McBean, Edward A. Associate Professor Department of Civil Engineering University of Waterloo | Housing Standards and Stormwater Management | Hulchanski, J. David Toronto | A Comparative Inventory and Evaluation of Planning and Development Consider- ation in the False Creek and St. Lawrence Project |
| Migneron, Jean-Gabriel Directeur du centre de recherche en aménagement et en développement Université Laval Ste-Foy | Évaluation du bruit de la circulation automobile dans les logements situés en bor- dure des autoroutes urbaines | Kling, Sidney Professor Department of Geography Ryerson Polytechnical Institute Toronto | Senior Citizen Housing Development in Metropoli- tan Toronto: The Role of Individual Religious Con- gregations |
| Miron, John Robert Associate Professor of Geography and Research Associate Centre for Urban and Community Studies University of Toronto | The Two-Person House- hold: Formation and Hou- sing Demand | McGregor, James A. Montreal | The Rooming House— Unrecognized Housing Form |
| | | Pinfield, Lawrence Associate Professor School of Business Administration Simon Fraser University Burnaby | Housing Strategies for Resource Town Develop- ment |
| Sylvestre, Pierre Service juridique communautaire de Petite Bourgogne Montréal | Projet de recherche et pub- lication en droit des coopé- ratives d'habitation | Verges-Escuin, Ricardo Professeur agrégé Université de Montréal Montréal | Age moyen et durée de vie du parc résidentiel canadien |
| Williamson, Andrew H. Director of Research Atlantic Provinces Economic Council St. John's, Nfld | Evaluation of New Bruns- wick Canadian Home Insu- lation Program | Young, Wanda E. Professor College of Home Economics University of Saskatchewan Saskatoon | Non-Formal Program Development: Housing for the Aged |

| Name | Title of Research | Name | Title of Research |
|---|--|--|--|
| SELECTION COMMITTEE—21 OCTOBER 1981 | | | |
| Arnott, Richard J. Associate Professor Department of Economics Queen's University Kingston | Housing Quality and Maintenance | Rowe, Andrew C. Lecturer Department of Economics University of Prince Edward Island Charlottetown | Effects of Interest Rates on Residential Financing in Prince Edward Island |
| Cullingworth, John Barry Professor Centre for Urban and Community Studies University of Toronto Toronto | Comparative Analysis of Canadian Planning Systems | Russell, Alan D. Associate Professor and Associate Director Centre for Building Studies Concordia University Montreal | Construction Project Management Information System |
| Gibson, Deirdre Eileen Gibson/Bahrynowski and Associates Limited Toronto | Effective Evaluation of Housing Needs for Seniors in Non-Metropolitan Centres | SELECTION COMMITTEE—17 NOVEMBER 1981 | |
| Graham, James B. Associate Professor Faculty of Management University of Calgary Calgary | Consumer Purchase Model: Residential Housing | Blanc, Mme Bernadette Professeur adjoint Institut d'urbanisme Université de Montréal | Fermont: un nouveau concept de l'habitat, bilan pour les usagers et les organismes locaux |
| Gunn, Jonathan P. Researcher Institute of Urban Studies University of Winnipeg Winnipeg | Housing for the Disabled: An Assessment of Policy and Programs | Caron, Gilbert La Société d'habitation Alphonse-Desjardins Lévis | Une évaluation des besoins, en habitation, des membres des Caisses Populaires Desjardins dans différentes régions du Québec. |
| Hamilton, Nancy A. Program Coordinator Sunny Hill Hospital for Children Vancouver | Preliminary Evaluation of Transitional Housing for Severely Handicapped Children | Lazarowich, Dr. Michael Assistant Professor School of Urban and Regional Planning University of Waterloo | Granny Flats: Their Practicality and Implementation |
| Migneron, Jean-Grabriel Directeur du Centre de recherche en aménagement et en développement Université Laval Ste-Foy | Étude de l'impact du bruit des autoroutes sur les valeurs foncières et sur le coût des loyers pour les résidences les plus proches | Murdie, Robert A. Associate Professor Department of Geography York University Downsview | The Demand for Institutional Mortgage Financing in Metro Toronto |
| Muyldermans, Luc P. Directeur Consultant pour les économies d'énergie dans les bâtiments Ayer's Cliff (Québec) | Aspects de l'économie d'énergie dans la rénovation d'une maison existante: application et généralisation | Rege, Dr. Udayan P. Associate Professor of Finance College of Commerce University of Saskatchewan Saskatoon | The Impact of High Mortgage Rates on Mortgage Markets |
| Parenteau, René Directeur de l'institut d'urbanisme Faculté d'aménagement Université de Montréal Montréal | Évaluation socio-économique du programme des 10,000 logements (Montréal) | Sherebrin, A. David Toronto | Leasehold Sheltered Housing Schemes for the Elderly in Britain |
| | | Shrimpton, Mark Research Director and Economic Development Officer St. John's Municipal Council St. John's, Nfld. | St. John's Housing Corporation Study |

| <u>Name</u> | <u>Title of Research</u> | <u>Name</u> | <u>Title of Research</u> |
|---|---|---|---|
| SELECTION COMMITTEE—18 FEBRUARY 1982 | | | |
| Carter, Cyril Professor Trent University Peterborough | Micro-computer Programs for Energy Efficient Houses | Malo, M ^{me} Marie-Claire Professeur adjoint Centre de gestion des coopératives Écoles des Hautes Études Commerciales Montréal | La fonction de relations avec les membres dans les coopératives d'habitation et dans les fédérations de coopératives d'habitation |
| Chadwick-Jones, John K. Professor Department of Psychology Saint Mary's University | A Study of the Location of Elderly Residents in South Halifax | Miron, John R. Associate Professor Centre for Urban and Community Studies University of Toronto | The Decline of the Large Household: Implications for Housing Policy |
| Clayton, Alan M. Associate Professor Department of Civil Engineering University of Manitoba | Land Use and Its Effect on Implementation of Bicycle Facilities | Pinfold, Dr. Thomas Gardner Pinfold Consulting Economists Ltd. Halifax | Regional Variations in Housing Affordability Lev- els |
| Johnson, Byron M. President Springfield Environmental Research Limited Ottawa | Evaluation of Coop Hous- ing Built to be Access | Sherebin, A. David Toronto | The Development of Lease- hold Schemes for the Eld- erly in Canada |
| Raab, Karl Herbert Vancouver | Upgrading Residential Forced Air Filtration | SELECTION COMMITTEE—3 JUNE 1982 | |
| Spector, Aron Nathan Assistant Professor Department of Geography Queen's University | The Housing Needs of the Single Parent Family | Curtis, Frederick A. Associate Professor Faculty of Engineering University of Regina | Environmental Mediation for residential Project Dis- putes |
| SELECTION COMMITTEE—14 APRIL 1982 | | | |
| Baldwin, Patricia A. Principal, Baldwin Planning Consultants Vancouver | Small Lot Housing Review Across Canada | Evenden, Dr. Leonard J. Associate Professor Department of Geography Simon Fraser University | Single Family House Expansion |
| Campbell, Dr. E. Jane Research Director Malone Given Parsons Limited Willowdale | Spatial Segregation of the Aged in an Urban Setting | Goldberg, Dr. Michael A. Associate Dean Faculty of Commerce and Business Administration University of British Columbia | A Generalized Model of Neighbourhood Change |
| Dansereau, Pierre Professeur Université du Québec à Montréal | Écologie du logement dans un quartier urbain | Hull, John C. Associate Professor Faculty of Administrative Studies York University | The Evaluation of Household Mortgages in Canada |
| Elson, Dr. Clive Maurice Vice-President Nova Chem Limited Halifax | Development of Air Purifi- ers | Kent, Stanley R. Associate Professor Department of Architecture University of Toronto | Dimensional Discrepancies in Housing |
| Fortin, Pierre Économiste sénior Urbanex Inc., urbanistes-conseils Ste-Foy | Étude sur la copropriété divise: Québec métropolit- ain | Lalonde, Jean G. Directeur La Caisse d'établissement de Lanaudière Repentigny | Influence du zonage agricole sur la valeur des terrains dans la région de Lanaudière |

| <u>Name</u> | <u>Title of Research</u> | <u>Name</u> | <u>Title of Research</u> |
|---|--|--|--|
| Leaning, John Ottawa | The Renovation of Traditional Canadian Houses | O'Reilly, Robert R. Professor and Director National Legal Aid Research Centre University of Ottawa | Legal Services in the Housing Sector |
| Lithwick, N. Harvey Professor Department of Economics and Public Administration Carleton University | The Impact of Rent Control on the Supply of Rental Housing: A Study of the National Capital Region | Rosen, Flora M. Principal Researcher/President The Toronto Research Centre Toronto | Neighbourhood Change: The Displaced Tenant |
| McKee, Bruce W. Program Director Mental Health Association Regina | Mental Health Housing Needs Study | Seymour, Alan V. Senior Architect Blook Houghton Hughes, Architect Toronto | S.A.U.'s—Preliminary Survey and Analysis of the Market |

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 3, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1982-83 (NO. 2)

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-128, to provide supplementary borrowing authority (No. 2).

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate, and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[Translation]

VISITORS IN THE SENATE GALLERY

JEAN-LUC FOREST—1982 WORLD FRISBEE CHAMPION

Hon. Joseph-Philippe Guay: Honourable senators, it is with great pleasure that I draw your attention to the presence in our gallery of a young man from St. Boniface, Manitoba, a young man of whom we are very proud, because he won a contest for the World Frisbee Championship, for which 600,000 girls and boys were competing, and here he is, our young champion, Jean-Luc Forest from St. Boniface.

I also would like to introduce his father, George Forest, and his brother, Pierre, his manager and trainer. They are all from St. Boniface, and I am sure you will want to join me in congratulating them. I had hoped that Senator Perrault would be here to see this very young champion, to whom we offer our very best wishes.

Hon. Senators: Hear, hear.

QUESTION PERIOD

[English]

GENERAL AGREEMENT ON TARIFFS AND TRADE

GENEVA MEETING—WHEAT—GOVERNMENT POLICY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to address a question to the Minister of State for the Canadian Wheat Board in connection with the forthcoming GATT meeting in Geneva.

I understand that one of the subjects which may well be raised at that meeting has to do with the Common Agricultural Policy of the European Economic Community and the agricultural subsidy policies of the United States of America. I notice that our representative at that meeting is to be the Minister of State for International Trade, the Honourable Gerald A. Regan.

● (1405)

I want to ask my honourable friend what the policy of the Canadian government will be with respect to wheat problems, which are noted as being on the agenda for that meeting, and whether or not special personnel are detailed to assist Mr. Regan in representing our view. I take it that the minister himself will not be going?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I do not expect to be going. I will take the honourable senator's question as notice.

HEALTH AND WELFARE

UNIVERSALITY OF OLD AGE SECURITY AND FAMILY
ALLOWANCE PROGRAMS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Social Development.

Last Wednesday, Senator Austin said:

—the universal nature of the availability of family allowances and old age security pensions is not in the process of any change or new designation. This is a firm characteristic of the programs and it will continue.

I should like to know whether the minister still stands by that statement.

Hon. Jack Austin (Minister of State for Social Development): Yes, honourable senators, I do.

Hon. Jacques Flynn (Leader of the Opposition): You are not going to get away with that.

Senator Nurgitz: As a supplementary question, honourable senators, I should like to ask Senator Austin whether he noticed the reference to comments made by the Minister of Finance which appeared in today's newspapers indicating that the universality feature of the baby bonus may be near its end.

Senator Austin: I should like to point out, Senator Nurgitz, that in the statement I made on October 27, which is now before me, I said:

—all government programs are under review at all times, but the universal nature of the availability of family allowances and old age security pensions is not in the process of any change or new designation. This is a firm characteristic of the programs and it will continue.

I reaffirm that statement.

Mr. Lalonde has raised a question in the press and it relates to policy, which is always under review. I stand by my answer. We might always welcome questioning of matters in which we are involved.

Senator Flynn: Oh, oh!

Senator Nurgitz: I trust the honourable minister is not questioning a statement that is only a week old. The statement says that, while the matters are under review, the universal nature of the availability of family allowances and old age security pensions is not in the process of any change or new designation.

Hon. H. A. Olson (Leader of the Government): That is perfectly clear.

Senator Flynn: What he said is clear, but it is not true.

Senator Nurgitz: It is perfectly clear, and I trust that he is standing by his statement that it is not considered to be anything but a universal family allowance program.

Senator Austin: Honourable senators, I stand by my statement of last Wednesday.

Hon. Martial Asselin: Which one?

Senator Flynn: Do you deny the statement of the Minister of Finance? Do you not attach any meaning to what the Minister of Finance said just a day ago?

Senator Austin: Honourable senators, the statement of the Minister of Finance appeared in the press and is on record. I do not see any inconsistency between that statement and what I said last Wednesday.

Hon. Lowell Murray: Honourable senators, I have a supplementary question of the Minister of State for Social Development.

The Minister of Finance is quoted in a Canadian Press report as follows:

"When you see a financial situation where the government is not getting the revenue that it used to, where the economy is not growing, where public funds have to be used extremely sparingly and targeted better than ever before, then you have to ask yourself questions like this" he said.

[Senator Flynn.]

• (1410)

The Minister of Finance was referring to the question of family allowances, old age pensions, and so on. I would ask the minister whether, instead of asking questions about the social programs of the government, when we are in a situation such as that described by the Minister of Finance, it is not better to ask questions about the economic policies of the government that led us into this situation.

Senator Austin: Well, honourable senators, I suppose the Minister of Finance is entitled, as is any minister or any member of either chamber of Parliament, and indeed any Canadian, to raise a question and discuss any subject—

Some Hon. Senators: No.

Senator Austin: —without indicating that there is any change of policy involved. If the opposition is suggesting that there is no possibility of any minister asking questions concerning public policy, then that is a strange attitude indeed.

I would also say to Senator Murray that the government of the Right Honourable Joe Clark—

Some Hon. Senators: Oh, oh!

Senator Austin: —also expressed some thoughts about the question of social security. Ministers of that day who spoke about it are on record as having asked certain questions about the system. I notice that during the time of that government it did not lead to any evaluation of the policy.

Senator Flynn: That has nothing to do with the clear statement made by the minister last week that the question of universality of family allowances was not under review. That is what Senator Austin said and, according to his statement, the Minister of Finance said exactly the contrary.

Senator Austin: That is your interpretation, senator.

Senator Flynn: It is everyone's interpretation except yours.

Senator Austin: That I would be very surprised to know.

Senator Flynn: I am not speaking of the trained seals who may be yapping over there. I am speaking of the general public.

Senator Austin: I very much doubt whether the Leader of the Opposition has any more authority in that respect than I have.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, perhaps the minister who is being questioned could clarify this situation. We had his clear statement a few days ago that the family allowance program was not under any question with respect to the principle of universality. We now have a statement from the Minister of Finance which would lead one to think that it is under question.

My honourable friend has told us that the Minister of Finance may talk about this matter if he likes, just as any member of the two chambers or any member of the public may, but does not my honourable friend recognize the difference between a statement made by a Cabinet minister, particularly the Minister of Finance, and statements made by

other members of Parliament or people generally? Most other people do. When a person of the status, the importance and the responsibility of the Minister of Finance raises a point that deals with the question of universality of family allowances, then we are entitled to ask the minister to reconcile that statement with the statement he made in the Senate the other day.

I ask him, therefore, whether he will approach his colleague to find out what his colleague actually meant, if he did not mean what his words would lead one to believe.

Senator Austin: Honourable senators, I have no intention of going over the same ground again. I have said that there is nothing irreconcilable between my statement of last Wednesday, October 27, and what I read in the press this morning attributed to the Minister of Finance. If the honourable senator is saying that there is no possibility of any member of the government, including the Minister of Finance, ever asking a question about ongoing public policy—

Senator Flynn: You are sidestepping the question.

Senator Austin:—then I am astonished.

Senator Roblin: My honourable friend need not be astonished, because, of course, I did not say any such thing. I said that ministers of the Crown have a responsibility—and my honourable friend is one of them. He has the responsibility to elucidate government policy. He did it the other day with respect to this issue. Now one of his colleagues has raised another point of view on the subject, and the public is entitled to know where the government's policy on this matter stands. I again ask my honourable friend whether he will speak to his colleague to find out what he actually meant when he used those words.

Senator Austin: Let me be absolutely clear, as I have tried to be, and say that the Minister of Finance did not announce any change in the policy of the government.

● (1415)

Senator Roblin: If my honourable friend does not think that his colleague's statement has sent shock waves reverberating through the Canadian polity at certain levels, he is very much mistaken. It is up to the government to clarify its policy. If the government wishes to tell us that the principle of universality is now under question and under review in their considerations of their economic stand, that is fair game, but we want to know what the policy of the government is. We have two contradictory statements. They have to be reconciled and it is the minister's duty to see that that is done.

Senator Austin: My case rests.

Senator Flynn: Typical.

Senator Roblin: I would like my honourable friend to deal with the matter more frankly. Is he going to enquire of his colleague as to what the policy is, or is he not? Is he going to say that his case rests, and sit there and do nothing?

An Hon. Senator: Yes, he is.

Senator Roblin: I want an answer.

Senator Austin: I have told Senator Roblin and other honourable senators what the policy is.

Senator Roblin: My honourable friend evidently declines to answer the question. Let that be noted.

An Hon. Senator: He does not know what to say.

Senator Austin: I absolutely demur respecting the last statement made by Senator Roblin.

Senator Roblin: If you are going to answer the question, then answer it.

Senator Austin: The question stands answered.

Hon. Charles McElman: Honourable senators, I have a supplementary question. Because some of us in the Liberal Party over the years fought for universality and have come to believe that it is now a tenet or principle of the party, and because of the uncertainty which this morning's press coverage might leave with recipients of family allowances and, indeed, insofar as universality is concerned, recipients of the old age pension program, would the minister accept the responsibility of clearing up the uncertainty that obviously will exist in the minds of Canadians today by announcing or restating at the earliest opportunity current government policy, which I believe to be in support of universality? Would he restate that policy and, thereby, shoot down the lead balloon that has been floated by the Minister of Finance?

Some Hon. Senators: Hear, hear.

Senator Austin: Honourable senators, I am always respectful of Senator McElman, but I would like to repeat the assurance on government policy that I gave this chamber on October 27. If there is in Senator McElman's mind—and it is not the case in my mind—some inconsistency between the policy of the government as I stated it on October 27 and press references to the Minister of Finance today, then I shall do my very best to try to understand the difference—

Hon. R. James Balfour: That is what you were asked to do.

Senator Austin:—and bring a response again to this chamber, if I believe that some additional comments are required.

Senator McElman: If I could assist the minister, the press reports this morning state that the Minister of Finance, the Honourable Marc Lalonde, in a interview stated that he disagreed with some of his colleagues—I assume in the cabinet—that universality is part of the tenets or principles of the Liberal Party. I think there is enough of a difference there that would require some reconciliation on the part of the minister.

Hon. David Walker: That's right.

Senator Austin: If that is the nature of Senator McElman's doubt, then I will do my best to reassure him in the next few days.

Senator Flynn: That is better.

Senator Austin: Some people can accept answers to questions without turning them around. Perhaps Senator McElman is a better lawyer than you are.

Senator Roblin: I think he has a little more leverage than we have.

● (1420)

Hon. Jack Marshall: I should like to put a supplementary question to the same minister. Last week I asked him whether the government was meeting with the provinces to face the serious and widespread problem caused by the dramatic increase in welfare rolls, which amount to about 10,000 people a month. The minister said he would inquire.

If you add to that calamity the family allowances problem, it will be a double calamity for those who have to go on the welfare rolls because they are dependent on family allowances.

Has the minister an answer for us with regard to any consultation there is between the federal government and the provinces respecting the increase in welfare rolls?

Senator Austin: Well, I have nothing specific to tell Senator Marshall about meetings. Discussions are constantly taking place between the federal minister and his provincial counterparts. However, if Senator Marshall wishes to ask a question about a specific meeting, I will try to be more helpful.

Obviously, the economic stabilizers in the social security system are under consideration. They are playing a superb role in defending Canadians against the conditions of the present economy. Obviously, they are larger in cost, as they ought to be, than they have been in the past, when the demand on these economic stabilizers was lower.

All of the provinces and the federal government are looking at the rising costs of this vital and immutable system. If that is the assurance Senator Marshall wants, I am happy to give it to him.

Senator Marshall: When the minister brings forth his statement on the position with respect to family allowances, will he at the same time give us a statement concerning the welfare rolls situation? I am sure he can, as chairman, formulate a statement from his next meeting on the Social Development Committee, indicating what plans the federal government has for dealing with this ever-increasing problem. We do not want to wait until the last minute, until the calamity is upon us and the provinces have started to scream about the fact that they cannot cope with the number of people on welfare.

Could the minister give a brief statement on that position?

Senator Austin: I am happy to be as co-operative as my position allows me to be, but if questions are directed specifically to the role of the federal government in terms of welfare, which is a provincial responsibility, then those questions could either be asked in the other place or put to me as specific questions to which I would then seek the answers from the minister responsible.

AUDITOR GENERAL'S REPORT

GOVERNMENT ACCOUNTING PRACTICES

Hon. Guy Charbonneau: I should like to address a question to the Leader of the Government. Last week the Auditor

[Senator Austin.]

General reported that the government had overestimated its assets by \$4 billion and had underestimated its liabilities by \$12 billion.

Could the Leader of the Government indicate whether this latest criticism by the Auditor General of the government's accounting practices is likely to lead to a revision on the part of the government of the manner in which it arrives at these calculations and presents them to the Canadian public?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I am aware of the comment made in the report of the Auditor General. I will obtain, or attempt to obtain, as quickly as possible, a comment from other people in the government who have actuarial expertise in order to ascertain what their position is respecting the Auditor General's comments.

As soon as I have the information I will provide it to the honourable senator.

Senator Charbonneau: Is the minister implying that the Auditor General may have been wrong in his assessment?

Senator Olson: No, I did not imply that at all. I said that there was probably some explanation that, as background information, would be helpful to my honourable friend, and that I would try to obtain that information for him.

THE ECONOMY

INCREASED PRODUCTIVITY—GOVERNMENT PLANS

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government in the Senate. In view of the fact that the director of the Organization for Economic Co-operation and Development has said that Canada is the worst of the western nations in terms of productivity, and since it is becoming increasingly evident that the productivity problem is very much at the base of the economic problems in Canada, can the minister tell us what plans the government has to deal with the problem of Canada's lack of productivity in relation to its competitors?

Hon. H. A. Olson (Leader of the Government): Honourable senators, there is a direct relationship between productivity and the economy, but I think my honourable friend should have been a little more precise in the preamble to his question. The comment made by the OECD was directed to an improvement in productivity in terms of being cost-competitive, which is slightly different from the way he put it. But I am not going to quarrel with that.

● (1425)

My honourable friend asked what the government intends to do about it, and I can tell him that we have attempted to do a great deal, such as the establishment of the inflation fighting program commonly known as the six-and-five program.

The government has increased resources that are applied to the utilization of high technology. There is a fairly long list of plans, some of which are already under way, but I think it would take up too much time during Question Period if I were to recite those now.

I would be more than pleased to provide my honourable friend with a list of what the government plans to do in order to put Canada into a competitive position with respect to the international market.

Senator Doody: In order to be more precise, as the leader has asked, I wonder if the government has given any thought to establishing a productivity centre in an attempt to bring government, business and labour together to work toward increasing the productivity of the country. That has been done in some of the western industrialized countries, such as Japan and West Germany, and, to an extent, even the United States has had a hand in that in one way or another.

To my knowledge there has been no such effort made on behalf of Canada, yet it would appear that our need is the greatest.

The Prime Minister, in his serialized addresses a short time ago, touched lightly on the productivity problem, but came up with no concrete suggestions as to how that problem could be coped with.

Senator Olson: I am amazed that my honourable friend's memory is so short, because there was a long series of very useful meetings held between government, business and labour. Those meetings began in March and were held until the budget of June 29, and, indeed, immediately following that another series of meetings was held.

So, for my honourable friend to say that there has been no attempt to have a united or co-operative approach is a little unfair, but never mind that.

Regarding the establishment of a productivity centre, as he put it, I do not know whether that is being contemplated, but we have certainly made a great effort to enlist the support of business, industry, labour and everyone else involved in the total productivity factors as far as Canadian industry is concerned.

Senator Doody: I have a further supplementary question. My memory is not quite that bad. I do remember that there was a series of meetings, an almost interminable series of meetings, but I was asking what came of those meetings in terms of increasing Canada's productivity in relation to that of its competitors.

Senator Olson: My friend should not use the word "interminable" disparagingly in this context.

Hon. Jacques Flynn (Leader of the Opposition): Answer the question! Don't beat around the bush!

Senator Olson: I am not beating around the bush. In most cases, the various sectors of Canadian business and industry requested that there ought to be on-going meetings, and that these ought to be on a continuing basis. Therefore, they will not be interminable and ought not to be.

Senator Flynn: Get to the question!

Senator Olson: A great deal of useful suggestions were made at those meetings and, indeed, what is more important

than that, there were expressions of attitude towards a resolution of this problem that I think were very useful.

Senator Doody: Just on a point of clarification, I wonder why the leader assumed that my use of the word "interminable" was disparaging. In the context in which I used it, it certainly did not appear to be disparaging, but perhaps the leader knows something that I do not know since he chooses to interpret it that way.

Senator Olson: If I have accused my honourable friend of the wrong nuance, I ask him to forgive me. I did not intend to attribute something to him that he did not intend.

Senator Flynn: You have succeeded in answering the question. Bravo!

● (1430)

Hon. Sidney L. Buckwold: Honourable senators, I have discussed this matter with the minister on other occasions. I am sure the minister and honourable senators opposite recall that in the early 1960s under the Diefenbaker government there were some very serious problems, although not created by the government, and an attempt was made to meet them which resulted in the establishment of the National Productivity Council. I believe that was in 1961. I am sure that members of the opposition will be pleased to know that Mr. Diefenbaker appointed me a member of that council and I sat on it for many years, so I am well aware of it.

Some Hon. Senators: Hear, hear.

Senator Buckwold: That just shows you what a fine Canadian he was, and how broad-minded and tolerant he was.

Hon. Royce Frith (Deputy Leader of the Government): And what good judgment he had!

Senator Buckwold: And what good judgment he had—which is more than I can say for some members of the opposition, but that is another story.

The question I am raising involves the consideration of a re-establishment of that kind of concept. The program was carried out in the United Kingdom, as you will recall, with some success. The Canadian program was comprised of a high-level group including a labour representative, who was the president of the Canadian Labour Congress, Claude Jodoin, and some very important government and industrial leaders. It spread through the provinces where, in fact, as a result of the national effort, provincial productivity councils were set up. Overall, I think that it had a fairly significant impact on drawing to the attention of Canadians the importance of productivity and the challenge which faced Canadians.

Senator Flynn: Congratulations!

Senator Buckwold: The National Productivity Council was eventually moved into the Economic Council of Canada, and the productivity aspect sort of faded away.

I want to ask the minister whether his government might give some consideration to the re-establishment of that kind of program, which I think was effective.

Senator Olson: Honourable senators, Senator Doody and Senator Buckwold have made some suggestions. Senator Doody was asking what we are doing about it, and Senator Buckwold comes along and, in his usual good fashion, makes a concrete, positive suggestion, and I will take it as such.

ENERGY

QUEBEC AND MARITIMES PIPELINE

Hon. G. I. Smith: Honourable senators, I should like to address a question to the Leader of the Government but in order to do so I shall have to give a brief preface, briefer, I hope, than the one given by Senator Buckwold a moment ago.

On October 26, as shown at pages 4850 and 4851 of *Hansard*, I asked the minister a question relating to the construction of the TQ&M pipeline to the Atlantic provinces. Following that question there was an exchange of comments.

Perhaps the urgency of Senator Perrault's question could await the completion of mine.

After the question was asked—well, if the honourable gentleman wants the floor, all he has to do is ask for it and I will yield to him. If he does not want the floor, perhaps he would not bother the minister who is endeavouring to listen to my question.

After I asked the question, as shown at page 4851, the minister and I exchanged some comments. About half-way down the left-hand column, the honourable gentleman said:

My honourable friend has invited me to take his question as notice and update information for him, so I accept his invitation.

Has he been able to use the week's notice to find out what the answer to my question is, as well as the answer to the later question in the same column with regard to the construction continuing into the Atlantic provinces?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have to report that I do not have as yet the reply to those two questions, which I took as notice. I will again attempt to get the answers quickly.

DISTINGUISHED VISITORS IN GALLERY

MEMBERS OF CANADIAN MOUNT EVEREST EXPEDITION

Hon. Raymond J. Perrault (Minister of State (Fitness and Amateur Sport)): Honourable senators, I draw your attention to the presence in the gallery this afternoon of the members of the Canadian expedition to Mount Everest.

Hon. Senators: Hear, hear.

Senator Perrault: They include—and this is a departure from the norm as it was in the other place just a few moments ago—Bill March, the team leader; Lloyd Gallagher, the deputy team leader; John Amatt, Dwyane Congdon, Laurie Skreslet, the first Canadian to reach the top of Mount Everest—

Hon. Senators: Hear, hear.

[Senator Buckwold.]

Senator Perrault: —Dave Read, another one of our outstanding climbers, Peter Spear, the base-camp manager, Pat Morrow, the second Canadian to reach the summit—

Hon. Senators: Hear, hear.

Senator Perrault: —and Mike Breckon, who helped organize the event. During all of the conversations this morning they emphasized that it was a total team effort of Canadians from all regions who did something great for their country.

Hon. Senators: Hear, hear.

FORESTRY

ASSISTANCE TO INDUSTRY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should like to respond to a question raised by Senator Marshall on March 23, 1982, concerning assistance to the forest industry. The answer is rather lengthy, and I ask permission for that answer to be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

I can assure honourable senators that increased effort and dollars are being spent in Canada by the government and industry on the reforestation of lands that are not regenerating naturally.

It is true that in the northern parts of Canada and the United States, the growth of trees is much slower than in the southern United States. However, the slower growth of softwood species, especially the spruces in the northern region, produce a denser wood of very high quality which for certain uses attracts a premium price in world markets.

Forest sites vary as to their growth capability. The variations are caused in part, by nutrient availability, density of vegetation, drainage aspects and soil quality and compaction. Generally speaking it requires a greater area of a poorer quality, slow growing site than a high quality fast growing site to produce a given volume of timber on an annual basis. The cost of owning land is an important factor in any analysis of cost. In Canada, the forest lands allocated to the forest industry are for the most part Crown owned. Their management and operation are leased or licensed by the Crown to the industry for a nominal fee. In the United States much of the forested land is privately owned and the associated costs (taxes, capital investment, etc.) must be included in cost calculations.

In the case of the Newfoundland forest industry, the federal government provides advice and assistance through the Canadian Forestry Service, in the fields of forest management, protection and research. The Newfoundland Forest Research Centre, with a staff of 66 and a budget in excess of \$2.5 million has developed close working relationships with their provincial counterparts to

share research information and to identify methodologies and approaches to deal with issues of mutual concern.

There are in place forestry subsidiary agreements totalling \$63 million in the province and a Pulp and Paper Modernization Agreement totalling \$33 million designed to assist in the upgrading of mills and their equipment. The forestry subsidiary agreements are designed to ensure that pulp and paper mills have an adequate supply of the raw material.

The Canadian Forestry Service has developed several mechanisms to consult with their provincial counterparts on matters of concern. Through the Canadian Council of Resource and Environment Ministers, the Canadian Forestry Advisory Council, the Deputies and Chief Foresters meetings and many less formal structures, the Minister of the Environment and his officials consult regularly with the provincial governments on new initiatives which may be considered to develop the industry.

I also wish to highlight another recent initiative of the government designed to address the problems facing the forestry sector. A total of \$174.5 million over the next 18 months has been allocated to the forestry component of the Federal Employment Stimulation Program which was established under provisions of section 38 of the Unemployment Insurance Act. This program will create immediate job opportunities in the fields of forest management and renewal; the retention of an intact work force in areas where workers could subsequently return to their original jobs; and the creation of assets of value through forest renewal.

The government is also investigating other avenues which may be followed in meeting the problem of unemployment which now faces some workers in the forestry sector.

THE ECONOMY

PRICE RESTRAINT IN FEDERAL PUBLIC SECTOR

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a response to a question raised by Senator Roblin on July 21, 1982 concerning a request for a list of those bodies that fall under the price restraint policy of 6 per cent. Although this answer is not that lengthy, I should like it to be taken as read, if that is agreeable.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Honourable senators, a list of governmental and para-governmental bodies subject to the 6 per cent price restraint rule would simply include all organizations listed in the federal telephone directory plus crown corporations.

Consequently, I would like to have incorporated as part of the answer a copy of the press release issued by the President of the Treasury Board on the subject of administered prices in federal public sector. It should be noted

that all ministers have been requested to ensure full implementation of the price restraint policy in their departments and in agencies, crown corporations or regulatory bodies reporting to or through them. The Treasury Board is the main point of contact for implementation of the policy and the President's office will be dealing with specific questions which may arise as a consequence of the policy.

Honourable senators, with respect to this particular news release I should like to ask permission to have it taken as read because it explains the answer in some detail.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The news release follows:)

July 20, 1982

PRICE RESTRAINT IN THE FEDERAL PUBLIC SECTOR

The Honourable Donald Johnston, President of the Treasury Board, made public today the measures adopted by the Government to implement its policy of price restraint in the federal public sector. This policy was announced in the budget introduced on June 28 by the Honourable Allan J. MacEachen, Deputy Prime Minister and Minister of Finance.

The Minister confirmed that the policy will apply to all prices established under federal jurisdiction. This includes prices established by departments, agencies, Crown corporations, and their wholly-owned subsidiaries, either directly or indirectly, as well as those established under the authority of regulatory bodies.

All price increases are limited to no more than 6 per cent in the twelve-month period commencing June 28, 1982 and 5 per cent in the following twelve-month period. Any increase higher than the stipulated ceiling that has been approved prior to June 28, 1982, but which is scheduled for implementation after that date, will be rolled back. The only exceptions are export price and oil and gas price increases arising from federal-provincial agreement. Under the National Energy Program these latter prices are already and will remain well below world levels.

The price limitations apply to individual prices or rates for specific goods and services, and not to average price increases for groups or classes of goods or services.

All Ministers have been requested by the Prime Minister to ensure full implementation of the price restraint policy in their departments and in agencies, Crown corporations, or regulatory bodies reporting to or through them.

The Treasury Board has suspended for two years all authority previously delegated to departments for price increases beyond the 6 per cent and 5 per cent limits on goods and services provided to third parties.

Any exceptional circumstances that could require deviation from the stipulated price limits would have to be explicitly considered and approved by Cabinet.

The Government intends to implement its price restraint policy in a manner consistent with containment of the federal deficit. Net revenue losses that might result from price restraint would be offset by expenditure reductions.

GOVERNMENT RESTRAINT POLICY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Roblin on July 27, 1982 relating to the federal government restraint policy as it affects prices. This answer is rather lengthy and I ask permission of the Senate to have it taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

The policy of the government that "net revenue losses that might result from price restraint would be offset by expenditure reductions" refers to prices set and charged by the federal government for goods or services provided by the federal government where partial or total cost recovery is involved. The policy of limiting such price increases may result in lower revenues recovered than would otherwise have occurred in the absence of the policy. Concurrently, the government expects to reduce expenditure increases by virtue of holding federal Public Service wages and salaries within the 6 and 5 limits, and additionally, to realize savings where expenditures may not need to rise as rapidly as would otherwise be the case because of the pursuit of this policy generally within the government and by other sectors of society who will be pursuing the same objectives and who are recipients of assistance from the government or provide goods and services to the government. These sectors or groups are expected to benefit from reduced inflation and thus reduced escalation of their costs.

On balance, the effect of the restraint policy could be towards raising or lowering the deficit. The decision of the government is to ensure that, should there be a possibility of an increase in the deficit because of the policy, this increase will be offset, as necessary, by other expenditure reduction measures to ensure that the final outcome will be to not increase the deficit.

That decision to prevent any increase in the deficit applies only to those prices charged by the federal government. The effect of the policy on the private sector is a separate question. There has been no decision taken to offset the implications of the policy as it might affect the performance of companies in the private sector. In general terms, the success of the policy should lead to improved performance in the private sector, as with all sectors of society, as the inflation rate is reduced.

It would be unwise and impossible to predict that any particular company will suffer as a result of the policy, when indeed most, if not all, will benefit over time. Companies such as Bell Canada fall within regulated

sectors and there is a process for assessing their needs and taking into account the implications of rate increases. I am sure that, over the longer term, Bell Canada and its shareholders, like all other citizens, will benefit from bringing down inflation. I am confident that any decisions taken in the short term will fully recognize the implications for all those who may be affected, both in the short and longer term, and that the decisions will result in benefits to all concerned.

EMPLOYMENT AND IMMIGRATION

QUEBEC—NATIONAL TRAINING ACT—FEDERAL-PROVINCIAL AGREEMENT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Tremblay on October 27, 1982 concerning the amount of federal contribution to the training agreement with the Province of Quebec for 1981-82. Although it is not lengthy, perhaps honourable senators prefer that the answer be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Honourable senators, the total federal contribution under the previous job training agreement with the Province of Quebec amounted to \$184,598,000 for 1981-82. That figure breaks down as follows:

Institutional Training:

| | | |
|----------------------|-------------|---------------------|
| \$ | 1,700,000 | Trainee Travel |
| | 132,400,000 | Course Purchases |
| | 24,300,000 | Training Allowances |
| <u>\$158,400,000</u> | | Total |

Industrial Training: \$26,198,000 (includes critical skills training)

Hon. Arthur Tremblay: Honourable senators, I realize that the figures will be included in *Hansard*, but I have another question to ask the minister related to that answer. Perhaps I should wait until the minister presents all his delayed answers.

IMMIGRATION

CUTBACKS—GOVERNMENT POLICY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Macquarrie on November 2 concerning whether the 1983 immigration levels will prove to be a hardship on people from Lebanon or the Caribbean. Although the answer is reasonably short, may I have permission for that answer to be taken as read?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Honourable senators, the answer is no. No country quotas exist in any form. This would be contrary to the Immigration Act which specifically prohibits discrimination based on national origin.

Insofar as refugees are concerned, the global refugee allocation has been redistributed to reflect changing conditions in both the refugee-producing and first-asylum countries. Thus, the allocation for Latin America and the Caribbean has been doubled to 2,000 for 1983 from 1,000 in 1982. Similarly, the allocation for the Middle East has been doubled to 800 for 1983 from 400 in 1982. The annual refugee plan does not include those privately sponsored refugees who will account for between 2,000 and 3,000 admissions in 1982. Nor does it include landings resulting from claims to convention refugee status made within Canada and considered by the refugee status advisory committee.

[Translation]

EMPLOYMENT AND IMMIGRATION

QUEBEC—NATIONAL TRAINING ACT—FEDERAL-PROVINCIAL AGREEMENT

Hon. Arthur Tremblay: With leave of my colleagues, I would like to ask a not quite supplementary question further to the answer the minister just gave to the question I put to him last week. By the way, I wish to thank him for answering so quickly. My question concerned the amount covered by the agreement previous to the one he announced in the Senate last week with respect to occupational training. My request today concerns the agreement itself.

Is the minister willing to table or to send me the text of the agreement signed last week by Minister Marois and the Minister of Employment and Immigration, the Honourable Lloyd Axworthy, my reason being as follows: The report on regional development prepared by the Committee on National Finance and tabled in this House last week by the chairman of the committee, Senator Everett, contains considerations that to me are very important and they concern what the committee calls the soft infrastructure of development—an expression that the chairman of the committee is not particularly fond of—and some of these considerations are more specifically concerned with the importance of occupational training and especially manpower retraining in the circumstances described by the committee in its report.

The question I put last week was about the quantitative aspect, in other words the amounts covered by the new agreement. The agreement itself, in the definitions it gives of the programs involved, and the committee's report on regional development, clearly have a number of concepts in common. Since the debate on the committee's report is already in progress, I think it would be useful for the members of this House to examine not just the occupational training agreement signed by Quebec and the federal government but also other, similar agreements existing between the federal government and other provinces, this with a view to clarifying our debate on regional development and transcending the dollars and

cents aspects in order to understand the qualitative aspects emphasized in the committee's report. I apologize for the lengthy formulation of my request. I think it is important, if the minister is agreeable, to have the agreements in question, or at least those signed by Quebec and the federal government, tabled in this House, thus providing some clarification in this debate on the report prepared by the Committee on National Finance, the Everett report, if I may be allowed to put it that way.

● (1440)

[English]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will give an undertaking to make a request for the text of the agreement signed between the federal government and the Province of Quebec.

However, I am not sure if Senator Tremblay has also requested copies of all the other agreements signed with the other provinces. I am sure he will let me know if that is the case. In any event, they are public information. I would like to be clear on the magnitude of what he is asking.

The agreement signed between the federal government and the Province of Quebec contained the essential ingredients such as the amounts of money. Of course, the criteria were included in the communiqué issued immediately following the signing of the agreement.

Senator Tremblay: Honourable senators, I am not requesting the text of all the agreements. I am asking only to have the text of the signed document relating to the Province of Quebec, because in that document I suspect there will be elements of real significance in terms of our own analysis of some of the recommendations of the Standing Senate Committee on National Finance.

Since our debate has already commenced, I would ask that that document be furnished as soon as possible. If I go through the normal channels, it may take two, three or even four weeks before I have the document in my possession. I would, therefore, ask that the minister provide the document as soon as possible so that it can form part of our discussion on the report of the committee.

Senator Olson: I will give an undertaking to make the request.

VETERANS AFFAIRS

AGING PROGRAM—EXTENSION OF COVERAGE

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on October 27 in connection with the Aging Veterans Program.

The Minister of Veterans Affairs has advised me that in 1980 his department was granted \$1.9 million for fiscal year 1981-82, building up to \$7.3 million in fiscal year 1984-85 for contributions to aging disabled veterans for home and community care.

The case load, based on pensionable disability, was estimated at 1,650 persons. At present, the program is targeted only at veterans and persons with a war-related disability. That program is undergoing evaluation before a decision is made as to what changes may be effected.

Hon. Jack Marshall: Honourable senators, I am well aware of what the minister has said in this regard. The program is in existence, and applies only to those with war-related disabilities.

The problem is that the evaluation has been going on for some time and the veterans are getting older. I do not know how long they have to evaluate before they come to the conclusion that people are, indeed, sick.

Every day people who require the assistance of the Aging Veterans Program make applications and are rejected, and I am sure my honourable friend's colleague is aware of this. Something should be done now to extend this program to all veterans.

Perhaps the next step would be to ask the Senate for unanimous consent to have the matter referred to the Standing Senate Committee on Health, Welfare and Science so that we can take this matter up on a more urgent basis, have the minister appear before us, and try to impress upon him the need for the evaluation to be made now and for action to be taken immediately.

SOCIAL DEVELOPMENT

TRANSFER FROM WESTERN ECONOMIC DEVELOPMENT FUND

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I have an answer to a question asked by Senator Nurgitz on October 27 in connection with the Western Economic Development Fund.

As Senator Nurgitz requested, I would confirm that, as a result of the November 12, 1981, budget, \$345 million was transferred from the Western Economic Development Fund to the Social Affairs envelope.

In his budget speech, the Minister of Finance indicated that those funds were to be used—

Hon. Jacques Flynn (Leader of the Opposition): Which budget?

Senator Austin: The November budget.

Senator Flynn: I thought the minister said that it was not a budget speech.

Senator Austin: I was referring to the November 1981 budget.

The Minister of Finance indicated that those funds would be used to improve the housing and economic opportunities of native people over the next four years.

At this time, mechanisms and approaches to develop the operational side of this policy, including criteria for distributing funds, are under study but have not yet been finalized.

[Senator Austin.]

In response to the specific question Senator Nurgitz asked as to whether this native economic development initiative would be directed at western native people only, it is my understanding that the initiative is national in scope but, inasmuch as a very high proportion of native people live in western and northern Canada, I believe an appropriate share of those funds will be directed to the western provinces and the two territories.

● (1450)

CANADIAN BROADCASTING CORPORATION

SENIOR OFFICERS—SALARIES

Hon. Jack Marshall: Honourable senators, I have received an answer to a question on the order paper. My question was directed to the salaries of the officers in the Canadian Broadcasting Corporation. The answer is the one we have been getting for the last 10 or 15 years; namely, that it has not been customary to require officials from the CBC to provide such details as salaries.

Honourable senators, I think that is a lot of rubbish. They can come out with the fringe benefits and salaries of senators and members of Parliament. Why can we not find out how much they are making and the fringe benefits they are getting?

Some Hon. Senators: Hear, hear.

Senator Marshall: They, too, can go to the Parliamentary Restaurant on Friday nights with their families. Honourable senators, I think it is time we refused to accept this type of answer. I want to know their salaries, and if I have to go to the Department of National Revenue to get the figures, I will do so.

SOCIAL DEVELOPMENT

TRANSFER FROM WESTERN ECONOMIC DEVELOPMENT FUND

Hon. Nathan Nurgitz: If I may, honourable senators, I have a supplementary question with respect to the answer given to me by Senator Austin, for which I thank him.

First, I would like to know when this evaluation is expected to be finished. I ask this because I suppose that the various questions I raised as to the criteria for distribution and the time of first distribution of funds will not be answered until that evaluation is completed. Can I have some indication from the minister as to when it is anticipated that the evaluation will be completed?

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, I cannot provide a precise deadline for the completion of that evaluation. It is, however, actively under way. As soon as I have an idea of when the program is evaluated, I will so advise Senator Nurgitz.

Senator Nurgitz: Honourable senators, in his response given on October 27, the minister indicated that the sum of \$345 million was transferred from the Western Economic Development Fund and is now under the control of the Prime Minister. I wonder if I might ask the minister whether any other funds have been transferred from the Western Economic Develop-

ment Fund to the control of the Prime Minister; if so, under what envelope was this done?

Senator Austin: Honourable senators, I believe that the response I gave last Wednesday was to the effect that, while these funds are transferred to the Social Development envelope, the Prime Minister is the minister responsible for the Western Economic Development Fund. I will make inquiries to see whether I can obtain any additional information of the kind Senator Nurgitz is looking for.

REGIONAL ECONOMIC EXPANSION

ATLANTIC REGION—INDUSTRIAL INCENTIVE OFFERS

Question No. 78 on the Order Paper—**By Hon. Jack Marshall:**

What is the list of industrial incentive offers accepted by firms in the Atlantic Region in the last five years, with

reference to (i) the amount of offer (ii) the cost of the project and (iii) the number of jobs created?

Reply by the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion:

The reply for the Department of Regional Economic Expansion is as follows:

Under the Regional Development Incentives Act, all Incentive Offers accepted by firms, and other relevant information pertaining thereto, are reported to Parliament on a monthly basis.

These reports are available on request from the Library of Parliament.

Insofar as the Department of Industry, Trade and Commerce is concerned:

Please see following tables.

ENTERPRISE DEVELOPMENT PROGRAM

| Name of Company | Authorized Amount | Project Cost | Estimated Employment |
|---|-------------------|--------------|----------------------|
| Atlantic Bridge Co. Ltd. | 112,143 | 224,286 | 20 |
| Bens Limited | 9,900 | 9,900 | — |
| Biomass Combustion Ltd. | 95,631 | 127,509 | 22 |
| C.W. Hubbard Refrigeration & Air Conditioning | 81,000 | 108,000 | 2 |
| Canadian Keys Fibre Co. Ltd. | 9,890 | 9,890 | — |
| Canovex Ltd. | 53,625 | 71,500 | — |
| Cansub Inc. | 200,000 | 264,920 | 3 |
| Casey Fisheries Ltd. | 15,000 | 20,000 | — |
| Christy Crops Ltd. | 14,745 | 19,660 | — |
| Covey Island Boatworks Ltd. | 56,377 | 75,170 | 10 |
| Delta Rubber Products Ltd. | 31,549 | 42,066 | — |
| Design Craft Textiles Limited | 9,080 | 18,160 | — |
| Douglas Glass Insulating Ltd. | 18,750 | 25,000 | — |
| Efamol Research Inc. | 181,609 | 242,146 | 23 |
| Electronic Research Assoc. Ltd. | 83,452 | 111,269 | — |
| Farm Feed Supply Ltd. | 75,510 | 100,681 | — |
| Guildfords Limited | 27,500 | 55,000 | — |
| Harvesco | 86,936 | 115,915 | 15 |
| I.M.P. Tool & Plastics Ltd. | 132,081 | 176,109 | 8 |
| Industrial Welding Ltd. | 91,809 | 122,412 | 10 |
| Internav Ltd. | 200,000 | 334,155 | 5 |
| K.W. Colwell Enterprises Ltd. | 86,394 | 115,193 | 13 |
| K.B. Electronics Ltd. | 70,693 | 94,357 | 3 |
| Kerr Technologies Inc. | 146,355 | 195,141 | 6 |
| Kohler International Ltd. | 17,750 | 35,500 | 7 |
| Levochem Industries Ltd. | 365,000 | 487,000 | 35 |
| Liftow Manufacturing Ltd. | 27,122 | 36,163 | 6 |
| Lunenburg Foundry & Eng. | 10,000 | 10,450 | — |
| MacGregor Industries Ltd. | 16,500 | 22,000 | 7 |
| Micronet Limited | 41,250 | 55,000 | 29 |
| Monocatri Yacht Co. | 18,975 | 37,950 | 5 |
| Monocatri Yacht Company | 16,500 | 33,000 | — |
| Narwhal Marine Ltd. | 32,250 | 43,000 | 20 |
| Nautical Electronic Laboratories Ltd. | 120,584 | 160,779 | 10 |
| Nor-Can Marine Manufacturing Ltd. | 111,300 | 148,400 | 5 |
| Norep Manufacturing Ltd. | 27,750 | 37,000 | 10 |
| Nova Scotia Textiles Limited | 9,116 | 18,233 | — |
| Orion Electronics Ltd. | 37,926 | 50,568 | 6 |
| Parrsboro Metal Fabricators Ltd. | 23,877 | 31,837 | 10 |
| Peninsula Farm Ltd. | 10,255 | 13,674 | — |
| Protec Machinery Ltd. | 75,887 | 101,183 | — |
| Scotsburn Cooperative Services Ltd. | 13,750 | 27,500 | — |
| Seimac Limited | 33,752 | 45,003 | — |
| Shaw & MacDonald Ltd. | 26,250 | 35,000 | — |
| Southwind Manufacturing Ltd. | 10,000 | 11,915 | — |
| Specialty Printers Ltd. | 10,125 | 13,500 | — |
| Stuart Industries Ltd. | 8,775 | 11,700 | 30 |
| Stuart Industries Ltd. | 3,900 | 5,200 | — |
| Surflite Engineering Ltd. | 175,875 | 234,500 | 3 |
| Surrette Battery Company Ltd. | 61,125 | 81,500 | 5 |
| Undersea Equipment Limited | 6,000 | 6,000 | — |
| W.R. Benjamin Products Ltd. | 20,437 | 27,250 | 4 |
| | 3,222,060 | 4,499,244 | 332 |

ENTERPRISE DEVELOPMENT PROGRAM

| Name of Company | Authorized Amount | Project Cost | Estimated Employment |
|---------------------------------------|-------------------|------------------|----------------------|
| ABM Machine Works Ltd. | 59,250 | 79,000 | 21 |
| ABM Machine Works Ltd. | 86,277 | 115,037 | 14 |
| Apex Machine Works Ltd. | 16,500 | 22,000 | — |
| Atlantic Microbiology Ltd. | 9,295 | 12,393 | — |
| Baxter Dairies Limited | 50,000 | 130,070 | — |
| Brunswick Lab Inc. | 5,132 | 10,265 | — |
| Brunswick Lab Ltd. | 32,047 | 42,730 | 6 |
| Craftique Furniture Limited | 41,725 | 83,450 | 35 |
| Craftique Furniture Ltd. | 39,375 | 52,500 | — |
| General Machine & Steel Works Limited | 1,900 | 3,800 | — |
| General Machine & Steel Works Ltd. | 60,000 | 120,000 | 8 |
| Greco Donair Foods Limited | 23,550 | 47,100 | 18 |
| Greco Donair Foods Ltd. | 12,150 | 16,200 | — |
| Industrial Machine & Iron Work | 6,000 | 8,000 | — |
| J.M.L. Shirt Ltd. | 20,790 | 27,720 | — |
| Jiffy Products (NB) Ltd. | 194,579 | 259,439 | 30 |
| Langford Manufacturing Limited | 15,550 | 31,100 | 6 |
| Monquart Enterprises Ltd. | 27,825 | 37,100 | 10 |
| Neguac Shellfish Co. Ltd. | 6,000 | 6,000 | — |
| Northeast Pine Products Limited | 30,000 | 60,000 | — |
| Northeast Pine Products Ltd. | 211,371 | 422,742 | — |
| Ocean Quest Limited | 27,270 | 36,360 | 5 |
| Scotia Textile Ltd. | 13,537 | 18,050 | — |
| Sequential Flyer Ltd. | 3,850 | 7,700 | — |
| Targetair Limited | 174,000 | 232,000 | — |
| Targetair Limited | 80,000 | 160,000 | 15 |
| Webster Industries Limited | 11,385 | 15,180 | 6 |
| Winsul Manufacturing Ltd. | 26,250 | 35,000 | 6 |
| | <u>1,285,608</u> | <u>2,090,936</u> | <u>180</u> |

ENTERPRISE DEVELOPMENT PROGRAM

| Name of Company | Authorized Amount | Project Cost | Estimated Employment |
|---|-------------------|------------------|----------------------|
| Bay d'Espoir Forest Products Ltd. | 12,000 | 16,000 | — |
| Contrawl Limited | 198,236 | 264,314 | 20 |
| E.F. Barnes Limited | 24,000 | 48,000 | — |
| Elite Cabinet & Millwork Ltd. | 15,750 | 21,000 | — |
| Fishery Products Limited | 50,000 | 110,654 | — |
| Fogo Island Co-operative Society Ltd. | 33,750 | 45,000 | — |
| Frelco Limited | 16,782 | 33,564 | 1 |
| Frelco Limited | 110,000 | 220,000 | 3 |
| Frelco Limited | 5,000 | 6,500 | — |
| Frelco Limited | 8,000 | 10,000 | — |
| Ice Concepts Engineering Ltd. | 192,500 | 385,000 | — |
| Jenkins Industries Ltd. | 32,755 | 43,674 | 3 |
| Laboratories Limited | 23,595 | 31,460 | 2 |
| Marpro Ltd. | 186,554 | 248,739 | 36 |
| P. Janes & Sons Ltd. | 197,775 | 263,700 | — |
| Plansearch Ltd. (former Maclaren-Marex) | 56,475 | 75,300 | 5 |
| Quinlan (Old Perlican) Ltd. | 14,800 | 29,600 | 40 |
| S.T. Jones & Son Ltd. | 78,000 | 104,000 | 42 |
| Seacraft Limited | 94,375 | 188,750 | — |
| Terra Nova Peat Ltd. | 132,300 | 220,500 | 25 |
| Tors Cove Fisheries | 24,094 | 32,125 | — |
| | <u>1,506,741</u> | <u>2,397,880</u> | <u>177</u> |

ENTERPRISE DEVELOPMENT PROGRAM

| Name of Company | Authorized Amount | Project Cost | Estimated Employment |
|-----------------------------------|-------------------|--------------|----------------------|
| Atlantic Fish Specialities Ltd. | 38,175 | 50,900 | 35 |
| Atlantic Fish Specialities Ltd. | 53,349 | 71,132 | 10 |
| Belrive Sportswear Internation | 13,720 | 27,440 | — |
| C & C Holdings Ltd. | 3,750 | 7,500 | — |
| Campbell & Burns | 87,600 | 116,800 | — |
| Campbell and Burns Ltd. | 127,500 | 170,000 | — |
| Campbell and Burns Ltd. | 27,375 | 36,500 | — |
| Charlottetown Metal Products Ltd. | 139,981 | 186,641 | 8 |
| Diagnostic Chemicals Ltd. | 52,338 | 69,784 | 1 |
| Diagnostic Chemicals Ltd. | 49,277 | 65,702 | 1 |
| Diagnostic Chemicals Ltd. | 89,286 | 119,048 | 2 |
| Diagnostic Chemicals Ltd. | 60,602 | 80,803 | 1 |
| Hampton Technologies Corp. | 89,828 | 119,771 | 20 |
| Imapro Inc. | 28,692 | 38,256 | 2 |
| Imapro Inc. | 41,100 | 54,800 | 20 |
| Imapro Inc. | 33,938 | 45,250 | 20 |
| Imapro Inc. | 138,600 | 184,790 | — |
| Imapro Incorporated | 55,000 | 110,000 | — |
| Island Metal Fabricators Ltd. | 92,876 | 123,835 | 7 |
| Mosher & Associates Limited | 40,000 | 80,000 | 7 |
| P.E.I. Mussel King Inc. | 68,595 | 137,190 | — |
| P.E.I. Mussel King Inc. | 76,945 | 153,891 | 6 |
| Simmons & MacFarlane Limited | 4,400 | 8,800 | — |
| Tanner Eye Limited | 79,892 | 106,523 | 20 |
| | 1,492,819 | 2,165,356 | 160 |

CANADIAN BROADCASTING CORPORATION

SENIOR OFFICERS—SALARIES

Question No. 80 on the Order Paper—By Hon. Jack Marshall:

With regard to the senior officers of the Canadian Broadcasting Corporation, what are (i) the salaries of the following officers (ii) any other benefits derived:

| | | |
|---------------------------|--|--------------------------|
| Corporate | President | A. W. Johnson |
| | Executive Vice-President | Pierre DesRoches |
| | Special Assistant to the President | R. C. Fraser |
| | General Counsel | Jacques Alleyn, Q.C. |
| | Vice-President, Finance | Arthur C. Boughner |
| | Vice-President, Corporate Affairs | Gordon Bruce |
| | Vice-President, Human Resources | Guy Coderre |
| | Vice-President, Planning | Marcel Deschamps |
| | Vice-President, Engineering | Guy Gougeon |
| | Vice-President, Audience Relations | Jean-Louis Arcand |
| | Assistant General Counsel | Gerald A. Flaherty, Q.C. |
| | Assistant Vice-President, Corporate Affairs | Robert O'Reilly |
| | Assistant Vice-President, Human Resources | W. D. Ross |
| | Assistant Vice-President, Planning | John Shewbridge |
| English Services Division | Vice-President and General Manager | Peter Herrndorf |
| | Assistant General Manager (Administration and Regional Broadcasting) | Clive Mason |
| | Assistant General Manager (Television) | R. N. Garriock |
| | Managing Director of Radio | Margaret Lyons |
| | Director for the Province of Newfoundland | John Power |
| | Director for the Maritime Provinces | Dodi Robb |
| | Director, English Services, Quebec Region | Ray Chaisson |
| | Director for the Province of Ontario | Don Goodwin |
| | Director for the Prairie Provinces | D. L. Bennett |
| | Associate Regional Director (Saskatchewan) | Bill White |
| | Director for the Province of Alberta | Eric Moncur |
| | Director for the Province of British Columbia | Len Lauk |
| | Director of Northern Service | Doug Ward |

| | | |
|----------------------------|--|---|
| French Services Division | Vice-President and General Manager Assistant General Manager Director of Television Director of Radio Director of Information Services Director of French Services, Atlantic Provinces Director of French Services, Toronto Director of French Services, Prairie Region Director of French Services, Alberta Director of French Services, Vancouver Director of Northern Service, Quebec | Raymond David Jacques Landry Jean-Marie Dugas Jean Blais Pierre O'Neil Guy Thériault Pierre Larose Léo Rémillard Paul Dumaine Jacques Boucher Serge Gagné |
| Ottawa Area | Director of Ottawa Area | Georges Huard |
| Radio Canada International | Director of Radio Canada International | Betty Zimmerman |
| Foreign Offices | Director, CBC in the United States (New York) Assistant to the Director, CBC in the United States (Washington, D.C.) Director, CBC London Director, CBC Paris | Jacques Blouin Jacqueline Campeau-Merrill John Dunn Claude Piché |

Reply by the Minister of Communications:

I am informed by the Canadian Broadcasting Corporation as follows:

(i) and (ii) It has not been customary to require the CBC to provide such details of its internal management and administration as its employees' salaries and benefits. The background to this custom was explained in detail in the reply to Senator Norrie's oral question of December 16, 1976.

REGIONAL ECONOMIC EXPANSION

NEWFOUNDLAND—STATUS OF SUBSIDIARY AGREEMENTS

Question No. 82 on the Order Paper—By **Hon. Jack Marshall:**

What is the status of subsidiary agreements with the Province of Newfoundland under the former Department of Regional Economic Expansion or the newly named Department of Regional Industrial Expansion for (i) the Institute of Fisheries and Marine Technology (ii) construction of secondary roads (iii) Corner Brook harbour development (iv) fisheries port improvements and (v) funding for the Labrador Straits Road?

Reply by the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion:

Insofar as the Department of Regional Economic Expansion is concerned:

(i) **The Institute of Fisheries and Marine Technology**

The Government of Canada is considering a proposal to provide funding for the construction, in Newfoundland, of an Institute of Fisheries and Marine

Technology. The proposed Institute would replace and improve upon existing facilities of the College of Fisheries.

(ii) **Construction of Secondary Roads**

The Province has been advised that general highway construction should be pursued with Transport Canada through the Canada/Newfoundland Transportation Agreement.

(iii) **Corner Brook Harbour Development**

The Province has been advised that any initiative for port infrastructure in Corner Brook would have to be raised with Transport Canada.

(iv) **Fisheries Port Improvements**

The Province has been advised that any agreement on Fisheries would have to be pursued through the Department of Fisheries and Oceans, and that any initiative to be concluded would have to await the report of the Kirby Task Force.

(v) **Funding for the Labrador Straits Road**

The Province of Newfoundland has a transportation agreement with Transport Canada, and it is recommended that the completion of the Straits Road should be considered for inclusion in this agreement at some future date.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have been informed by a member of the staff of the Privy Council Office and the Leader of the Government in the other place that the House of Commons intends to deal with the grain handlers' strike on the west coast

by sitting past 6 o'clock this evening. It is hoped that all stages of the bill will be passed in the other place today.

When I asked for the best estimate as to when the bill might be passed in the other place, I was told, as an estimate, some time around 7 o'clock.

Honourable senators, the government is requesting that the Senate deal with all three stages of this bill today, with a view to having Royal Assent given to the bill tonight. I cannot formally ask that this be done tonight until we have received the bill. I merely rise at this time so that honourable senators are kept up-to-date with what we might call the state of play on that bill. And I want honourable senators to know what will be requested of them today with regard to that bill. As soon as I receive further information, I will advise honourable senators accordingly.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I suppose that means that, if the process in the other place is completed by 7 o'clock this evening, it will be reasonable to expect the Senate to deal with the bill before midnight. As the Deputy Leader of the Government has mentioned, I do not think that we can give any assurances or make any commitments before we receive the bill and see what form it takes. I suppose that the idea is to wait and see.

As I recollect the drafting of the bill, were we to have Royal Assent by midnight—which is, apparently, the objective of the deputy leader—it would mean that at 12.01 the operations on the west coast would have to be resumed; we would have to send a telegram, which would give them approximately an hour's warning—no more than that.

Senator Frith: I suppose that is true, honourable senators, subject to the time difference.

In any event, as the honourable Leader of the Opposition has said, I do not think that we can go any further at this time. I am not asking honourable senators for an undertaking at this stage. I simply want everyone in this chamber to be brought up to date on what is happening with respect to the legislative stages of the bill and to give notice as to what we will be asking for. I am not asking for an undertaking until we actually receive the bill.

Honourable senators, it may be that we will sit this evening. If we adjourn before 6 o'clock, we will probably ask for resumption at 8 o'clock in the normal way, as was implied by the honourable Leader of the Opposition.

[Translation]

DISTINGUISHED VISITORS IN THE SENATE GALLERY

ITALIAN PARLIAMENTARY DELEGATION

The Hon. the Speaker: Honourable senators, before proceeding with today's business, I would like to draw your attention to the presence in our gallery of the very important delegation of Italian parliamentarians who are particularly

interested in public works, urban development and the environment. They are visiting Ottawa and I had the pleasure of their company at lunch today.

Hon. Senators: Hear, hear.

[English]

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1982-83 (NO. 2)

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-128, to provide supplementary borrowing authority (No. 2).

He said: Honourable senators, this is not the first borrowing bill we have had this session, nor is it the first we have had this year.

Honourable senators will recall that the Financial Administration Act, Part IV, section 36, stipulates that statutory borrowing authority must be obtained from Parliament in order for the government to increase its outstanding debt. Therefore, in order for the government to borrow money to meet its financial requirements, statutory borrowing authority must be obtained from Parliament. That is the "why" of this bill.

The next question to be raised with respect to borrowing bills is, of course, "How much?" The bill currently before the Senate, Bill C-128, seeks additional borrowing authority of \$4 billion for the current 1982-83 fiscal year.

Honourable senators will recall that so far in this fiscal year the government has obtained parliamentary approval for a total of \$17.1 billion of borrowing authority. I underline the word "authority" because, although the distinction may be a fine one, what the borrowing bill or borrowing authority asks for is the authority to borrow and not, at this stage, the actual granting of those funds. So far Parliament has approved a total of \$17.1 billion of borrowing authority. That amount is equal to the financial requirements forecast for 1982-83 in the budget presented by the government last June. The figure of \$17.1 billion of borrowing authority is made up as follows—I can see that Senators Croll and McElman are hanging on to every word and are computing every figure.

• (1500)

Hon. Jacques Flynn (Leader of the Opposition): They're discussing universality!

Senator Frith: So that I may finish my remarks, perhaps discussions on universality could be a little less universal in the chamber. In any event, the figure of \$17.1 billion of borrowing authority is made up as follows: First, the amount of unused borrowing authority carried forward—because, as I mentioned a moment ago, all that borrowing authority bills do is give the authority to borrow and the authority is not necessarily immediately used—is \$3.5 billion from earlier years. That will be seen to be significant in a moment. An amount of \$6.6 billion of authority for 1982-83 was provided by Bill C-111, and \$7 billion supplementary authority was provided by Bill C-125, which was passed in the Senate in late July. Therefore,

the amount carried forward was \$3.5 billion, plus \$6.6 billion by Bill C-111 and \$7 billion by Bill C-125. The \$17.1 billion of borrowing authority already granted was equivalent to the financial requirements for 1982-83 projected in the June budget.

Some honourable senators may be aware that the financial requirements for 1982-83 have increased to around \$22.2 billion. These developments were explained to the House of Commons last Wednesday by the Minister of Finance, and his explanation was duly reported. I am sure that some honourable senators are aware of those figures. At that time the minister pointed out that the major share of the increase in the financial requirements was due to the increase in the budgetary deficit which had gone up from \$19.6 billion predicted last June to the current estimate of \$23.6 billion. He explained that the reason for the increase was a weakness in the economy that had become more severe since the earlier forecasts were presented in the budget last June.

In view of the \$5.1 billion increase in the financial requirements for 1982-83 since last June, the government is planning a larger debt program—and, as I mentioned, a corollary to such a program is a borrowing authority bill that, pursuant to the Financial Administration Act, requires the authority of Parliament.

Honourable senators will recall that the original bill seeking supplementary borrowing authority for 1982-83, which was dealt with last summer, included a non-lapsing contingency reserve of \$4 billion over and above the \$7 billion needed to meet the financial requirements. As members of the Standing Senate Committee on National Finance will recall, that was closely studied in committee, and during passage of the bill through the House the bill was amended so that the contingency reserve—that is, of \$4 billion—was dropped; and, in lieu of the reserve, the House moved that standing orders be amended so that if at any time prior to March 31, 1983 the government introduced a bill requesting new borrowing authority of not more than \$4 billion, then debate on all stages of that bill in the other place would be limited to a period not exceeding three days.

Senator Flynn: That is of no concern to us at all.

Senator Frith: In a moment it might be. The reason I believe it is of concern to us is that the \$4 billion did have some significance for the Senate, particularly in the course of the committee's study of the bill. As a result of those three days of debate in the other place, pursuant to their order, the bill is now before us.

Before proceeding further, I shall run through the bill very quickly. Clause 1 refers to the short title. The bill is now on your desks, honourable senators.

Hon. Duff Roblin (Deputy Leader of the Opposition): I do not believe it is.

Senator Frith: I believe it was distributed.

Senator Flynn: Anyway, it is in standard form.

[Senator Frith.]

Senator Frith: Yes, it is. I thank the Leader of the Opposition.

Clause 2(1) seeks the borrowing authority for the \$4 billion. Clause 2(2) stipulates that any portion of the authority not used as of March 31, 1983 will expire on that date. Clause 2(3) refers to the ability of the government to borrow and repay loans in foreign currency. That has been included in the last four borrowing authority bills; and each time I have to explain that, although over the years Canada has borrowed and repaid funds in a number of currencies, in recent years that clause has been added to confirm Canada's right to so borrow. I also have to explain that a bill which the government plans to reintroduce into Parliament will propose certain amendments to the Financial Administration Act, including an amendment clarifying the government's ability to so borrow. Once that amendment is passed, and I hope it will come soon, there will no longer be a need for this technical clause or any reference to it.

Finally, clause 3 stipulates that the act will be deemed to have come into force on November 1, 1982, the date of issue of this year's Canada Savings Bonds. The reason for that, honourable senators, is that the 1982-83 Canada Savings Bonds campaign is now under way and it is expected that it will use up a major portion of the remaining unused borrowing authority. However, even though we expect that the amount of unused borrowing authority now available will cover expected net sales of Canada Savings Bonds, it is exceptionally difficult to fine-tune any prediction of CSB sales results. There are approximately 13,000 branches of financial institutions acting as Canada Savings Bond sales and issuing agents, and it is not possible to determine the exact aggregate amount of bonds they have sold at any point in time during the two-week campaign period. Up-to-date sales results have to be projected using sampling techniques, and, of course, as we know from dealing with sampling techniques such as Gallup polls, they do contain an element of error.

In view of that uncertainty, clause 3 of the bill states that the new borrowing powers will be in force on November 1, 1982. That provision has been used in the past to ensure that all Canada Savings Bond sales are covered by unused borrowing authority.

• (1510)

In closing, honourable senators, here in summary is the government's debt program so far in the current fiscal year and the amount of borrowing authority that has been used to date. First, up to November 1, the government will have used a total of approximately \$8 billion in borrowing authority, leaving \$9.1 billion of the original \$17.1 billion unused. The use of borrowing authority that has been used is made up of \$0.9 billion as a result of foreign borrowing and \$7.1 billion as a result of the domestic debt program. The foreign borrowing represents U.S. \$750 million borrowed in the Eurobond market last June and a partial redemption of a Deutschmark loan that had matured earlier this year. The amount for the domestic debt program will be \$7.1 billion. Of that, \$5.2 billion will be raised through the issuance of treasury bills, \$3

billion through the issuance of marketable bonds, and the net Canada Savings Bond redemptions will reduce the amount borrowed by \$1 billion.

Honourable senators, that is the explanation for the clauses of the bill, the background to the request for additional borrowing authority, the breakdown as to the borrowing authority that has been used, and the reasons for the amount asked for in the bill before us. I ask honourable senators for their support of this bill on second reading.

Hon. Lowell Murray: Will the Deputy Leader of the Government accept a question?

Senator Frith: Yes.

Senator Murray: Perhaps he could obtain the answer from the officials of the Department of Finance and give it at a later stage in the debate. Senator Phillips will be speaking for this side, but I would like to intervene to ask this brief question.

Some time ago the Conference Board of Canada projected that the deficit would be \$20 billion on a national accounts basis, which was based on a negative rate of growth of 5.2 per cent. I note that the Minister of Finance forecasts a deficit of \$24 billion on a national accounts basis, based on a negative rate of growth of 4.4 per cent. I realize that the Conference Board of Canada deficit projections are based on the calendar year, whereas the government's projections are based on its fiscal year, but that does not explain the discrepancy of \$4 billion. I ask the Deputy Leader of the Government to obtain an explanation from the officials of the Department of Finance.

Senator Frith: Honourable senators, that is an appropriate question for the committee to study and to report on. If we complete the second reading stage today, the bill will be referred to the Standing Senate Committee on National Finance. I give the assurance that a transcript of the question asked by Senator Murray will be given to the officials so that they may answer the question in the committee hearing, and the committee report may deal with it. If not, I shall deal with the question at third reading.

Hon. Orville H. Phillips: Honourable senators, because this is my first intervention since the recent changes in the cabinet, and, more particularly, those changes that affect the Senate, I would like to comment briefly on that matter first. I was surprised the other day to hear my leader congratulating Senator Olson. I thought that, more appropriately, he should have extended his sympathy.

Hon. H. A. Olson (Leader of the Government): No, the congratulations were accepted.

Senator Phillips: I say this for a number of reasons. Senator Olson was pushed off his lofty economic perch and dropped to his present level of Leader of the Government in the Senate. That must be some sort of a record for a free fall without a parachute. In any event, he landed very quietly in the Senate pool. I commented to one of his followers that he did not even create a ripple, to which I received the reply, "Did you ever see a feather create a ripple?" I was a bit puzzled by that

comment and came to the conclusion that he was being referred to as a featherweight. I think that is unfair and I am sure that Senator Olson will show us in time that he is very capable of being the Leader of the Government in this body.

Senator Perrault was made Minister of State for Fitness and Amateur Sport. I think that perhaps his title should be "Minister for Ben-Gay" because, if he is anything at all like me, if he tries to be too active he will need heat liniment. Senator Austin was just getting accustomed to his duties and finding out what they could possibly be when he was shifted. I now think that the only thing that is consistent in Senator Austin's career is that he is still the "minister of state for Maurice Strong."

Senator Argue showed that he has political experience. Before the cabinet shuffle was announced, he took his friends and went off to Japan, thereby escaping the shuffle. The Prime Minister did not even realize that he was away. In fact, the Prime Minister had planned to make a visit to the Far East himself, but he decided, apparently on Senator Davey's advice, to stay home and look after the economy. I am not so sure that it was not done backwards. Perhaps we would have had more success if the Prime Minister had gone to the Far East and Senator Argue had stayed home to work on the economy.

Upon being asked at a press conference about the economy, the Prime Minister made the comment that it would be a long, cold winter. It will certainly be a long cold winter for the 1.5 million unemployed; it will be a long cold winter for those waiting to be laid off; and it will be a long cold winter for those who have lost their homes. Earlier today Senator McElman raised a question with regard to universality. I think that the government is continuing with that principle, in that they seem to be applying unemployment to everyone.

The Minister of Finance, in his statement on the economy in the other place, rambled on for an hour and twenty minutes—almost as long as I will be today. However, I am not so sure that he touched on very many of the important items. Ordinarily, when we think of the economy we use certain indices. One is manufacturing. Today manufacturing is approximately 50 per cent of what it was last year. The small business industry provides about 60 per cent of the jobs in Canada. When a plant closes in a small town the numbers may not seem to be very great, but the effect on that town is disastrous. For example, Canada Packers in Charlottetown, Prince Edward Island, recently announced that 290 to 300 employees would be laid off. Now, 300 employees in the vast pool of the unemployed is not a very big number, but it is quite significant in terms of the population of that city, as in the recent lay off of 3,000 workers by the CNR in Montreal. There was no encouragement for the small manufacturer in the minister's statement.

Another index used in reference to the economy is mining. I am sure the various ministers in the House of Commons see the flashing neon lights of Sudbury when they go to sleep at night, and well they should. Everyone was very anxious that Dome Petroleum be bailed out, but no one has asked that Sudbury be bailed out. Now we can add Schefferville to the

list, and there was an announcement in today's news at noon hour that the mine in Timmins is beginning to be closed down. Again, there is silence.

The forest industry is no better off than the two I have just mentioned. Conditions are so bad in British Columbia that Senator Lawson even came here for a couple of days. I am sure that he did not come here to vote for the Canada Day Bill. He must have wanted to make some representations on behalf of the B.C. forest industry.

With regard to fisheries, there have been commissions dealing with the problems on both coasts, but there is still no action to improve the economy in that industry.

As far as agriculture is concerned, the Minister of Agriculture said in February that agricultural income would decline by 30 per cent. If we are lucky, the minister will be right; but it may be more than that.

● (1520)

The Minister of Finance made a statement in the House of Commons. Before he did so, potatoes were selling in Prince Edward Island for five cents a pound. The minister made his speech and the price dropped to two cents a pound. While I am complaining of silence on the part of the ministers, I must admit that sometimes it is a good idea if they keep quiet.

Transportation is another form of index used to study the economy. The transportation industry is running at 59 per cent of its capacity.

Honourable senators, I do not think we need any further examples to convince us that the economy is in grim shape. But the grimness, the difficulty, is universal. This is our third budget in a year. Normally, I would want to criticize that, honourable senators, but there is an advantage to this budget in that it has filled the budgets of November and June with buckshot, and I think that should have been done much earlier.

The main theme of the minister's remarks in the other place was that the government is providing \$1.1 billion for the unemployed. Now, at first glance, that seems a lot of money. It makes a nice headline, and perhaps it may convince a few people that the government has moved to meet the needs of the unemployed. But let's be practical and take that \$1.1 billion out of the headlines and reduce it to common terms. It works out to \$333 per unemployed person. Don't get excited, honourable senators; that is for 18 months. In terms of years it comes down to \$222 per year, or roughly \$4 a week for each person who is unemployed.

At the same time, the minister announced that those receiving the maximum unemployment insurance benefits would receive a \$20-per-week increase in benefits. I find a certain amount of political schizophrenia in that, because, if the unemployed person has used up his benefits, the government has \$4 a week for him; but, if the unemployed person is drawing \$235 a week in benefits, the government will give him another \$20 a week.

The program was also headlined to provide, it was hoped, 60,000 jobs. Well, honourable senators, that, too, is misleading. If you ask where the jobs are, you are told that they are to

be temporary. That was the first bit of information the Leader of the Opposition in the other place was able to obtain. On further questioning he was informed that they are not to begin before January because the government is not ready with a program yet.

Surely, honourable senators, with the unemployment situation the way it has been for the last two years, somewhere along the line some of the ministers must have learned of the situation. Surely the Minister of Labour, the Minister of Manpower, or even the Minister of Finance, would have learned about the unemployment situation and have had some program ready. But, no, there is no program ready. We must first of all meet with the provinces.

I have no objection, in principle, to meeting with the provinces, honourable senators, but last September the provinces wanted a meeting on this very subject and the Prime Minister refused to meet with them. The situation then did not require consultation with the provinces. Now it is the excuse for delaying things until January.

The Leader of the Opposition, the Right Honourable Joe Clark, in his further questions asked what type of work would be provided. The answer was that the Minister of Finance did not know; it all depended; it depended on private industry and on a number of things.

When the question was asked what the persons working in these mysterious projects would receive in payment, no one seemed to know. We are down to the stage where it is sort of "Don't know when; don't know where, but some time." I believe that is the way the song went, and that is what the government is singing to the unemployed today.

I see that the chairman of the National Finance Committee is here. I am sure that he will be interested in the fact that the federal government has asked the provinces to join with it in providing the funds to the tune of \$500 million. It is not so long ago that the chairman issued a report in which the committee was critical of the federal government for breaking off DREE programs because the federal government was not getting its fair share of credit. Now, I have asked the sponsor of the bill who gets the credit for the 50-50. Will there be signs saying: "Joint Projects"? Will that be sufficient to satisfy the government?

Honourable senators, the federal government is not the only level of government which is experiencing difficulty with its budget. The provinces are also experiencing difficulty. The Province of Prince Edward Island has no surplus funds. The Province of Nova Scotia spent a great deal of time this summer trying to trim \$35 million off its budget in order to reduce its deficit. I do not imagine that Newfoundland or New Brunswick have any surplus funds either. Certainly Quebec has not. I suggest to you that the provinces, with their limited tax bases, will find a great deal of difficulty in matching the federal government in a program of that nature.

One point that has not been questioned throughout the discussion of the program is the unemployment insurance benefits. At present, in at least one of the make-work program

employees are not entitled to unemployment insurance stamps. I ask the sponsor of the bill if the employees under this program will be entitled to unemployment insurance stamps. It is rather odd that the federal government cannot afford to purchase unemployment insurance stamps. They can pass on the increases to the employers and employees. Last year they passed on an increase of 43.5 per cent. This year they passed on a 53 per cent increase in premiums.

You know, honourable senators, it might not seem much to say that the premiums have gone from \$1.35 to \$2.85 over a two-year period.

● (1530)

That has taken approximately \$4 billion out of the economy in the past two years, and that has to be paid by the consumer in the end.

It is fine to say that we should compete with Japan and Germany, but industry can only compete if it is given an equal opportunity.

Another item in the employment program is the \$400 million for improving the rail system in western Canada. I am not quite sure how that \$400 million is to be spent. I presume by now that the double tracking of railways from Winnipeg to Vancouver has been completed, and that the \$2 billion designated for that has been spent, but since then VIA Rail has just about disappeared, and the number of employees being laid off by the CNR increases each week. I am beginning to wonder whether there will be any employees left in the CNR to work on the improved rail system.

As I said earlier, the transportation system is only 59 per cent utilized now. What will be shipped over the railways in two years' time if policies do not change?

The amount of money available for the housing programs has been increased. As honourable senators know, every now and then I like to give the government a compliment. I am pleased to see that the \$3,000 grant for the purchase of new homes has started to get real estate sales moving, but having given the government a compliment I would like to give a warning. The average family income in Canada is \$29,900 and to purchase an average home in Canada today an average family income of \$40,000 is required. Somewhere along the way those two figures are going to collide, so I would ask the minister not to get over enthused about using housing as the sole means of recovering our economy, because Canadians are going to be so heavily mortgaged in the future that they will have no surplus funds to purchase other goods.

Hon. Peter Bosa: I wonder if the honourable senator would permit a question.

Senator Phillips: Certainly.

Senator Bosa: I do not wish to interrupt the honourable senator's train of thought, but he has just mentioned that the average family income in Canada is \$29,900, and that that amount in relation to the cost of housing is rather low. He intimated that the average family income should be around \$40,000 to enable the average Canadian family to buy a dwelling. I wonder whether Senator Phillips has studied the

relationship of the average income of a Canadian family and the price of a dwelling today to the average income of a Canadian family and the price of a home 30 years ago.

Senator Phillips: That is something I suggest Senator Bosa do because he is far more capable in financial matters than I. I am sure he would do a much superior job in compiling those figures for comparison purposes than I would. I would be delighted to obtain those figures from him.

The Minister of Finance stated that \$1.1 billion would be made available because of reductions in the budgets of certain departments. I was rather amused with the explanations offered by the various ministers. The Minister of National Defence, who is supposed to make \$200 million available, has said, "I have already done that. We are following the six-and-five program, so I do not have to come up with any more."

The Minister of Energy, Mines and Resources was really surprised when he found out he was to provide \$600 million. I cannot help wonder, since the \$600 million seems to be so readily available from the Minister of Energy, Mines and Resources—because the Minister of Finance did not even bother to tell him he was taking it—why we have such high gasoline taxes. Gasoline in the maritime provinces costs approximately \$2.25 a gallon, and it is even higher than that in Quebec. Home heating oil is \$1.50 a gallon, so perhaps there should be some reduction in those prices. It would be interesting to see what a reduction in the cost of fuel would do to the manufacturing industry.

The sponsor of the bill stated that the total borrowing authority this year would be at \$21.2 billion. Honourable senators, so far this year that amount of borrowing authority amounts to \$2 billion a month, and I fully expect the government will be back later this year, so I think it is about time we started putting the brakes on to slow up this procedure.

In this session the government has received borrowing authority for \$47.6 billion, which is something of a record for one session.

The deficit as a result of the large borrowings made during the past few years has increased drastically: It was \$10 billion in the first budget; \$19.6 billion in the second budget; and \$23.4 billion in the last budget. The interest costs of our total debt now exceed by \$1.6 billion the total transfers to the provinces, and that includes medicare, hospital insurance, higher education costs, and equalization payments. That, honourable senators, is a needless cost, and had we had better management in the past we would not be looking at those figures today. If we started to repay our national debt at the rate of \$1 billion per year on principal, not taking into account interest payments, we would require 150 years to pay it off.

● (1540)

Honourable senators, throughout this government's history, it has provided a number of guarantees. As examples, it provided guarantees for Canadair of \$1.3 billion and to de Havilland of \$1.5 billion. The other day the Minister of Finance mentioned that a further \$400 million would be provided to those two firms. Other firms such as Dome Petroleum, Maislin

and Massey-Ferguson have also had the benefit of government guarantees.

It is all very well to say that the federal government has not loaned the money but only made credit easily available to these firms, but, honourable senators, when these large amounts are made available, you create an escalating demand for money. As a result, interest rates go up.

I am sure honourable senators will recall Dr. MacIntosh, President of the Canadian Bankers' Association, appearing before the Standing Senate Committee on National Finance earlier this year. When asked what he foresaw in regard to interest rates, he said that there would be a decrease during the summer but that governments would then start borrowing in the fall, and interest rates would again increase. He referred to the fact that the American government would be borrowing approximately \$165 billion, and the Canadian government \$25 billion. Added to that, the provinces and the municipalities would also be borrowing. Again, a demand for money would be created, and there would be pressure on interest rates once more.

Honourable senators, I requested the Library of Parliament to prepare a research paper on the rate of taxation and rates of interest Canadian firms must meet in competition with other countries such as Japan and Germany. The library was not too enthusiastic about my idea because of the difficulty in trying to relate one form of taxation to another. It would, indeed, be a major task for an individual researcher.

However, I would point out that in August, Canadian firms were paying interest of 16.5 per cent on loans whereas the Americans were paying 13.5 per cent, the Germans 9 per cent, and the Japanese 7 per cent. Canadian firms will have a difficult time competing in foreign markets unless efforts are made to control interest rates.

I would suggest to honourable senators that a thorough study and comparison be made of not only interest rates but of taxation and of wages. It is fine for the Prime Minister to say that we must compete, but let us find out what league we are competing in and how it can possibly be done. I should like honourable senators to give some consideration to that as a future project.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I find it strange that no other senator on the other side wishes to speak to this matter because, after all, this is a very important bill. It requests authority for the government to borrow \$4 billion, which is not peanuts.

C. D. Howe coined the phrase, "What's a million?" He also used to say, "Who can stop us if we decide to go ahead?" This latter attitude is still in force in the other place and even more so in this place where the present majority decides—a majority no one can stop.

It seems to me that this bill requires more debate than just one speaker on each side although, I understand, it will be referred to committee.

When the agreement was reached in July to cut the previous borrowing authority by \$4 billion, it was understood that, if

[Senator Phillips.]

the government needed that additional sum, the House of Commons would introduce and deal with a bill in a matter of three days. At that time the deficit was anticipated to be about \$20 billion. From the recent statement of Mr. Lalonde, the new Minister of Finance, we now know that the deficit will be close to \$24 billion; that is an additional \$4 billion.

The minister has explained that the expenditures have increased by \$1 billion and that the revenues or income have decreased by \$3 billion due to the recession which is, according to the Prime Minister when he spoke to the nation on television, the prime cause of all our problems. The government accepts no responsibility; a universal crisis has suddenly hit us without warning and is the cause of all our problems. In keeping with his previous posture, the Prime Minister refuses to acknowledge any responsibility for our problems. The government's position is perfectly correct; our troubles are due entirely to external causes. If only we had faith in the Prime Minister and accepted that everything he does is appropriate, we would be rid of our difficulties in no time.

In any event, that is merely incidental. I could make a speech on the Prime Minister's perception of himself which would keep us here for hours and might even interest Senator Godfrey.

The \$4 billion difference was not anticipated in July when we dealt with the first borrowing authority. Can we assume that at this time the government does not envisage the need for additional borrowing authority until the end of the fiscal year on March 31, 1983? That is one question, the answer to which I was not able to detect in the speech of the new Minister of Finance the other day in the House of Commons, or in the speech by the sponsor of this bill. It is a very important question.

• (1550)

The sponsor of the bill has already mentioned that, in future borrowing authority bills, the paragraph dealing with the authority for the government to borrow in foreign currency and refund the bonds in that currency would probably not be needed, because there will be amendments made to the Financial Administration Act. Is there a bill before the House of Commons dealing with that amendment to the Financial Administration Act, or is this merely a proposal that will materialize at some future date? I should like a reply to that question.

The third point I wish to raise has to do with the text of clause 2 of the bill. I have always found it difficult to determine exactly what this clause means in practice, although the text, as I have mentioned before, is standard. It reads:

2.(1) The Minister of Finance, with the approval of the Governor in Council, may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by any Act of Parliament heretofore passed, borrow, under the *Financial Administration Act*, by the issue and sale of securities of Canada, such sum or sums of money, not exceeding in the whole, four billion dollars, as may be required for public works and general purposes.

This wording "public works and general purposes" has been on the books, I would imagine, since the time of Confederation. I fail to see why mention is made of public works, because, generally, it is not one of the major items necessitating the extra borrowing. In any event, it is not an important point.

Honourable senators, when we dealt with the previous borrowing authority bill in committee, as I think Senator Everett, the Chairman of the National Finance Committee, will remember, it was explained that the cancellation of the authority results from the fact that, before the end of the fiscal year—in the present case, March 31, 1983—if we have not used up the authority contained in this bill or in any other bill which has not provided for cancellation, we may use it, but after that it is done. What I find strange, is what was told to the committee by the officials of the Department of Finance, that once the authority to borrow has been used, the loan can be re-funded or the debentures can be reissued indefinitely. I cannot reconcile the scrupulousness applied in saying that the authority under the act is cancelled on March 31, 1983 where it is not used, with the fact that, where it is used, it is possible at any time in the future to borrow the same amount to re-fund it. In other words, honourable senators, we never know whether the government has lowered its total debt.

We apparently have a debt of over \$100 billion at this time; perhaps the sponsor of the bill can be more precise on that point. No matter what is provided for in a borrowing authority bill that we have passed, our debt never diminishes. It continues to go up, but the condition of its going up is merely that we use the authority before the expiration date mentioned in the bill, which, in this case, is March 31, 1983. If we want to have this authority indefinitely, however, we merely have to use it.

I find that to be a rather strange procedure, honourable senators, and I suspect that very few people in Canada understand that that is the effect of this type of legislation and, indeed, is the practice that has been followed over the years. It seems to me that the format of these bills should be changed somewhat so that they reveal more frankly and clearly the financial situation of Canada. Who really understands that this is the meaning of this type of legislation; that we can borrow as much as we want to repay bond issues which were authorized, let us say, 50 years ago? But if, by any chance, we do not use the authority provided here within a few months, it is cancelled. I repeat, honourable senators, that I find this to be a rather strange procedure. Perhaps the Standing Senate Committee on National Finance could look into this matter and express some views on how it could be clarified, for the benefit of the citizens of this country. I would be very surprised if there is one out of every hundred Canadians who understands that this is the way we operate.

Honourable senators, the present situation of the economy, and recent speeches made by the Prime Minister and the Minister of Finance, give rise to countless comments that could be related to this borrowing authority. I suppose that a better occasion might be found on which to deal with the entire situation in a general way and, possibly, also in specific ways.

But at this time we are called upon to provide the government with this borrowing authority. It obviously needs the money, but I am not satisfied that that is all it needs to solve its present financial problems. I am not at all satisfied that what the Minister of Finance said in the House of Commons last week will bring substantial comfort to Canadians in general, or to the more than one and a quarter million unemployed in Canada. I am not satisfied that the 100,000 or 60,000 jobs which the Minister of Finance said he will create by diverting 1.1 billion from other areas of expenditures will remedy the situation. It seems to me these measures will end up reducing the number of jobs that were to be made available through the expenditures already provided.

Honourable senators, I do not think that anybody can rejoice at the economic situation. While it is not entirely the fault of the government, I maintain that a large part of it is their responsibility. At this time, the government is trying to avoid its responsibilities by attributing the economic situation to external causes. The government accepts no more responsibility for the present economic situation than did Mr. Trudeau for his actions in 1974, when he won the election on the basis that he would never bring wage and price controls in, and did precisely that in 1975.

At this time, honourable senators, one of the major problems facing us—one which is the responsibility of the government—is the large sum of money that has been lost to this country through the National Energy Program. The government won the last election on the basis of what was proposed to Canadians at that time. We realize now that it was a big mistake to listen to those proposals, but the government will not backtrack. It continues, and thereby adds to the problems that have already been created by external factors.

In any event, honourable senators, at this time we must provide borrowing authority. I repeat, however, that I have no confidence that this government will be able to get out of its rut—extricate itself from the web of deception it has woven—so as to provide the economic direction that is sorely needed in this country at this time.

● (1600)

Hon. Heath Macquarrie: Honourable senators, before the sponsor of the bill winds up the debate, I have a few thoughts that I shall share with you on this somewhat gloomy afternoon—both outside and inside the chamber, I believe. I do not believe that I have ever taken part in a parliamentary debate where I felt a greater sense of unreality.

It is fantastic that we have reached the state of national management—or mismanagement—if you are partisan, like some people, you would say "mismanagement", but I, being a kindly person, will be more straight on that—that we are looking upon a small bill, with a figure of \$4 billion, as if it were a mere afterthought, something that is tagged on. Being a poor man, and coming from a province that is not made up of great riches, I remain overwhelmed by the concept of the figure of \$1 million, and here we are talking about a small bill of \$4 billion. It seems that we have reached the point of such

magnificence of blundering and miscalculation that we are no longer shocked.

For instance, I hear very few Canadians reacting to a front page statement of the Auditor General concerning an enormous miscalculation, perhaps \$2 billion, or an overestimation of, expenditures, or of assets being miscalculated. Not only have we reached the state where the finances of the country have been mismanaged, but even Parliament itself is being mismanaged. It now takes a man with a very good memory to recall when the session began. One picks up an order paper of the other place and one sees things lying around that are yellow with age, as if they were from the archives. There is a lack of management.

I am so old that I can remember when Ministers of Finance—yes, under Mackenzie King, I admit it—would bring in a budget once a year—imagine, once a year!—and things fitted into place. People looked at the statement of expenditure and revenue and found that they corresponded so well that at times the biggest problem of the Minister of Finance was to know what to do with the surplus. It is easy to say that times were better, but I believe that the administration was better. I believe the country was handled better from the very top.

Reference has been made to the Prime Minister's speeches, that they should have been significant clarion calls in this difficult time. I do not believe in forgetting the past—I try not to live there, but I do not believe we gain much by forgetting it. I recall when another prime minister took to the airwaves. I was too young at the time to vote, but I was old enough to listen. The Right Honourable R. B. Bennett paid for a series of five broadcasts out of his own pocket. He was one of those rich Conservatives who spent a lot of his own money for the purposes of the state. He began with an audience estimated at three million and ended with an audience estimated at eight million. Did he have expert technical advice? I doubt it, because on radio it was not considered to be all that important. But why was that such an interesting series? Was it because he said things that everyone loved? God help us, it was far from that! But it was a bold, courageous declaration of policy. I doubt if one could find, in the whole of our history, a more concentrated policy declaration than the one given by the then prime minister. That is why people were listening. He said we would do this, this and this; and insofar as the courts and the Liberal Party would allow, they did them all. It was a discussion between a great leader and his people.

Mr. Bennett is not considered to be much of a hero, and I do not believe I would have liked very much to have been in the House of Commons with him. But it is not so much a question of his popularity but the discharge of his duty. He set before the people a course which he discussed with candour, and I would have admired the present Prime Minister had he done the same.

I am not interested in the scoring of points—I believe the points have already been scored on him—but would it not have been fine had all of us, since he found it necessary to speak, been able to find something in what he said? It would have been far better for every Canadian if he or she could have said,

[Senator Macquarrie.]

“That is something; something is now being done.” But I am afraid that we are still not at the stage where someone has grappled with the difficulty.

I listened carefully to Senator Phillips. I always do. I would not dare to do otherwise, because he is so much my senior colleague here. He elucidated the problems associated with the unemployment aspect of the recent quasi-budget statement. The concept is an excellent one, because only the most myopic and hardhearted person would say, “We are interested only in inflation. Let the unemployment figures mount.” Of course, the state must be concerned about the gnawing agony of unemployment. I was interested in a bulletin I received from the Department of Finance, which included a summary of current allocations for employment creation. I hope it contains something more than I can see, to be quite frank. This is the very issue that Senator Phillips dealt with: What is being done for the people? Are these jobs going to come into being? Senator Phillips is right. We are living in a sensationalist society where we hear of the Sudburys—that is terrible; we all know that—and the Scheffervilles. But the economic blight is affecting all areas.

I never like standing in a parliamentary place and bemoaning the problems of the area I represent. I would be much happier saying how good it was—and I could spend a lot of time saying that. With regard to what the sociologists call “psychic income”, Prince Edward Island takes second place to no area. We have problems which, though they may not be dramatized, are gripping our people, and causing even those who tend to optimism to become slightly touched, if not overcome, by anxiety and a little fear. There has not been much said about the imminent closing of the Canada Packers plant in Charlottetown, but from that little city, in our little province, will go a \$6 million annual payroll—\$6 million represents a great deal in Prince Edward Island—and \$23 million a year in agricultural produce. If our little work force is diminished, and if our basic industry, agriculture, is inhibited, then that represents an economic blight. It is not as dramatic or as immediate—we are thankful that it is not—as the sudden closing of a factory on which a whole community depends. That is terrible. It is terrible because it is becoming prevalent. One does not like to be wading in abysmal gloom, but one must try to be realistic and perceptive.

• (1610)

I last attempted to speak in an economic debate when the subject of the mega-projects was before us. Some of those mega-projects were not before us for very long. But there are challenging opportunities to do something. Charlottetown needs a feasible alternative and I mentioned this last week. The provinces are prepared to help in the construction of a veterinary college there. That project will do something for both the agricultural industry and the labour force. I hope that that is the kind of thinking that is going on, and that it will not take as long for the federal government to build that veterinary college as it has in upgrading the Charlottetown airport. They have been at it for 15 years and they are not nearly through yet. We have jet age service from the airlines and prop

service from the Department of Transport in terms of the facilities for the public. I am not suggesting that there is anything wrong with those services in the essential elements of safety.

There are all these considerations. I hope, because it is getting late economically, that we can find more realism and that we will find more in the projects than we have found in the three-part television performance because even the greatest manipulators, the greatest traders in tinsel, the greatest marketers of political products, as they call them, are out of their depth now in reality.

Of course, we know that this little bill will go through, but I hope it will go through with some attention to the wise words that Senator Flynn uttered. I have thought more than once since I came here, when it comes to the operation of this chamber, that when he is listened to the operation is far more efficient. It is well, when you have people who know what is wanted, to listen to them and I do listen. I commend Senator Phillips. I actually thought, as I believe Senator Flynn did, that we would have quite a debate here. I was going to hold back until some other people who know the world of business and the world of economics spoke before I, who do not know those areas well, entered. When I studied economics in university it was called the dismal science and, by jove, nothing has happened since to make it any lighter.

But, perhaps, for an optimist there is always hope. If I keep saying that for too much longer I will probably be called not an optimist but a fool. At least, I would rather become an optimistic fool than the other kind.

Senator Bosa: Honourable senators, I would like to make a brief intervention at this point to ask the Deputy Leader of the Government, when he closes the debate on this bill, to clarify a point for me. Senator Flynn in his remarks made reference to what I am about to say. He stated that the Prime Minister had said in 1974 that he would not implement wage and price controls, and that in 1975 he did just the opposite. My recollection of what Mr. Trudeau said in 1974 is that he would not implement wage and price controls because the high inflation rate was not generated in Canada but was imported from abroad due to the higher price of oil and other commodities. In the fall of 1975, however, the inflation rate was impacted very much by the dramatic increase in the price of goods and the high salary demands within Canada. I recall specifically electricians in Oshawa asking for a 95 per cent increase in their wages over the course of one year. Were these not the factors that motivated the Prime Minister to implement wage and price controls in the fall of 1975? It was not therefore, a reversal of a stand taken in 1974 as stated.

Senator Flynn: No, of course not.

Hon. Douglas D. Everett: Honourable senators, I had not intended to intervene in this debate because I did not know that it would be a debate on the state of the Canadian economy, the budgeting process or the economic policies of the government. I thought that we were to discuss Bill C-128, which is an act to provide supplementary borrowing authority.

Senator Flynn, for the most part, stuck to the topic. Others, however, decided to make the debate more wide-ranging. I am not complaining. I am rising, perhaps, because of all the allegations from the other side of the house to the effect that we on this side are surprised and would not wish to take part in such a debate. Of course, we want to take part in the debate because, while I may, from time to time, criticize government policy and be rather acerbic about it in general terms, I think the policy of this government at this time is the correct one. It is the policy that should be followed.

However, I am not quite sure what the opposition wants. They want the economy to perform correctly, yet, somehow, they complain every time the government takes any medicine at all. If I heard the debate correctly when I entered the chamber today, there was some sort of complaint on the part of the opposition because the government was reviewing the concept of universality as it is applied to the baby bonus.

Senator Flynn: That was in Question Period.

Senator Everett: Perhaps it was a question, but, obviously, there was some sort of concern on the part of the opposition that this universal concept would be put in jeopardy. I would have thought that the opposition would support the idea that the government should look at all aspects of an expenditure program to see if it can be more efficient by cutting some expenditures.

Senator Flynn: We were just wondering whether Senator Austin was telling us the truth.

Senator Everett: I am sure the question was engendered by some reason.

Senator Macquarrie: Ask Senator McElman.

Senator Everett: The fact of the matter is that the government of this country and the central bank determined they would put into place policies that would reduce the rate of inflation. Those policies have been put into place and adhered to, and the rate of inflation has come down.

Senator Flynn: When the economy collapses, no doubt inflation will come down.

Senator Everett: The economy has not collapsed. On a month-over-month basis the rate of inflation today is running at approximately 6 per cent, and on a year-over-year basis it is 10.6 per cent. On the same basis as the United States arrives at its figures, inflation in Canada is running at 6 per cent at this point.

Senator Flynn: You come back to your old tune.

Senator Everett: That has been a major victory in economic policy. I am mystified as to why the opposition finds that this somehow should not be. I would be interested to know what their policy might have been under the circumstances. It is true that we have a very high unemployment rate at the present time. That is a consequence of the sort of policy that has to be followed when you want to reduce inflation.

● (1620)

The government is not unmindful of the serious problems and the unhappiness that it has caused. The government is

trying to do something about it. But I thought that Senator Phillips was rather distorting the policy when he said that the government was providing only \$4 per unemployed person per week and at the same time was increasing the benefits of those who are drawing unemployment insurance. Surely the fact of the matter is that there are two groups. There are those who are drawing unemployment insurance, and the government has moved to increase the benefits that are payable to them. There is another group who are at the stage of losing their entitlement under unemployment insurance, and money is being provided by the government to put those people back to work so that they will regain their eligibility. To say that that is \$4 a week is a distortion of the facts.

Senator Phillips also says that there is something wrong with the government meeting with the provinces, that this is taking up too much time. Well, I think it is only right and sound. I would have thought that Conservative policy would be that the government should meet with the provinces.

He says the provinces do not have the money to come in with the government, and yet, in fact, it is my understanding that a number of provinces are supporting the government's expenditure and will match it with money of their own.

He says that unemployment insurance premiums are being increased. Well, that is true, but can he tell me, can the Conservatives tell me, what the alternative is?

Senator Flynn: Change the government!

Senator Everett: We have a serious unemployment problem in Canada—

Senator Macquarrie: Change the government! Fire Trudeau!

Senator Everett: It seems to me that that is all we ever hear from your side.

Senator Flynn: There is no trust.

Senator Everett: But I have not heard one cogent policy to the effect that, "This is what we would do if we were in power." There is distortion of what we are doing. There is complaint that we are doing something. There is the wish that it would go away, and there is the promise that, "If you elect the Conservatives, it will go away." But the fact of the matter is that that is not what is going to happen. There is not a cogent—

Senator Flynn: A lot of things would have happened, if the Conservatives had been in power.

Senator Everett: There is not a cogent policy—

Senator Flynn: You know very well that there would have been a change in the national energy policy and a change in FIRA, and other changes which would not have resulted in all these mega-projects which have gone down the drain.

Senator Everett: Well, let's take a look at FIRA, for example. My understanding is that your leader is in favour of FIRA.

[Senator Everett.]

Senator Flynn: Not the way it is operated at this time; not at all.

Senator Everett: He is not suggesting that FIRA be done away with. On the one hand, I hear the Conservatives say that FIRA ought to be done away with, and yet I hear your leader saying that FIRA should be retained and that every country should have a FIRA—

Senator Flynn: Greatly modified.

Senator Everett: —and he would retain it.

Senator Flynn: Greatly modified.

Senator Everett: I remember hearing the Conservatives before the last election talking about how they would get rid of Petro-Canada.

Senator Flynn: Yes.

Senator Everett: And yet, when you got into power, you retained Petro-Canada.

Senator Flynn: We would have saved a lot of money, billions of dollars.

Senator Everett: I remember you complaining before the election in which you were elected that you would change the economic policy, and yet you endorsed the whole economic policy of the government at that time.

So I don't know what it is that you would do. You are very unclear, and I would like to hear what it is. Senator Roblin is sitting there smiling, and I am sure he could get up now and give us an exposition on what it is that you would do.

Senator Flynn: Even if you understood, you would not admit it.

Senator Everett: In any event, I think that the government's policy at this stage is a sound one; it is a difficult one; it is one that has to be applied over a lengthy period of time. I am not apologizing for some of the mistakes that were made before, and there were mistakes made.

Some Hon. Senators: Hear, hear.

Senator Flynn: You say you are not apologizing for them?

Senator Everett: But the policy that exists today—and I challenge the opposition to refute it—the policy that exists today is the right policy for the time and it should be followed through.

Senator Flynn: Surely, we have no choice?

Senator Everett: There is one last point I wish to make.

Hon. Richard A. Donahoe: It is time you made one.

Senator Everett: Senator Phillips referred to Senator Olson as a featherweight. Well, I want to refute that allegation totally.

Senator Flynn: Is it necessary?

Senator Everett: I think it is necessary, because I think it was a totally unnecessary comment. Senator Olson did a superb job as Minister of State for Economic Development.

Senator Flynn: Why was he demoted?

Senator Everett: And I am certain he will do a superb job here as the leader of the Senate.

Some Hon. Senators: Hear, hear.

Senator Flynn: If that is all you had to say in his favour, you might as well not have bothered.

Hon. Duff Roblin: I suppose the favourite opening line of participants in a debate of this kind is that they had not intended to speak. However, inspired by what I have heard so far in the debate, I feel impelled to offer a small contribution toward the exposition of our affairs.

I should have thought it suitable had the leader of the house favoured us, on the presentation of this bill, with some broad-ranging sketch of the policy of the government with respect to the state of our economy and the forecasts that they would offer as to its immediate future.

Senator Olson: Would you like us to repeat Mr. Lalonde's speech here? No problem.

Senator Roblin: You can follow me, if you wish.

A debate dealing with the sort of climax, you might say, of our borrowing program, which rests on the foundation of the economic affairs of the country today and on the political and financial situation in which the government finds itself, provides an opportunity for a broad-ranging discussion of present and future economic policy. Therefore, I think we must be grateful to Senator Phillips for having taken a wider view. I think it was quite appropriate for my colleague from Prince Edward Island to do so. He spoke effectively on this general theme, and so did my leader.

I would say to Senator Everett that his contribution was more attuned to the potential of this debate than perhaps his deputy leader illustrated in his time. Maybe when the latter winds up the debate he will favour us with further thoughts on this general motion.

Honourable senators, we are actually dealing with the climax of a series of events which have been building for many years. A deficit of \$24 billion and a borrowing program of \$22 billion-odd have not come about in the last 12 months. They did not happen in the last little while. They are the climax of a policy of governmental operation that has been developing in the country over the past ten or twelve years.

We have seen the rules of Keynesianism violated in the fact that over these many years we have been hard put to it to find any surpluses in our federal accounts.

A figure I saw tells me it is 12 years since we last had a surplus. I am not sure that that is exactly right, but there have not been any large surpluses. Quite the contrary has been happening. Even in the best of times the deficit of the government has been steadily increasing until it has reached this monumental stage today; and we have become so acclimatized to this kind of thing that nobody, really—apart from one or two noisy voices in the opposition, I suppose—is concerned about it. But we certainly ought to be.

We have been told by politicians—and I use that collective noun because, while I think those in government have to bear the responsibility for acts, many politicians on all sides have been telling the people of Canada that they could be excused from the impact of the economic events of their own country; that no matter what happened the government would bail us out; the government would protect us from the course of events; that we would not have to face up to the difficulties of a declining economy in this country and the world, and that somehow the miraculous operation of the federal fiscal system would save us harmless from the difficulties in which we find ourselves.

• (1630)

What I am going to say might hurt my friends from the maritimes because they have been substantial beneficiaries, but I might as well put my opinion on the table. When world oil prices began to rise we said to ourselves: Canadians are going to have a made-in-Canada price; we will have a price for energy in this country that will protect us from what is happening in the rest of the world, and we will put on taxation to do that—which we did. Incidentally, we have taken that item of taxation out of our budget, so our real expenditure increase over the years is much greater than it appears to be because we have changed the basis of our accounting. That is called “constructive accounting,” I think. We took the compensation payment for energy out of the budget, and we told our people that they would not be hurt by the price of oil, that they would be saved harmless because there would be a made-in-Canada price.

I use that as one illustration of the attitude of mind which we Canadians have brought to the problems which beset us, and I point to that as an illustration of faulty leadership on the part of the gentlemen who sit opposite.

That was a natural thing to do, perhaps, if one wished to save us harmless, if one believed in gradualism, if one tempered the wind to the shorn lamb, but all of those elevating sentiments translated into budgetary consequences have put us in the situation in which we find ourselves today.

So, our problem today is not one, I am sorry to say, Senator Everett, that can be solved by the policies of my party or any other party in a short period of time; it can only be solved over the long term.

The Conservative Party tried to say that to the people of Canada in 1979 when it brought down its budget, a budget that had to do with this very problem, a budget which had to do with government expenditure, Petro-Canada, if you please, and the oil question. We said to them in that famous phrase that there would be “short term pain for long term gain.” But members of the Liberal Party said: “Never mind about that. There won't be any short term pain or any other pain. Eighteen cents a gallon! Don't believe it. We won't have to do that, we have a made-in-Canada price; we will save you harmless.”

I have to admit that that was shrewd politics, because in that part of the country—and I am thinking mainly of the province of Ontario—

Senator Flynn: And Quebec.

Senator Roblin: And Quebec—the argument appealed to such an extent that the government that is now in power resumed the reins of office.

So, if anyone is concerned about the solution to our problems—and I know that we are all genuinely concerned—and if anyone is perplexed by the size of this debt and the problems we are facing in our public finance, one cannot expect that anything other than a vigorous, long term approach to this question is going to bring us within reach of solutions within any sort of reasonable period of time.

I am sorry to say that I do not have the perfect solution. If I were to proceed on this line of thought and expose to this chamber some of the proposals I would make—well, I may do that at a later time. I want to establish the central fact that what we are dealing with now is the culmination of a generation of self-indulgence on the part of politicians. It is a generation of fiscal irresponsibility on the part of Prime Ministers, and Ministers of Finance in this federal Parliament, and we are not going to cure our problems by any waving of the magic wand this afternoon, or at any other time in the near future.

I was asked inferentially about my position on universality in connection with a certain welfare policy. My own position on that is well known—let me alter that statement; it may be well known to some—but the questions we asked the minister today had nothing to do with the principle of universality, but the questions had everything to do with what the government policy was. It is as simple as that. That is all we wanted to know, because when we know the government policy we can talk further on this general point.

Can we grasp in any way the size of the problem we are dealing with? It is only when one tries to understand the magnitude of the problem that one can do anything about it. Do we realize that since that famous election of 1980 spending has risen by 55 per cent on the public accounts basis and 66 per cent on the national accounts basis? And when was that election? It was scarcely three years ago, and yet look at what we have done in terms of public expenditure.

You may say that it is unavoidable. I will not argue that at the moment—I will argue it at a later time—but look at the magnitude of that increase, and look at the magnitude in this year of grace alone—a 20.8 per cent increase in public expenditures on a national accounts basis. And what was the policy of the government at election time? They declared that they would not increase the expenditures of the country faster than the rate of inflation. That was their basic economic policy. Yet in no single year since it has resumed office has it lived up to that particular plank of its platform, and there have been, what, five or six budgets since then?

Maybe that could not be done, but I am saying something to you about the size and the magnitude of the problems we are facing when we find that kind of increase over that period of time, which leads directly to the deficit, to the weight of the debt, and, in my opinion, over the long term it is bound to have

[Senator Roblin.]

a constraining effect on the ability of this economy to grow and prosper. Public spending is certainly very high indeed.

What are we to think of a situation such as the one we are in now? Honourable senators, it is not 12 months since we had a budgetary estimate by the former Minister of Finance as to what our deficit was going to be. What was it—\$10 billion, with a financing program of \$6 billion or \$7 billion? Shortly after that, in edition No. 2, a little more than six months later, the deficit had risen to \$19.6 billion, and the borrowing program to \$17.6 billion. Then, the other day, we had the third instalment; the deficit has risen to \$23.6 billion, and the borrowing program to \$22.3 billion.

If someone were to say that our public financings were out of control, it would seem to me that there would be some basis for such an argument, but I can only hope, for the sake of all of us, that that proves to be false.

Honourable senators, what became of the deficit in the Unemployment Insurance Fund? That will be several billion dollars, and we are going to put in a wage tax of \$1.7 billion now to collect part of that back. This cuts the ground out from under any expectation of increases in consumer purchasing, which are going to be the great engine of growth in the next little while. Growth certainly will not be found anywhere else in terms of the domestic economy.

What happened to the rest of it? How is the rest of the Unemployment Insurance Fund being funded? Is that not part of our financial problem? Is that not, indeed, part of our deficit? But where does that appear in the statement of the Minister of Finance?

If he has included that in his borrowing program of \$22.3 billion, that is an interesting fact I would like to have explained to us; but, in any case, why it is not calculated as part of the deficit of the country I do not know.

You know, there is a very nice thing about this; you take the Unemployment Insurance Fund, shift it out of the limelight, and put it off in a place by itself, then you do not have to count what goes on there in terms of the public expenditure or in terms of the borrowing program of the country.

You take the Post Office, and what do you do with that? You shift that off into another area, and its requirements do not appear in the accounts we are discussing today, but there surely must be half a billion dollars worth of problems over there.

● (1640)

You have already done the same thing with the Oil Compensation Fund, and I dare say if you scratch a little further you will find some more. If you are really trying to rigorously define the terms of your problem, you will find that \$23.6 billion does not encompass the whole situation.

I do not say that with any satisfaction because we are in this together—make no mistake about that. The opposition and the government and the people of the nation are in this together. We are not going to get out of it if we content ourselves with disputing in the rather academic fashion which perhaps I am guilty of in this chamber from time to time, but it is only if we

are seized with the size of the problem and are determined to do something effective about it that we are going to come to grips with the situation that we find ourselves in.

What are some of the things we ought to do? There are a great many, and I cannot deal with them all. The first thing that I think we ought to do is to say to the Minister of Finance: "Come clean. Tell us what you really think. Is this \$23.6 billion the last word or are we going to find out, when the new budget comes down in a few months, that it is going to be something more than that? Have you really calculated the effect on the Unemployment Insurance Fund, for example, and will you please include that because we have to raise that money somewhere? Will you come clean with us?"

That is the first thing we have to have—candor! We do not get it. We get people fiddling with the figures in order to make them look as harmless as possible. When you get into the \$20 billion range, honourable senators, there is no way you can do that kind of thing. You might just as well come clean and let us know what the situation is.

If the situation on inflation, for example, is as good as Senator Everett says it is—and I will take his word for it—he says that figured on the American system it is 6 per cent. Inflation down there is 4.2 per cent figured on the same basis. Let us suppose that he is right. If that is the case, why in the name of all that is sensible is our interest rate standing where it is? Surely that should come down. Are we going to have a spread between our inflation rate and our interest rate of six points, seven points, eight points, when everyone tells us that what we need to do to get the country moving at least partially is get some control of the interest rates? We had that long argument with the Bank of Canada about interest rates and inflation. The Bank of Canada policy does not give a hoot about interest rates. The Bank of Canada policy is dedicated to one principle only and that is dealing with the value of the Canadian dollar. The sooner we get that through our heads the better. Any advantage that we may have sought in having an independent dollar freely floating has long ago been sacrificed on that altar.

I am not one who is convinced that we cannot modify that policy to some degree. Absolutes in this argument are out of the question. You are only dealing on the margin; you are only dealing with degrees. There is a degree to which we can move the interest rates down. The Economic Council of Canada says so, at any rate. They say that real interest rates would seem to be higher than necessary to restrain inflation. Lower real interest rates would help to get the recovery well under way. That puts it somewhat more moderately than I have been doing this afternoon, but I think that is what I mean. I think that we have some flexibility here. I say to the government: "Come clean about what our real problem is."

The Prime Minister tried to appeal to Canadians the other night to rise to meet the challenge. I have no doubt that that is what he was trying to do, but he did not succeed because I do not think he ever put the challenge to them in terms that they understood. He talked about trust. We trust one another. The stuff of life is made up of trusting one another. He talked

about everyone pulling their weight in productivity, but when you get down to it there was nothing to grab on to. It was banal and unworthy of him because I know he can be an inspiring leader, but he did not lead on those occasions. I hope for the sake of the country—and I say this in a non-partisan way—that he can muster those qualities that are within him and lead us out of this slough of economic despondency in which we find ourselves.

Come clean with us and put the matter as straight as you can. It is a difficult job, but that is what should be done. Take the Bank of Canada policy and the interest rate policy and squeeze the water out of it. Make it more suitable to the great issues of the day which are no longer inflation, although I do not dismiss it and I am not discarding it as a terrible problem or something that we can afford to ignore because we cannot. The real problem that faces this country is the lifeblood of men and women having jobs and being able to work. If we can get that interest rate down somewhat and make a contribution towards that goal, then we will see economic leadership from the politicians of this country.

Some Hon. Senators: Hear, hear.

Senator Roblin: I do not overstate my case. I think there is a lot more than interest rates that has to be done in order to get the Canadian economy going again. That is only one factor. It is the sign that people look for when they are trying to plan their futures and are looking to see how they are going to get along in life. That is a very significant sign in the economic field. It seems to me that we are missing a great opportunity because we in this country have been hypnotized too long by this gradualist monetary policy that has been espoused by the Bank of Canada and, up until quite recently, in fact rejected by the Government of Canada. The Governor of the Bank of Canada has all my sympathy. He has been trying to run a deflationary policy with a government that would not co-operate. Maybe they are going to do so now, but it has been hard lines on him, and while I am critical of him at times I do not forget that he has his problems too.

Regarding interest rates, would that the government would show some signs of restraint itself. They are asking the whole country to do so. They have in the June budget added \$2.5 billion of taxes to the people of Canada as a result of Mr. MacEachen's June budget. Those are the facts—a \$2.5 billion increase in taxes—and now with the unemployment insurance situation they are putting a wage tax on every man and woman who works in this country that is going to reduce his or her income and is going to make the economy more difficult to operate because prices are under pressure.

What are you going to do? You have got to get the money. The conundrums are not easily solved, but it seems to me that we have to face them and decide what we are going to do about them. One of the things that we are looking for from the government is some kind of evidence that there is restraint on its part to match the sacrifices it is asking the people to make. It is asking everyone to make a sacrifice when it cuts the indexing in half, and perhaps if Senator Everett's figure is correct that will be a little less of a burden than it would

otherwise be. They are asking people to sacrifice to support the unemployment insurance situation. They are asking the people of this country to sacrifice in the 5 and 6 per cent. There is something there that we do not want to underestimate and we want to give credit where credit is due and hope that those measures are successful. But when we look at the operations of the government itself, where do we see that restraint that we are asking the people of this country to adopt as their goal and target now? I, for one, do not see it. You can go through every one of the departments of government. I have a resumé here for every department, and you can be thankful, honourable senators, that I have no intention of dealing with any of them, but in every department of government there are examples of, one would have to say, unfortunate mismanagement.

We see that the real crunch of restraint is hard to detect. Perhaps civil servants could say it is there. Perhaps members of the executive of government could say it is there because they are working with it every day. I hope it is there. We do not see it though. There is no feeling among the people that the government is practising what it preaches in respect to this general feature of restraint. When you look at the items that compose our cost of living index you see that, as far as the private sector contributions are concerned, that is practically a zero. When you add in those prices which government itself controls, there you will find the big inflationary factor in these days.

When you are talking about restraint, one has to ask the government, "What are you doing about it in those areas you control?" It seems to me that those are among the factors that could lead this country back to some self-confidence—coming clean with the people; dealing with the question of interest rates; and doing something about restraint in government, which really strikes the public as being conscious of waste, conscious of thrift and conscious of the necessity for prudence, recognizing that at the same time, willy-nilly, you have to continue to support those life-saving measures which are protecting the unemployed from the hard facts of life to which they would be exposed under other circumstances.

I am grateful to honourable senators for having the patience to listen to me on this subject because had I known that I was going to speak so long I would no doubt have prepared a speech. As it is, I have just given you those thoughts which come to my mind when dealing with this great problem.

● (1650)

What is this \$4 billion going to do?

Senator Frith: It is a borrowing authority.

Senator Roblin: Is it going to do anything to relieve unemployment? No, I do not think it is, and I will tell you why not. Is it going to do anything to increase productivity? I cannot see it. Is it going to do anything to bring interest rates down? On the contrary, it will probably be a factor in keeping them up. Is it going to do anything to increase the productive capacity of the country by way of new investment? That is not very likely.

[Senator Roblin.]

What is it going to do? It is going to pay the interest on the national debt; that is what it is going to do. It is going to pay the operating expenses of the government, which has nothing to do with investment, jobs, productivity or any of that kind of thing. Basically, it is going to pay the interest on the debt which has climbed dramatically. I do not know if I dare give the figures since they are so shocking, but the gross national debt has risen so fast and so far in the last 10 years as to indicate why we need all this money to meet the interest payments.

There is no possibility of its ever being paid back—you can get that out of your head. Very seldom do governments repay debts. They did in my province at one time, and I will remain grateful to those who initiated that policy, which I had something to do with continuing. However, I have never seen this in the federal field and I do not think I ever will. The cost of carrying that money will be a burden on future generations for all time to come. If we are sufficiently cynical, we can hope that there will be enough inflation in that time to make the burden bearable.

Whatever happens, what we are doing now is borrowing a lot of money to pay the interest on the national debt. There is no repayment; there is no productivity investment; there is no increasing output of the country; it has nothing to do with employment; it will not bring interest rates down. However, it is necessary and I am going to vote for it, but I do so with a heavy heart.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Frith: Honourable senators, dealing with the interventions in reverse order, following the Biblical dictum that the last shall be first and the first last, I am sorry to have disappointed Senator Roblin in sponsoring this borrowing authority bill without having given an inspiring speech on the entire range of government economic policy.

Senator Roblin: It is hard to be inspiring with that.

Senator Frith: Although I doubt it, it is possible that, if I had given as inspiring or as good a performance as Senator Roblin gave by repeating the government policy behind this borrowing authority bill and repeating what Mr. Lalonde had said, perhaps Senator Roblin would have stood up and said, "Hear, hear. Where do I sign?" I doubt that would have happened.

Senator Roblin is well aware of the government's economic program put forward by the Minister of Finance, and the borrowing authority bill, which is now before us, is just a part of that program.

In fairness, I must say that I was not disappointed in Senator Roblin's performance, although I was slightly disap-

pointed in the content because I did not hear anything I had not heard before from him or his colleagues. However, I must say that I have seldom heard it better put.

Senator Flynn: It is worth repeating because you always forget.

Senator Frith: No, we do not. You assume that we forget. We listen to it patiently, over and over again.

Hon. Guy Charbonneau: One of these days it might sink in.

Senator Frith: If the content improves, it just might.

Honourable senators, there was one bright spot in what Senator Roblin said. He said that he, on another occasion, is going to tell us what he would do. He is a distinguished former premier, and I look forward to what he has to tell us about how interest rates can be brought down further.

Hon. Martial Asselin: Does that mean you have no solution yourself?

Senator Frith: No, it does not mean that. Do you have any other questions?

Senator Asselin: Would you expand on that a little?

Senator Frith: Yes, I will; that is what I was about to do.

I understand that Senator Roblin, on another occasion, is going to tell us what his approach would be if he were able to bring forward programs to improve the government's role and, therefore, improve the economy.

It seems to me that two basic threads run through Senator Roblin's speech. One, I suppose, is on the philosophical level. There is an underlying thread in all of the urgings for different programs from the government that, to me, seems Marxist. I understand the basic theory of Marx to be that governments can solve all economic and social problems—

Senator Roblin: The basic theory throughout your last election campaign.

Senator Asselin: That was not said?

Senator Frith: No, it was not.

Senator Asselin: Oh, yes.

Senator Frith: Oh, no; that is not what the government said.

Hon. G. I. Smith: We heard it; we know what was said.

Senator Frith: We are going to find out from Senator Roblin how a government, in a free society, in an economy that has as large a private sector as ours, can solve all its problems. I assume it will be by more government intervention.

Senator Smith: Lack of intervention.

Senator Frith: The other thread that runs through Senator's Roblin's speech, as it does so often, is that the *bête noir* is, to him, the deficit. He is one of the most eloquent chargers, a Don Quixote against the windmill of the deficit, that we have in this chamber.

Therefore, I look forward to his telling us what would be his, or his party's, policy. And I do not ask him to tell us now. Will he tell us that we should have a balanced budget? Perhaps.

Will he tell us that we should budget for a surplus? Perhaps. Let's wait for more on this promising point in his intervention.

We will find out what he wants to cut in federal spending for this year, 1982-83. The government is spending \$14.9 billion on transfers to individuals—that is, family allowances and pensions. Perhaps he will tell us how we should cut that. An amount of \$14.1 billion is spent on transfers to governments, including medicare, welfare and equalization payments. We can look forward to hearing how he would cut down on that spending. \$5.5 billion is spent on other transfers such as foreign aid. He might want to cut that. Regional economic expansion—he might want to cut that. Payments to natives—he might want to cut that. \$2.9 billion is used on payments to crown corporations. I believe he hinted that he would definitely like to cut that. He mentioned the Post Office as one example.

Senator Flynn: And Petro-Canada.

Senator Frith: Exactly. And I am sure he will tell us how we should cut down on the \$7 billion for national defence, which includes \$3.4 billion for salaries and benefits.

Senator Flynn: We have already started on that.

Senator Frith: We want to hear that from Senator Roblin; perhaps we will hear it from Senator Flynn too.

\$11.7 billion is spent on operating and capital expenditures, including \$7.6 billion in salaries and benefits. I know he will tell us in detail where those cuts can be made, because he did show a great deal of concern about excess spending in that category.

The last category on which I know we will hear from him is the \$16.8 billion interest on the public debt. He will show us how we can reduce the public debt. I sincerely look forward to hearing Senator Roblin's comments on that.

Senator Everett was the next speaker, in reverse order, and no one will be surprised to learn that I associate myself with his comments. I also say that nothing Senator Bosa said about his recollection of what the Prime Minister said concerning wage and price controls is inconsistent with my own recollection.

● (1700)

I believe that Senator Macquarrie was the next speaker. With respect to what he and Senator Phillips, his colleague from Prince Edward Island, said, I will paraphrase and Canadianize the old expression "I'm from Missouri," which means "You'll have to show me; I'm not yet convinced." Honourable senators, we now have a new expression—"I'm from Prince Edward Island; I am not convinced that these unemployment programs are going to work."

I can only say that I share their sincere and genuine hopes that these programs will do something for unemployment. I share the hope that they will work, but we will have to see whether they do or not.

Honourable senators, I certainly did not at any time entertain the illusion that Bill C-128—this borrowing authority bill with, admittedly, rather large figures—would miraculously

change Senator Flynn's assessment of the performance of the government. Therefore, I do not intend to take this occasion, the debate on second reading, to tell him that I am disappointed that the bill did not persuade him to praise the government's performance.

If I can go back for a moment to a comment of Senator Macquarrie's, I will say that I was moved by his reference to "the good old days under Mackenzie King." If there were a way to verify whether Senator Macquarrie sang paeans of praise to Mackenzie King in those good old days, I would make every effort to find it. Senator Macquarrie might help me in getting the Library of Parliament to check what he said in those days about the government's performance.

Apart from Senator Flynn's "report card" on the government's performance, he raised a couple of points on which I would like to comment. I agree with his remarks about the section which deals with borrowing authority that must be cut off if it is not used.

We know, from the committee hearings, that the government has requested additional borrowing authority while it still had some amount hanging around from former years which it was able to use. The committee said, "Look, when you come to us for borrowing authority, we are going to give it to you but it must lapse. You cannot keep carrying it forward year after year." If what Senator Flynn says is true—and I think the matter should be brought up in committee—then I agree with him that the section could be reworded in such a way as to more effectively bring about its stated objective.

Senator Flynn: Perhaps we should ask for authority to increase an actual debt by so many billions of dollars. In that way we would clearly know where we stand.

Senator Frith: Let us raise that point in committee with the minister and the officials.

Senator Flynn raised one other question: Can we assume there will be no need for any additional borrowing authority? Honourable senators, I cannot answer that. I think we should ask that question of the minister tomorrow if he attends the committee meeting.

Incidentally, on another point, I do not know whether I understood Senator Flynn correctly but, if I did, then he is quite correct. The \$4 billion that the committee agreed in July would be cut but left there for the asking, so to speak, was justified by the Department of Finance on the basis of need for flexibility in the foreign exchange market. In strict terms, therefore, what was left aside for the asking is now being requested, but not for precisely the same reason as the original one. As I explained, it is not being requested for that reason, but because of the cut in government revenues.

Honourable senators, the amendment to the Financial Administration Act has not been introduced. In my notes, it is stated that the government intends to introduce it. I hope so, because it is becoming a little tiresome to constantly have to refer not only to the need for the section but the fact that that need will be remedied by an amendment to the Financial Administration Act, when that amendment to the Financial

Administration Act does not come along. Perhaps I could ask the leader to bring that up at legislation planning. I do not think we will have any trouble getting such a bill approved.

At the risk of disappointing other honourable senators and not being sufficiently wide-ranging on the subject of this bill, as Senator Roblin has said on other occasions and, in effect, has said again today, the borrowing authority is the necessary corollary to a debt program. A debt program is the necessary corollary to the overall economic program. As he has said, just because he votes for the borrowing authority, which is the second corollary, does not mean that he agrees with either the debt program or the economic program to which it is the corollary.

Honourable senators, I believe that this has been a useful and enjoyable extension of the normal debate on borrowing authority bills. We really have not had much chance to debate Mr. Lalonde's statement of last week, and today we were provided at least some opportunity to have a crack at it. We might want to extend that opportunity by way of an inquiry. In the meantime, we have had a useful exchange of views, as the diplomats always like to say.

I ask honourable senators to support the request for additional borrowing authority as embodied in this bill, against the background of its overall policy dimensions, considering the fact that it is, I suppose, a necessary corollary to any government economic program.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

Senator Frith moved that the bill be referred to the Standing Senate Committee on National Finance.

Motion agreed to.

• (1710)

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): I believe Motions stand. Honourable senators, I move that the Senate do now adjourn, to resume at the call of the bell at approximately 7.30 p.m.

Hon. Jacques Flynn (Leader of the Opposition): Has the Deputy Leader of the Government any information? I assume that the Commons bell we can now hear is for a vote on an amendment to the bill they are considering.

Senator Frith: I do not know. I am open to suggestions as to when we should resume.

Senator Flynn: Let us say at the call of the bell at 7.30 or 8 o'clock. We can consult and let His Honour know.

Senator Frith: Yes. Therefore my motion is that the Senate do now adjourn to resume at the call of the bell at approximately 7.30 p.m. In the meantime, we shall consult. The reason I suggest 7.30 instead of 8 o'clock is because if we do receive the bill earlier it will give us a half-hour start. It is now only 5.30.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned during pleasure.

At 9 p.m. the sitting was resumed.

WEST COAST PORTS OPERATIONS BILL, 1982

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-137, to provide for the resumption and continuation of longshoring and related operations at ports on the west coast of Canada.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. A. Olson (Leader of the Government): With leave, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we have no objection in principle to giving leave, but I would like the Leader of the Government to tell us how he intends to proceed. I see that there is a table in front of the Leader of the Government and his seat-mate, which suggests to me that the bill will be referred to Committee of the Whole. May I have the assurance that if the bill receives second reading it will be referred to Committee of the Whole?

Senator Olson: Honourable senators, some preparations have been made in anticipation of that procedure being followed tonight, as the Leader of the Opposition knows since I discussed it with him, albeit very briefly. However, we are not difficult. The bill can either be referred to a standing committee of this house or dealt with in Committee of the Whole. It seems to me that it would be more expeditious to deal with the bill in Committee of the Whole, and there is the added advantage that all honourable senators on both sides of the house will be able to participate.

My honourable friend, the Leader of the Opposition, is correct in saying that some preparations have been made. While it is not customary to make reference to the galleries, I will say that in this case we have the opportunity of calling in the Minister of Labour and his senior officials to answer technical questions.

Hon. Martial Asselin: Not only technical questions.

Senator Flynn: Questions of substance also.

Senator Olson: To answer unqualified questions.

Senator Flynn: Then, on the strength of that assurance, leave is granted.

The Hon. the Speaker: It is moved by the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith, that this bill be now read the second time.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Olson: Honourable senators, I want to introduce this bill and give sufficient background so that all honourable senators on both sides of the house will have a better understanding of the background leading up to the situation that we are dealing with tonight on a somewhat urgent basis.

I want to say that, on the one hand, the government regrets the necessity of having to introduce legislation to restore longshoring operations at Canada's west coast ports and, on the other hand, the Minister of Labour and the government generally have accepted their responsibility to bring about a conclusion to a work stoppage which has brought the export of many commodities, including western grain, to a virtual standstill, and has caused hardship to the business community and its employees who are dependent on water transportation for the shipment of their goods and services.

It is a situation in which the parties to the dispute are able to inflict more damage on others than on themselves. As well as conferring rights upon the parties to bargain collectively and arrive at acceptable terms and conditions of employment for the employees, the industrial relations framework set out in Part V of the Canada Labour Code clearly places the responsibility for resolving any labour-management disputes on the parties themselves.

Unfortunately, there are occasions when the government, as custodian of the economic and public interests of Canadians, must assume the responsibility entrusted to it and act in a firm and responsible manner to ensure that the interests of all those parties affected by a particular work stoppage are protected.

The contract negotiations to which this particular piece of legislation applies concern the renewal of a collective agreement involving the British Columbia Maritime Employers' Association and the International Longshoremen's and Warehousemen's Union that expired on December 31, 1981. The notice of dispute was filed by the union representing some 4,000 regular and casual longshoremen in ports on the Canadian west coast on January 7, 1982. Prior to this the parties had been meeting in direct negotiations over a three-month period without reaching an agreement on a new contract.

A conciliation officer was appointed on January 19, 1982 but was unable to assist the parties in resolving their outstanding differences. Following receipt of the report of the conciliation officer, the Minister of Labour, on March 3, 1982, appointed Mr. H. Allan Hope, Q.C., of Prince George, British Columbia as a conciliation commissioner in the dispute. Following his appointment, Mr. Hope arranged conciliation meetings with the parties toward the latter part of March, and in the course of these meetings the conciliation commissioner

convinced the parties of the merits of returning to direct negotiations.

In this regard the parties met in direct bargaining several times during the month of April and the first half of the month of May. Mr. Hope again entered the talks on May 20 and held a series of meetings with the parties throughout the month of June. Again, at the conciliation commissioner's urging, the parties returned to the process of direct bargaining on several occasions during July. With negotiations deadlocked and no prospect for a settlement in the dispute, the commissioner filed his final report with the Minister of Labour, and it was subsequently released to the parties on August 13, 1982.

In his report Mr. Hope made recommendations dealing with not only wage increases but also several contentious issues such as container handling, shift differential premiums, training of casual longshoremen and the employers' right to institute continuous operations. The conciliation commissioner recommended a three-year agreement with wage increases of 12.4 per cent in the first year, 10.6 per cent in the second year, and a wage re-opener in the third year of the contract.

The current hourly base wage rate for west coast longshoremen is \$12.55. In the area of container handling Mr. Hope recommended that there be a one-year moratorium on the application of the container handling provision in the collective agreement with an automatic reinstatement of the provision at the end of that time.

The BCMEA has maintained that the container handling clause which provides the union with jurisdiction over the stuffing and destuffing of consolidated cargo containers which are destined to or come from any point within the Vancouver local area or the Prince Rupert Port area placed the Canadian ports at a competitive disadvantage with other major ports such as Seattle. The employers felt that the removal of the limitations provided within the clause would sharply increase the amount of traffic and the amount of skilled work available to the union.

• (2110)

From its point of view, the International Longshoremen's and Warehousemen's Union has viewed the employers' claim with skepticism and is concerned that the forecast of increased traffic predicted by the BCMEA is wrong and that the union will have surrendered jurisdiction over a substantial part of its present work with no hope of retrieving it.

Conciliation Commissioner Hope proposed recommendations to deal with the problems experienced in adequately manning the Monday-to-Friday day-shifts in the port. In an attempt to make the day-shift more attractive for longshoremen, Mr. Hope recommended a reduction in shift differential premiums for both the night and the graveyard shifts. The report recommended a reduction in the night-shift differential from time-and-one-half the base rate to time-and-one-quarter the base rate over the first two years of the new agreement. The report also suggested that the graveyard shift premium be reduced from two times the base rate to one-and-three-quarters times the base rate over the same two-year period.

[Senator Olson.]

As an additional measure to deal with the problem of insufficient manpower during the regular week-day shift, the conciliation commissioner recommended that the employer have an unfettered right to train casual employees in all categories in numbers sufficient to meet the many needs of the port as assessed by the employers.

After carefully weighing the requirements and concerns of both parties to the issue, the conciliation commissioner recommended that a provision be incorporated in the collective agreement permitting the employers, through their association or on an individual basis, to institute continuous operations after full consultation with the union, and permitting the institution of rules that would protect against the potential abuses of inadequate relief for the employees. The recommendation also provides that the parties have the right to submit any dispute in this area to arbitration under the existing provision of the collective agreement.

In addition to increases in the skill differential premiums, the report also called for increases in the employers' contribution to the pension, welfare and supplementary unemployment benefit plans. The employer association indicated a willingness to accept the report of Mr. Hope as terms of settlement for the contract dispute, but the union rejected the total report as an unacceptable package. It indicated some willingness to negotiate further on these terms where it was not prepared to accept the recommendations put forward by the conciliation commissioner.

The parties acquired the legal right to strike or to lock out on August 21, 1982. Over the next six weeks the parties met several times in direct negotiation, with little in the way of progress being made towards a final settlement of the dispute. The union held a series of one-day port closures to inform their members as to the progress of the negotiations, and in addition instituted what they termed a work-monitoring program, which effectively slowed the loading of ships to the point where several major shipping consortia began diverting their vessels to the port at Seattle.

On October 18 the BCMEA advised the union that unless the work slowdown was brought to a conclusion it would stop the dispatch of all labour to all terminals, except for grain, effective at 12 noon on October 19. When on the following day the union did not meet the employers' demand, the employers instituted a lockout at all west coast ports with the exception of the grain operations. However, the union then refused to allow their men to report to the grain-loading operations, thereby closing down all longshoring operations on the west coast.

Honourable senators, I will try to abbreviate this slightly. Let me deal now with October 25, when the Minister of Labour sent a telegram to the presidents of the BCMEA and the ILWU. I think the text of that telegram is well known to members on both sides of the house, so I will not put it in the record again. I should like, however, to read the last paragraph of that telegram because I think it is particularly appropriate at this time. In his telegram the Minister of Labour said:

I strongly advise you to immediately resume negotiations. Failing an early settlement of this dispute the government will accept its responsibility repugnant though it might be to bring about resumption of vital shipping operations.

Senator Flynn: Repugnant to the government or to the unions?

Senator Olson: The telegram was from the Minister of Labour and I am sure that he was speaking for himself and for the government. No one likes to get involved in this kind of situation, but, as I said at the outset, the situation has deteriorated so that the Government of Canada, including all of the ministers and its officers, must take the responsibility to bring an end to this work stoppage.

There are many more important points that perhaps can and should be made, but I want to suggest to honourable senators that the Minister of Labour has faced up to this situation. He has tried on many occasions, through the process that has taken place since early this year, to bring the two parties together and to come to an agreement that could be reached under the collective bargaining arrangements. Honourable senators, this government has faced up to its responsibility by introducing this legislation which will bring about an immediate resumption of longshoring activities in Canada's west coast ports.

The parties, on the passage of this legislation, will have until midnight, November 8 to reflect again on the situation that collective bargaining does work and that, if left to their own devices, they can reach a collective agreement.

In closing, I would ask honourable senators for an early and speedy passage of the legislation to bring about a resumption of shipping operations and perhaps also to prod the parties to get on with the negotiations, which I hope will culminate in a collective agreement between the two parties involved.

Much more could be said about the matter; more detail could be filled in. However, I hope I will have satisfied honourable senators that I have tried to cover some of the history leading up to the many attempts that have been made by the Minister of Labour and by many of the other people involved to bring this situation to a satisfactory conclusion so that we can get our economy moving again through the essential services that are required through the west coast ports.

Hon. R. James Balfour: Will the Leader of the Government in the Senate accept a question?

Senator Olson: I think so.

Senator Flynn: You are not sure?

Senator Balfour: Will the Leader of the Government indicate whether or not the Minister of Labour has offered personally to intercede in the negotiations between the parties? If not, why not?

Senator Olson: Well, I am not sure just what is meant by that question. The Minister of Labour, as I outlined a number of times, has indeed made the services available through the Department of Labour on many occasions. If you are asking

me whether or not he personally has been out in the west interceding—no. But the minister and the Department of Labour have on quite a number of occasions been actively involved in attempting to find a solution to this dispute.

Senator Balfour: The question was simple: Has the Minister of Labour offered to intercede? If not, why not?

Senator Olson: Honourable senators, I do not know the precise answer to that question, whether he offered or not—

Senator Balfour: Then just say that you don't know.

Senator Olson: But before long, if we proceed into Committee of the Whole, perhaps you can get a direct answer from the minister.

Senator Balfour: Thank you.

● (2120)

Hon. Duff Roblin (Deputy Leader of the Opposition): My honourable friend has given us some details regarding the report of the conciliation commissioner, which details were rather difficult to grasp, so I wonder if he can provide us with a copy of the report so that we can see what the issues are.

I have two other questions in that regard. First, on what date was the conciliation commissioner's report rendered? Secondly, what did the parties say about it?

I believe my honourable friend said that the labour side said that the whole thing was unacceptable. What did the management side say about it? It is rather important for us to know what is in the report of the conciliation commissioner and what reaction he received from the parties concerned.

Senator Olson: Honourable senators, I will go back over my notes, because I believe I gave the precise date on which the conciliation commissioner's report was presented to both parties involved. It seems to me that that was on August 13. I will repeat what I said, because I appreciate that it is difficult to grasp every detail at first.

Following his appointment, Mr. Hope arranged conciliation meetings with the parties toward the latter part of March. During the course of those meetings, the conciliation commissioner convinced the parties of the merits of returning to direct negotiations, and in this regard the parties met in direct bargaining several times during the month of April and the first half of the month of May.

Mr. Hope again entered into talks on May 20, and held a series of meetings with the parties through the month of June.

Again, at the conciliation commissioner's urgings, the parties returned to the process of direct bargaining on several occasions during the month of July. With negotiations deadlocked and no prospect, or apparently no prospect, of a settlement of the dispute, the commissioner filed his final report with the Minister of Labour, which report was subsequently released to the parties on August 13, 1982.

Senator Roblin: Thank you.

Senator Olson: There were several other parts to Senator Roblin's question, particularly relating to what is contained in the report. I do not have a complete copy of the conciliation commissioner's report, but I did go over a number of matters that were in the report, and if it would be helpful I can repeat that.

Senator Roblin: That is not so much my point. I appreciate the minister's difficulty regarding the items, but what I want to determine is the reaction of the parties concerned. I think he said that the labour side rejected the thing holus-bolus. What was the reaction from the management side?

Senator Olson: I did say that, and if I can refer to my notes, the employers' association indicated a willingness to accept the report of Mr. Hope as terms of settlement for the contract dispute. The union rejected the total report as an unacceptable package, but indicated some willingness to negotiate further on those items where it was not prepared to accept the recommendations put forward by the conciliation commissioner.

Senator Roblin: On what were they willing to negotiate? What did they accept and what did they reject?

Senator Olson: I would prefer that questions regarding the report, and what each side's position is, be directed to the officials who will be here in a few minutes, if we get into Committee of the Whole.

I believe I gave some detail regarding a number of things, such as wages, terms and conditions, differentials between various shifts and, of course, the matter of—well, I do not know whether it is jurisdiction or not, but it dealt with the containers and the stuffing and destuffing of the containers.

When we get into Committee of the Whole, I am sure that more precise answers to questions such as those asked by my honourable friend will be forthcoming.

Hon. John M. Macdonald: Could the minister tell us whether wages are the only thing in dispute now, and, if so, how far apart the parties are on that issue?

Senator Olson: It may be that wages are in dispute. I suppose that the International Longshoremen's and Warehousemen's Union rejected the total package of the report, but it may be that we can obtain some enlightenment on that as soon as we get into Committee of the Whole. However, I think it is a bigger issue than simply wages.

[Translation]

Hon. Martial Asselin: Honourable senators, the legislation before this House today is emergency legislation that is used by Parliament when there is no other appropriate and effective way to remedy a situation. Only when all other means have been exhausted does a government decide to table emergency legislation in Parliament.

Actually, this particular bill negates the basic principles of labour relations. It denies the right to strike, a right that has been recognized for some time by our Labour Code and was recently entrenched in the Charter of Rights, passed by Parliament, which recognizes the right of association and also

[Senator Roblin.]

acknowledges the right to strike as the sole effective course open to union members when all other means have failed.

If we pass this bill this evening, we shall be denying a group of employees a basic right, namely the right to strike under certain conditions.

The leader of the government said earlier that the Minister of Labour and his senior officials had been involved for quite some time in attempts to get the parties to the negotiating table and to agree to a compromise and settlement formula, but I feel that the question put by my colleague, Senator Balfour, is very important.

I think that if the Minister of Labour had personally offered to intercede, an appropriate solution might have been forthcoming and there would be no need today to resort to emergency legislation. I say "might", and in fact the procedure has been successful in the past. I would remind the minister that in 1979, shortly after the then Minister of Labour, Mr. Lincoln Alexander, was sworn in, a similar conflict occurred in the Vancouver area. By interceding personally for several days in this dispute, the minister, without introducing emergency legislation and without calling back Parliament, managed to resolve a dispute that had been going on for some time.

Like Senator Balfour, I am convinced that if the Minister of Labour had offered to intercede personally, today's emergency legislation would not be necessary.

I would like to ask the minister once more, and I believe this is going to be an important point in the debate we shall have this evening regarding the immediate passage of this emergency legislation: Can the minister prove to us, can he convince us that the Minister of Labour has personally used all the avenues open to him in order to try to resolve this dispute?

[English]

Senator Olson: Yes, I think it is fair to say that the Minister of Labour has made every possible effort—a very sincere and competent effort—to arrive at a settlement to this dispute, short of bringing in legislation that would end the lockout.

● (2130)

Senator Asselin: There is no proof of that.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we thank the Leader of the Government for his recitation of the notes that were provided him. Because he is not the Minister of Labour and is not that familiar with the situation in Vancouver Harbour, we did not expect him to have full knowledge of the subject, but he has provided us with the essential facts of the matter.

Those essential facts are, first, that there is a strike in Vancouver that cannot be allowed to continue; secondly, that resumption of the longshoring operations has to take place as soon as possible; and, thirdly, that the conditions under which the longshoremen should go back to work have been provided by this legislation.

Generally speaking, I do not think there is anybody in this country—I would even include a great majority of the union members—who feels that this situation out west can be

allowed to continue. The question is whether the conditions under which this legislation orders the men back to work provide a real solution and are in keeping with those circumstances.

Senator Asselin mentioned that this is emergency legislation. It has never been satisfactory, in my experience, to deal quickly with a bill of this kind. The bill was tabled last evening in the House of Commons. No one knew exactly what the intention of the government was until late yesterday, and the House of Commons was forced to proceed with haste this afternoon because of the urgency of the matter. The bill received second reading, was referred to the Committee of the Whole and received third reading at approximately 8.30 p.m.

We are now being asked to do practically the same thing—deal with this bill very quickly. I do not believe there is anybody who, in that short a time, can appreciate the consequences of what we are being asked to decide in this chamber. On the whole, our judgment may not be wrong when we say that the strike has to end and that work should be resumed. But the conditions under which we force these men back to work may be beyond the capacity of Parliament to assess properly. That has been my experience on previous occasions in dealing with similar situations.

The principle embodied in Bill C-137 is twofold: the resumption of operations; and the conditions that union members and, indirectly, employers must face with the resumption of these operations.

Hon. Royce Frith (Deputy Leader of the Government): Directly for the employers too.

Senator Flynn: I am not prepared to say directly and I will make some comments about that later.

You need not convince anybody of the necessity, under the circumstances, of acting. But the government has had the problem before it for quite some time. Many questions have been addressed to the Minister of State for the Canadian Wheat Board on this matter. But, suddenly, when the government is ready to proceed, Parliament has to rush through the legislation. The wisdom of the legislation before us is not beyond question. This government has too often manifested its lack of judgment for us not to be leary. This is a tired government, not above dealing in a very expedient manner with any manner of problem.

That a resumption of work is required presents no problem. But the question is, what are we proposing in this legislation as the conditions surrounding that return to work?

Clause 3(2) under the title of "Longshoring Operations" reads as follows:

On resumption of longshoring and related operations at ports on the west coast of Canada, the terms and conditions of employment under the collective agreement to which this Act applies shall apply until

(a) a revised collective agreement extending at least to December 31, 1983 is entered into by the employers association and the Union, or

(b) section 4 is proclaimed in force,—

We know that it has been impossible for the union and the employers to reach a collective agreement. We heard the Leader of the Government explain the report of the mediator. The process has been going on for several months. I believe it began in April, if I recall correctly what the Leader of the Government said.

Senator Olson: It began in March.

Senator Flynn: It began as early as March, as the leader says, and no agreement has been reached. I recall that at one point the mediator recommended increases of wages of 12.4 per cent for the first year, 10.6 per cent for the second year, and a reopening of the wages clauses for the third year. That was not acceptable to the union. Could a collective agreement be reached now after a forced resumption of operations? I believe not. I would suggest to the Leader of the Government and his colleagues that, with the operation of paragraph (b), this would be completely impossible because the application of clause 4 would mean that section 3 of the Public Sector Compensation Restraint Act would be amended by adding thereto, immediately after subsection (3) thereof, the following subsection:

● (2140)

"(3.1) This Part applies to persons who were ordinarily employed under a collective agreement that expired on December 31, 1981 in non-supervisory longshoring or related operations at any port on the west coast of Canada by any company that is, on the day this subsection comes into force, a member of the British Columbia Maritime Employers Association."

What does that mean? There is no agreement between the parties, none has been reached at this time, and there is no indication that one could be reached. If they do not reach an agreement, they will come under the six-and-five policy of the government, which was applied to the public sector through legislation.

I ask you: What interest do the employers have in reaching an agreement? The mediator has recommended a 12.4 per cent and a 10.6 per cent increase for the first two years. We are now saying that, if they do not reach an agreement, we will impose the 6-and-5 legislation. That is exactly half of what was suggested by the mediator.

The offer was rejected by the employees, but it is obvious that so far as the employers are concerned, they have no interest in reaching an agreement and would let the government take the responsibility of imposing on that small section of the private sector under the jurisdiction of the federal government the rules applicable to the public sector under the bill we passed a few months ago related to the 6 per cent and 5 per cent policy of the government. Unless the employers are very generous, I submit that they would not want to reach an agreement.

On the other hand, if any agreement were reached, it would mean that the employees would have to capitulate and say, "What we refused a few months ago we will now accept

because of the fear that the government will impose the 6 per cent and 5 per cent formula on us."

As Senator Asselin has indicated, not only are we doing away with the principle of collective bargaining, but we are imposing on that group of employees conditions that were not meant to apply to them and conditions that were not known to them when the negotiations began in March, a long time before Mr. MacEachen came down with his 6 per cent and 5 per cent formula. At that time they were negotiating under conditions that were entirely different and had no relationship to the legislation which we now suggest should be applied to them. The conciliator, I'm sure, never mentioned legislation when he recommended the 12 per cent and 10 per cent adjustment for the first and second years. Yet here we are with legislation that threatens to enforce 6 per cent and 5 per cent, which is only half of what the mediator recommended.

It would be difficult to imagine that the government would want to impose these conditions upon the workers. I believe the government should have stated that the workers would not lose any of the benefits contained in the mediator's report. The recommendations of the mediator's report should be a minimum, but they are not; the minimum is 6 per cent and 5 per cent.

I cannot imagine how a government can proceed in this fashion because it is contrary to what has been done on previous occasions. During my first years in Parliament, specifically in 1959 when we had a problem of that kind dealing with the railway strike and the government had to intervene, Parliament was recalled and legislation was passed and, although the resumption of work was arranged, the matter was referred for collective agreement to an arbitration board. That is a sensible and fair proposal, but I would submit that it is not fair in a circumstance where there is no agreement and we simply apply the conditions applicable to the public sector.

I am sure that, when the east coast longshoremen see what has happened to their colleagues on the west coast, they will deal with the situation in another fashion. If they can reach an agreement for a 10 per cent, a 15 per cent or a 20 per cent increase on the east coast, it will be legal and acceptable. But the longshoremen on the west coast will have had imposed on them a 6 per cent and 5 per cent increase.

If you think this is sensible, if you think this is fair, and if you think this is reasonable, then I capitulate—I give up.

Senator Frith: Good. I think it is reasonable.

Senator Flynn: I know you think it is reasonable for us to give up. That is exactly what the Leader of the Government has said. The only thing he is interested in is having government legislation passed whatever the consequences, and he would be only too happy if the opposition were as docile as is the government majority here. That is exactly what was suggested.

Senator Frith: No, it was not. I just thought I would never hear such a reasonable offer for capitulation although I did not really expect you would.

[Senator Flynn.]

Senator Flynn: I expected the deputy leader would understand the meaning of my capitulation.

Senator Roblin: He is a little dense.

Senator Frith: So now we get personal.

Senator Flynn: I was discarding the hope of any understanding by the government. I was not capitulating in the sense that I would accept the legislation or the argument of the Leader of the Government or even his deputy.

Senator Asselin: We will not give up the fight.

Senator Flynn: We are faced with a dilemma. We are in agreement with one of the principles of the bill, that is, the resumption of operations. But we cannot accept the conditions provided in this bill with regard to the terms under which the employees will be forced to return, with all the penalties that are provided thereafter.

What can we do at this stage of second reading? If we vote for the bill as it is, we, in a way, accept conditions that we consider unfair. The only way we can deal with this problem is to amend the bill. If it is amended to provide for arbitration, as was done in previous cases, then we can vote for it without any hesitation.

Were the government willing to accept that principle, replacing the application of that Public Sector Compensation Restraint Act by the usual formula of arbitration, then we would have no hesitation, and the bill could be passed very quickly on second reading and even in Committee of the Whole. I am sure the minister would be only too happy to see how co-operative we can be when the government is reasonable.

Therefore, honourable senators, I move:

That the bill be not now read a second time, but that it be amended by deleting paragraph (b) in subsection (2) of clause 3—

● (2150)

I should point out that clause 3(2)(b) is on page 3 and says: "section 4 is proclaimed in force, . . ." Those are the words to be deleted. To continue:

—and substituting therefor:

(b) failing such an agreement—

That means the agreement referred to in paragraph (a), the agreement that would be reached under normal conditions by agreement between the two parties involved. To continue:

(b) failing such an agreement being reached within 30 days from the coming into force of this Act, when a decision is made as hereinafter provided,

(i) The Minister of Labour shall, within 14 days appoint an arbitration board consisting of three members, of which Business, Labour and Government would each nominate one member, and refer to that Board the further extension of the term of the collective agreement to which this Act applies to include the period referred to in subsection 2(a)—

Which means until December 31, 1983:

—and all the matters relating to the amendment of the collective agreement that in the opinion of the arbitration board, at the time of its appointment, are in dispute between the employers association and the union; and provide for the form in which the decision of the arbitration board in respect of all matters referred to it shall be set forth.

(ii) The arbitration board has, with such modifications as the circumstances require, all the powers and duties of an arbitrator under section 157 of the Canada Labour Code.

(iii) Notwithstanding any other provision of the Act or of the Canada Labour Code, the arbitration board shall be required to decide all matters referred to it under this Act within sixty days of its appointment.

Perhaps I might add a few words. I have copies for everyone. They are in English only because I was restricted in the facilities at my disposal. I even had to borrow a secretary from an official of the Senate to help me prepare this. In order to explain the important factor in this amendment, I should say that we do not impose on the employees the special restraint act applicable to the public sector. We say "If you do not agree within 30 days, then the matter is referred to arbitration," in the way I have indicated, and the award of the arbitration board will finally govern the situation. I believe that is in conformity with precedent. I believe it is fair. It is difficult to imagine that the arbitration board would come with conditions that would be less than those provided in the mediator's report, with which Senator Olson said the employers were in general agreement. It is difficult to imagine that the arbitration board would not grant at least these minimum conditions. It would likely be more generous than the government which is prepared to give them only half of what the mediator provided. The six-and-five policy would apply only to this small part of the private sector, and not to others who might be in a similar economic situation.

Senator Argue said the other day that he would like the men to return in good spirits and make up for the time lost. Productivity could be increased if the men were happy in their work, whereas under this legislation I believe that only unhappiness will prevail. Even if there is a resumption of operations, I believe that productivity will suffer.

In any event, I would beg the government to consider the fairness of the proposal contained in this amendment. I am quite sure that the House, which is waiting for Royal Assent tonight, would approve these conditions, particularly if the government would say it does. I am sure that the official opposition, and even the NDP, would agree because it would be an advantage for the members of the union. I therefore commend the amendment to honourable senators.

Senator Frith: Honourable senators, I believe that Senator Flynn's motion raises a point of order. The motion in amendment as such is not out of order, but it may well be out of order at this stage. There is substantial authority for the position that amendments to provisions of a bill are irregular

at the second reading stage. The reason given is that the second reading stage deals with the principle of the bill, and motions dealing with provisions of a bill should be made either on third reading or in Committee of the Whole.

However, I understand Senator Flynn's dilemma, because, if he felt that he could, I am sure that he would just as soon move his amendment in Committee of the Whole. I am not now speaking to the clearly expressed reason for the amendment. If I understand the honourable senator's position on the procedural side, it is that he feels that he must make this motion at this stage because he does not want to vote on the principle of the bill if it includes this second principle, namely, the imposition of the amount rather than reference to arbitration. If it could be understood that any vote on second reading refers only to the principle of settling the strike, then, in my respectful submission, the motion of Senator Flynn would more regularly and properly be moved in Committee of the Whole or at the third reading stage.

Without going into detail, the references will be found in *Bourinot* at page 225, and the principles I have mentioned are set out in paragraph 740. It refers only to three types of amendment that may be proposed at the second reading stage of a bill. They are the six months' hoist, the reasoned amendment, and referral of the subject matter to a committee. I had hoped that the third category might cover the present situation, but as I read on I found that the one referral to a committee that cannot be moved is to a Committee of the Whole.

However, there are other references that I could cite from *Bourinot* and *Erskine May* to the same effect. I understand the background and the principle behind Senator Flynn's amendment, and I hope that we shall have an opportunity to vote on it. I would hope that we can find a solution to the point of order that, in my submission, the amendment is out of order at this stage but would be perfectly in order in Committee of the Whole. If it could be clearly understood that the vote on second reading refers only to the principle of settling the strike and not to the other principle, then I believe we could move quickly to Committee of the Whole and immediately deal with Senator Flynn's amendment.

● (2200)

Senator Flynn: As the deputy leader knows, we on this side of the house are always willing to co-operate when the government side is reasonable. For once, I think that the deputy leader is proving to be reasonable. If he tells me that at the stage of Committee of the Whole he will not raise any objections to the validity of the amendment I have moved, I will withdraw it at this time. The only problem we face is how to vote on second reading. Personally, I would say that we have to abstain because of the cloud surrounding the principles of the bill.

Senator Olson: Pass it, on division.

Senator Frith: Senator Olson says that we should pass it on division, but, with respect, I think that Senator Flynn will not accept that suggestion because it will indicate that he is voting

against the principle of the strike settlement, and he does not want to vote against that particular principle. I suggest that we proceed exactly as he suggested. I can tell him that not only will I not object to the regularity of the amendment in Committee of the Whole, but I will support its regularity against anyone who makes such an objection.

Senator Flynn: Then I withdraw the amendment.

Senator Frith: That is, subject to these conditions.

Senator Flynn: And with the consent of Senator Godfrey. Motion agreed to and bill read second time.

CONSIDERED IN COMMITTEE OF THE WHOLE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Olson: Honourable senators, I move that the bill be referred to Committee of the Whole and that the Senate do now resolve itself into a Committee of the Whole for that purpose.

The Hon. the Speaker: It is moved by the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith, that this bill be now referred to Committee of the Whole.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Senator Everett, in the Chair.

Pursuant to rule 18 of the Rules of the Senate, the Honourable Charles L. Caccia, P.C., Minister of Labour, was escorted to a seat in the Senate Chamber.

● (2210)

The Chairman: Honourable senators, the Senate is now in Committee of the Whole to take into consideration Bill C-137. We are honoured to have with us the Minister of Labour, the Honourable Charles Caccia.

Have you an opening statement, Mr. Caccia?

Hon. Charles L. Caccia (Minister of Labour): I do not think, Mr. Chairman, that I have an opening statement to make. It seems to me that Senator Olson made all the relevant points in his speech.

The Chairman: Thank you, Mr. Caccia.

Bill C-137 is an act to provide for the resumption and continuation of longshoring and related operations at ports on the west coast of Canada.

Shall discussion on the title of the bill be postponed?

Hon. Senators: Agreed.

[Senator Frith.]

The Chairman: The short title of this bill is found in clause 1:

This Act may be cited as the *West Coast Ports Operations Act, 1982*.

Shall consideration of clause 1, the short title, be postponed?

Hon. Senators: Agreed.

The Chairman: Clause 2, Interpretation. Definitions. "Collective agreement to which this Act applies"?

Hon. Senators: Carried.

The Chairman: "Company"?

Hon. Senators: Carried.

The Chairman: "Employers association"?

Hon. Senators: Carried.

The Chairman: "Lockout"?

Hon. Senators: Carried.

The Chairman: "Strike"?

Hon. Senators: Carried.

The Chairman: "Union" and "the Union"?

Hon. Senators: Carried.

The Chairman: "Words and expressions"?

Hon. Senators: Carried.

The Chairman: Does clause 2 carry?

Hon. Senators: Carried.

The Chairman: Part I, Longshoring Operations.

Clause 3, "Resumption of operations and work"?

Hon. Senators: Carried.

Senator Flynn: No, not too quickly. I should like to state to the minister that we are happy to see him with us. We are sorry that one of the first decisions he has to make as Minister of Labour is the one embodied in this legislation. I am quite sure that he would have preferred not to have to bring this kind of legislation before Parliament. Perhaps he will tell us if he tried to intervene personally to settle this matter, or if he left all of the responsibility to the mediator or other officials of his department.

Hon. Mr. Caccia: Mr. Chairman, it is a good practice and tradition in this ministry to find out, first of all, whether your services are needed and whether they are welcome. If I had felt that my services would have helped in bringing the matter to a solution, I would certainly have stepped in personally.

Senator Asselin: You did not?

Hon. Mr. Caccia: Before doing so, however, I would weigh the matter very carefully because I would know that in the next dispute the services of the minister might again be requested by the parties involved, and so on and so forth.

In this particular case the answer is that I have not participated personally in negotiations. I felt that the matter had

been dealt with at various stages by competent people and that, if on the basis of the assessment of the situation in recent weeks, it would have been our conclusion that personal intervention would have helped, I would certainly have done so.

Senator Roblin: I should like to refer to a point that was raised earlier, namely the arbitrator's recommendations of August 13. Could the minister tell us what the fate of his recommendations was? We were told previously that they were accepted by the employers but rejected as a package by the employees. The indication was that there were some items that the employees would accept and others that they wanted further negotiations on. Is that understanding of the situation correct? If it is, what are the points at issue today?

● (2220)

Hon. Mr. Caccia: Mr. Chairman, there are no arbitrator's recommendations as of August 13. There is a conciliation commissioner's report which contains recommendations.

Senator Roblin: Is there a substantial difference?

Hon. Mr. Caccia: There is certainly a substantial difference. Secondly, Mr. Chairman—

Senator Roblin: What are they?

Hon. Mr. Caccia: —the recommendations are at this moment before the two parties and contain a number of considerations dealing with, not simply monetary matters but matters regarding productivity of the harbour. They also deal with matters related to fringe benefits, overtime payment, training, and the disposition of part-time employees as seen fit by the employer.

It is a fairly comprehensive report. I imagine that parts of it have already been brought to the attention of the Senate, but there is a portion of it that I should like to bring to the attention of honourable senators, because the conciliation commissioner made some observations in his report which have relevance to the matter before us. I quote from Commissioner Hope's report:

I consider that the existence of high unemployment and low national productivity has generated a public mood that would find a disruption of our ports intolerable. I consider it likely the national policy would reflect this mood, and that intervention would be swift in any dispute that ties up the waterfronts. I pointed out in particular the national policy now anticipated diminished expectation of wage negotiations with the guidelines recommending increases limited to 6 and 5 per cent over the next two years.

I have recommended wage increases that exceed those guidelines. I made those recommendations in response to the move by the employers to achieve significant concessions from the unions in terms of working conditions and job jurisdiction. I speak particularly of the training of casual employees and the expansion of container traffic, the introduction of container operations, the control of regular work force rotation, and telephone dispatch.

The union has made considerable concessions in those areas, but only on the expectation of acceptance of its wage package and the introduction of a day shift premium.

I consider it essential that those concessions be recognized in my recommendation as to wages.

The union proposal is beyond reasonable expectation in the current climate, but significant recognition must be given to what the union is being asked to accept in other aspects of the agreement.

In addressing the issue of intervention, I emphasize the possibility, if not the probability, that guidelines would be imposed to the detriment of the self-interest of both parties.

In the application of the guidelines, one would anticipate maintenance of the status quo on all issues except wages, with wages limited to 6 and 5 per cent for the guideline.

I repeat, I did not purport to speak on behalf of the government, but simply to point out the obvious, that the restraint program of 6 and 5 per cent, with no change in other terms and conditions, was a possible result of any imposed settlement.

My purpose was to urge the parties to continue to negotiate a settlement within the industrial relations milieu as the surest means of achieving their goals in some form of acceptable compromise.

Mr. Chairman, I would simply add that the bill before honourable senators endeavours to provide a window—and by that I mean an option—of five days for the parties to the dispute to look once again at the recommendations of the commissioner, to see whether they can find a solution to their dispute within that time period. Failing that, of course, at midnight on Monday the government will have to implement its restraint program as outlined in the bill itself.

● (2230)

Hon. Duff Roblin (Deputy Leader of the Opposition): May I ask the minister to clarify a few points for me? He tells us that the arbitrator, or whatever his correct title is, recommended salary increases of 12 and 10 per cent. In that package were a number of other considerations which apparently were thought to counterbalance the size of those wage recommendations on the part of the employers. However, the bill itself speaks of 6 and 5 per cent unless an agreement is reached. What happens to the other points at issue such as destuffing and so on which are not mentioned in the bill? Are they allowed to fall by the wayside? Are there any arrangements made for dealing with those particular issues?

I think it boils down to the point made by my leader that if 6 and 5 per cent is mandated by the government, is there any reasonable expectation that negotiations will continue that will go beyond those wage rates, or are we in a position where the issue is pre-empted by this unilateral imposition of 6 and 5 per cent by a third party?

Hon. Mr. Caccia: Mr. Chairman, I think the honourable senator is questioning along these lines because it points to the sincere hope on the part of the government that the five-day window, which I referred to earlier, will be of sufficient length as I think it is for the parties in the dispute, to look at all the recommendations while they are still before them. These recommendations are important because they deal with the long-term efficiency and productivity of the harbour.

It is our hope, of course, that the matter will be resolved between the employers and the union, taking into account the totality of the interests that are before them.

Senator Roblin: Is that not the triumph of hope over experience? Is not the experience of labour relations in this particular issue a difficult one? Is it not a fact that over the last ten years or so, with one exception, the labour disputes in this port have been settled by government intervention? What makes the minister think that it will be any different this time or that because he has offered this breathing space that anything will happen when he himself is mandating 6 and 5 per cent? What becomes of collective bargaining? Surely that is an established principle of the Canadian industrial society. Is it necessary to go this length to frustrate the normal collective bargaining principle to get the port back into operation? We agree that the port should be brought back into operation, but is it necessary to take this step?

On previous occasions and in other situations we know that we have proceeded differently. We have not had a guillotine as we have had in this bill. We have had a procedure to enable collective bargaining to proceed, a procedure whereby we have been able to have conciliation and arbitration introduced into the issue, so that while we secured the return of the port to a functioning operation, we did so in terms that did not do such violence to the collective bargaining principle as this bill happens to do this evening.

I support the minister and the government in their desire to get this port back in operation. I consider that to be essential, and to that extent I would be happy to lend whatever support I can to the issue before us. But I ask my honourable friend: Why was it necessary to impose the six-and-five per cent when it could have been just as easily decided to go to some form of arbitration which would have done less violence to the principle of collective bargaining, which is an accepted principle of our industrial relationship?

● (2240)

Hon. Mr. Caccia: Mr. Chairman, the measure of the six-and-five per cent will come into effect after the two parties have had another opportunity to look at the recommendations of the commissioner. It may seem to be a Draconian step, but the onus is put on the shoulders of the two parties, as it should be. In the experience and in the tradition of collective bargaining, the matter is put squarely back on the shoulders of the two parties to the dispute.

We are asking them to make a final effort. We think the commissioner's report contains all of the recommendations

[Senator Roblin.]

necessary for them to come to a reasonable and satisfactory solution.

The honourable senator wants the government to act, and the government is giving leadership. It is acting, and it is acting in the interests of a community that includes the harbours on the west coast plus the industries and workers affected in almost four provinces.

Perhaps, to add a lighter note, as you know, the name of the conciliation commissioner is Mr. Hope, and perhaps hope will prevail over experience.

Senator Flynn: I do not know what hope we can have now.

Senator Roblin: I come from a part of the world that has a very direct economic interest in the working of the transportation system in Canada generally. The farmers of Manitoba use the port of Thunder Bay by and large but, nevertheless, I share the concern of western Canadian agriculture, generally, with respect to the effective operation of the port of Vancouver.

Therefore, I support the principle that brings that port back into operation, but why do you load the dice? Why do you refrain from taking advantage of a more conciliatory course that would enable arbitration to be brought into this issue rather than imposing the six-and-five per cent which really has a guillotine effect?

I do not see what advantage to the national interest can be gained by cutting short the collective bargaining process after the port is operational again. Get the port working and then there will be room for this conciliation that my honourable friend speaks of—which he is going to limit to five days. If there is no resolution after five days, he is going to drop the six-and-five per cent guillotine.

We have heard several eloquent, hopeful and convincing statements from the Minister of State for the Canadian Wheat Board. He explained to us his experience of last year at Thunder Bay where they were able to settle the matter in a less confrontational way than we are being asked to do this evening. He reported that the people of that port returned to their work with zest and got the grain moving. Does anyone think that sort of thing is likely to happen in Vancouver if we include this six-and-five per cent proposition?

I suggest that this arbitrary measure is counterproductive. It is not needed to get the port back to work, which is the essential public interest factor. It is unnecessarily violent to the principle of collective bargaining, and is simply the wrong way to go about this.

Why does the minister not re-think the matter and resolve it in a manner which is more congenial to our general way of settling these matters?

Hon. Mr. Caccia: Mr. Chairman, thousands of railway workers are now under the six-and-five régime, as the honourable senator knows. A number of workers are affected by the present situation. We are acting under a restraint situation.

In this particular case, we are offering two options: One, to reconsider for the last time Commissioner Hope's recommen-

dations between now and Monday night; and, two, following that, regretfully, to impose the six-and-five régime.

I think the honourable senator would be hard-pressed to come up with an approach that is more consistent with the commitment the government has already made to the six-and-five régime.

Senator Roblin: I do not know whether I would be hard-pressed as my honourable friend seems to suggest; it would not cause me any trouble at all. When we have had the psychological effect of the government's own conciliator talking about 12 per cent and 10 per cent—and I do not overlook the other factors in the recommendations he made—it seems pretty hard to say that the only way to go is the six-and-five régime.

The point we are making here is that there should be a resort to arbitration in this matter, which would be less harmful to the public interest as a whole than the rather arbitrary provision of clause 4 of this bill.

● (2250)

I have said the same thing three times, and it would be counterproductive to say it a fourth, so I will try to restrain my comments further on this matter. The minister leaves me quite unconvinced. He leaves me feeling that he has been persuaded by someone—I am not sure whom—to take a harsher line than the circumstances require. What the public interest requires is that the port should be working again. After it is working again, then one can surely be generous in providing a system of arbitration for the problems at issue, which would probably be more acceptable to the employers than what is being done now, to say nothing of the employees—because what is being done now with the six-and-five not only will result in a sulky and sullen work force, I am sorry to predict, but we will also find that the employers' points that they wish to make, about destuffing and jurisdiction, and the use of the port of Vancouver versus Seattle, are also left in limbo without any prospect of a harmonious solution, and that cannot be good for the Canadian economy, for the employers or for the employees. It is not the right way to go.

Senator Olson: Honourable senators, that is the opinion of Senator Roblin—

Senator Smith: It is also my opinion.

Senator Olson: One or two other things should be said in reply to the assertion of the Deputy Leader of the Opposition that we are doing damage to the collective bargaining process. The fact remains that if the collective bargaining process had worked, the bill would never have come here. The collective bargaining process has not produced an agreement. That is clear. It should be obvious. Therefore, as unpalatable as it may be to deal with these kinds of things, that is why the bill is here, because there is a lockout and a shutdown.

My honourable friend wants to make the other argument, unfortunately, that instead of the régime that is described in clause 4, we should set up a compulsory arbitration process—in other words, name an arbitrator and give him or her the right to impose compulsory arbitration. I believe that the Minister of Labour is being eminently more fair than that. He

is giving the two sides an opportunity to come together on all of the conditions that are involved in this dispute, because there are others. My honourable friends opposite do not yet seem to have grasped the significance of those other matters that are involved. There are some advantages to the employers as well as to the employees association.

Senator Flynn: I can see that for the employers.

Senator Olson: It seems to me that the minister is being extremely fair in putting this in the terms contained in the bill.

Senator Frith: If I understand the essence of Senator Roblin's argument, it is that in effect this clause imposes six-and-five.

Senator Smith: Certainly it does.

Senator Frith: That does not seem to me to be true. I understand that the employers accepted the conciliation report at 12 per cent. So the employees simply need to say, "Okay, we accept it", and they get the 12 per cent.

Senator Flynn: No, you are wrong.

Senator Frith: Are you saying no?

Senator Flynn: You did not hear the minister. He said that he is resigned to the application of the restraint—

Senator Frith: I am not talking about that; I am talking about Senator Roblin's argument, which is that because of this clause the union must accept six-and-five. I say they need not accept six-and-five, because the employers have already accepted more, and all they need to do is stand up and say "Okay, we accept the report," and they can make an agreement.

Senator Flynn: No.

Senator Frith: You say no, but that's it.

Senator Smith: Surely that is not the way things work. Employers are not bound because of what they did or said about the conciliation report. As I understand it, the whole subject is open to negotiation.

Senator Frith: The point is that there is room for negotiation. You are saying that there is no room for negotiation.

Senator Smith: How can you expect an employer to negotiate when he is assured that he can get a settlement for half the increase the board offered? I have never seen such a distorted picture in all my time here observing distortions of many kinds. I cannot understand how anyone can fail to see that this provision is simply coming down on the side of the employers with respect to this negotiation. All they have to do is sit tight for five days, or whatever the time is, and they are assured that the greatest increase in pay they will have to offer is the six-and-five. In fact, they will not even have to offer that because the government will do it for them.

● (2300)

Senator Argue: Honourable senators, I think there is something more to this matter than what Senator Smith has just said. There is more encouragement than what has been

described for the employers to agree, even to the 12 and 10 per cent settlement. It is true that the employers can sit it out and receive the six-and-five rate. The minister can correct me if I am wrong, but if the employers are willing to negotiate and are willing to accept the 12 and 10 per cent increase, which is the higher increase, the employers have something to gain by the report itself in that there is a suggestion that there should be a reduction in the shift differential for the graveyard shift and also for the night shift as well as the recommendations with regard to hiring casual employees and the stuffing and destuffing of containers. So, there is within this report what the conciliator, Mr. Hope, believes at any rate, to be a good deal for everybody. If the employees wish to accept the report in its entirety, my judgment is that the employers would settle and that a general settlement would ensue.

Senator Doody: Mr. Chairman, would the minister indicate to us whether the employers' offer of 10 and 12 per cent is locked in or do they have the option of withdrawing it and negotiating a lesser amount? If the 10 and 12 per cent settlement is the locked and fixed position of the employers, obviously, the employees are not in the position we think they are. But if the employers can take back that 10 and 12 per cent increase and start from scratch again, then everything Senator Roblin has said is absolutely accurate. Which of the two positions is correct? Is the 10 and 12 per cent offer a locked offer on which they cannot renege?

Hon. Mr. Caccia: Mr. Chairman, honourable senators seem to have the impression that I am here to interpret the positions on either side of the dispute. That is not the case. All I can say to that question is that the employers have in the past accepted the wage proposals of Commissioner Hope.

Senator Flynn: But they are not bound.

Hon. Mr. Caccia: But some honourable senators seem to be making a wrong assumption and we seem to be in the realm of assumptions and hypothetical questions tonight. That wrong assumption is that there is no incentive for the employers on the productivity side. There is quite an incentive for the employers to obtain the highest possible productivity level in the package. So the position of the employers is not, as some have assumed, in my judgment at least, crystallized around the six-and-five rule. Over the long run, it is in the interests of the employers and the harbour and, I submit, the union as well to increase the productivity of this harbour, to increase the clause on containers and to make it the best possible from the point of view of the employer and the point of view of the productivity of the harbour.

Therefore, to make the assumption that six-and-five is a matter that is final is, in my submission, a wrong assumption at this point.

Senator Flynn: But that is the legislation as you presented it.

Senator Frith: But there are advantages to the employer going to the 12 and 10 settlement.

Senator Asselin: There are two parties.

[Senator Argue.]

Senator Frith: But other parts of the package are advantageous to them.

Senator Roblin: Order.

Senator Doody: I can appreciate the—

Senator Frith: This Committee of the Whole is fun, I must say.

Senator Doody: I wonder if Senator Frith could allow me a few moments and then he can carry on. I can appreciate the minister's concern with productivity. We are all very much in favour of it, and we had a discussion on that very subject earlier in this chamber today. I did not mean to imply that anyone was crystallized around the six-and-five rule, although that could very well be. What I was asking is: Is the 12 and 10 proposal a crystallized fact? Is that a fixed position to which the companies or employers have locked themselves, or do they have the option of withdrawing that offer from the table, or is it in effect now withdrawn and is it now an open situation again? I am not asking for speculation or for assumptions; I am simply asking for a statement of fact.

Hon. Mr. Caccia: To the best of our judgment, if the union said that they accept the Hope report, then it would seem to me that the employer would be in a difficult position to withdraw publicly from this matter.

Senator Smith: But all the employer has to do is sit and wait until the five days have elapsed.

Senator Roblin: That is loading the dice.

Senator Buckwold: Mr. Chairman, I do not believe that members of the opposition have a conception of the problems out there.

Some Hon. Senators: Oh, oh!

Senator Asselin: Here is the light.

Senator Buckwold: There go the trained seals again, yapping away.

Senator Flynn: You are one of them occasionally.

Senator Buckwold: Occasionally, but at least I am reasonable. The fact is that wages are not the only factor in this settlement.

Senator Flynn: That's right.

Senator Buckwold: You agree with that.

Senator Flynn: Yes.

Senator Buckwold: Productivity, control over working conditions and improvement of harbour working relationships are just as important to the employer.

The port is not a highly productive one and I think that even the opposition would agree with that. I suggest that, if there is a settlement, it will not be six-and-five because it is in the interest of the employers to use the counterbalance of improving training, differentials on different shifts, and so on. I am told that the differentials are so high that it is difficult to get people to work on the day shifts, because it is so profitable to

work the late night shift or the overnight shift where one can be paid double time.

If I were an employer, I would be saying, "I am willing to give more money, but let's be reasonable on these other aspects." I would suggest to the honourable gentlemen on the other side that in this particular case the settlement will be higher than six-and-five. Whether it will be 10 and 12, I do not know. Personally, I hope not.

Senator Asselin: Why is the matter before Parliament if six-and-five is not the issue?

Senator Buckwold: Because no agreement has been reached. I have the feeling that with this so-called threat of six-and-five over them, they will get together and there will be no confrontation.

If the final agreement is six-and-five, we do not gain very much. All we will do is give the employees lower wage increases and have poor productivity and the problems that have been referred to by the Leader of the Opposition. I suggest that this is really a very reasonable way to take a look at the entire problem. If the employers are responsible, and I think they are, they will soon start negotiating and trading, as all people do, around the bargaining table to improve work conditions, increase wages and arrive at some *quid pro quo*. So I will not support the amendment because I think they have a very good package in front of them right now.

Senator Flynn: I did not expect you to support my amendment. I suppose we should all thank Senator Buckwold for sharing with us this privileged information. It has been a veritable revelation. Thank God for Senator Buckwold and his insight. We know very well that there are matters other than wages involved, but I suggest that the honourable senator read closely the bill of which he speaks. Clause 3(2)(a) reads:

a revised collective agreement extending at least to December 31, 1983 is entered into by the employers association and the Union—

That subclause refers not only to wages but to everything. The minister has just pointed out that the parties have until Monday to accept this package. The minister has also indicated that section 4 would come into operation if no agreement is reached by Monday, which is only a few days away. He has indicated that the decision of the government would be to impose the restraint legislation. That is what the minister has just said.

● (2310)

In any event, I am sure in my mind that if no agreement is reached—

Senator Buckwold says that he is sure one will be reached.

An Hon. Senator: Good luck!

Senator Flynn: Well, if he is sure of that, then why do we have legislation like this before us? The point I was making is that, suppose no agreement is reached before Monday and the government imposes the restraint legislation, what will happen, as Senator Roblin asked, to the other aspects of the collective agreement under this restraint legislation? Will it mean that

the present collective agreement, in all other respects, will continue to apply? I don't know.

There is one sure thing, and that is that, if the government has to move as is provided in this bill, and the minister has indicated that he thought the government would have to move, the consequences will be that on the west coast they will be subject to 6-and-5, while at the same time the minister might say to the east coast, "If you want to negotiate for 12-and-10, you can do that. We will not intervene."

It is contradictory and self-defeating. He has said that if they want to have 12-and-10 and the employers agree, they can have that; but, at the same time the government is imposing in its legislation 6-and-5 because that is government policy. I cannot reconcile those two things, nor can I reconcile the possibility that on the west coast there would be 6-and-5 and elsewhere there could be an agreement providing for 12-and-10 or maybe even 15 or 20 per cent increases.

As the legislation stands, it is not true that the employers have to agree to pay 12 and 10 per cent. That is not in the legislation and, if they find any other reason for not signing an agreement before Monday, according to what is provided in this legislation the government has said that it will intervene.

Senator Frith: Mr. Chairman, I understand the position taken by Senator Flynn. However, it seems to me that there is one thing we can reasonably agree to, which is not quite so hard-edged, if I understand the facts. It is not true to say that the employers have nothing to do but sit and wait and they will get 6-and-5, and that that will give them everything they want.

Senator Roblin: No, that does not follow.

Senator Frith: No, it does not. That is what I have said. Let us understand that.

It is a fact that from now until Monday is a short time, but we must understand that if this legislation passes there is a real advantage to the union in accepting the whole report, including the wage portion. If they do that, there is an advantage—not a guarantee, but an advantage—to the employers as well. But some of us seem to be looking at this with the assumption that there would be no advantage whatsoever for the employer to do anything except sit and wait for 6-and-5.

As Senator Buckwold and others have pointed out, the fact is that they must consider what their options are if this legislation is passed. The union can say, "Look. If we don't do something, we will be stuck with 6-and-5." So the union will probably say, "We will accept the Hope report, all of it, including all of the things we have said up to now are against our interests, such as productivity, and so on. We will accept the whole works, including the 10-and-12."

All right. Let us say they do that. Then, with respect to the employers, there would also be an advantage, because in that case the employers would be in the position of having, first, the public opinion problem, which is not a serious problem, and, second, which is a serious point, the real advantage to them of knowing that, despite having to pay the 12-and-10, the rest of the package would have been accepted. In other words, they

would say, "Okay. We will pay you the 12-and-10. We will not allow that 6-and-5 guillotine to come down, but you realize that you are accepting the whole thing. That means you are not having the double wages at night; you will have to accept Mr. Hope's recommendation with respect to more reasonable overtime; you will have to accept Mr. Hope's recommendation as to productivity."

The point is that if this legislation is passed, there is an advantage to both sides to negotiate. Whether they will or not, we don't know.

Senator Flynn: Hah! Hah!

Senator Frith: And you cannot laugh that off, Senator Flynn. It is a fact.

Senator Flynn: I am not laughing it off. I am laughing at you.

Senator Frith: But why do you laugh? Why would anyone, in considering the advantages of settling this strike, laugh at the fact that what I have said is true?

Senator Flynn: No, it is not true.

Senator Frith: Well, let me ask again where it is not true. There is an advantage.

Senator Flynn: No.

Senator Frith: Well, let's forget it. I will not talk about it to Senator Flynn. He is not going to change his mind. I simply ask those who are looking for a way to support this legislation in its present form to realize that, if it is passed, there will be an advantage to both sides to negotiate, and it will improve their position and it will improve the efficiency of the port, and that will be desirable.

The result of 6-and-5 is not automatic. There will be a real incentive with this legislation for the parties to come to an agreement that is in the interests of the employers, of the employees, of the port and of the country.

Some Hon. Senators: Hear, hear.

Senator Macdonald: I want to get back to this point: How far apart are the parties? Let us say that for the package deal there is a 10 and 12 per cent which the employers are prepared to accept. Have the union people indicated what they would be prepared to accept on that? Actually, there is room for negotiation. Why couldn't the employers come up somewhat, if it is not high enough? The 10-and-12 are not like the 6-and-5. They could be negotiated. If the employer was reasonable, then to get the rest of the package he should come up on what he is prepared to pay.

Senator Frith: Exactly; that is the whole point.

Senator Smith: Mr. Chairman, I have always been greatly impressed by the complete confidence of Senator Buckwold that he knows everything about everything. I have never been so impressed, however, when the moment has come for him to reveal that knowledge, and I certainly was not impressed when he revealed that knowledge tonight, if he had any.

[Senator Frith.]

What did he say that the rest of us do not know? It may have pleased him to say it, but it did not advance the knowledge of a single member of this house, I suggest, and certainly not the knowledge of anybody on this side. For those of you who wish to come to his defence, I would say he can well look after himself. He is no doubt now thinking up another confident assertion of his knowledge to respond to me.

Senator Godfrey: At least he doesn't get personal.

Senator Steuart: But he is thinking of it.

Senator Smith: If anybody wants to get personal with me, come on! One at a time.

Senator Buckwold: You are trying to give us some of your knowledge now.

Senator Smith: I don't boast about it. I only state what I think I know and leave it to others to decide whether it is right or not.

I would just like to ask the honourable gentlemen opposite to consider when, in any dispute—and there have been many in respect of this very same subject matter, not necessarily the very same points but the very same subject matter on the west coast and other instances throughout Canada when Parliament has been called upon to legislate a return to work—there was ever legislation of this kind. So far as I can recall, not on one of those occasions—and there have been many, many of them—did Parliament presume to fix the rate of remuneration or the conditions of work.

Senator Roblin: Hear, hear.

Senator Smith: But that is exactly what they are doing now so far as wages go. They have said, "If you fellows don't do what we want you to do—namely, agree—we are going to say that you will be bound by the provisions of 6-and-5." If that is not fixing the rate of wages, then I would be very hard put to find a provision which would fix the rate.

● (2320)

Why has the government decided to abandon the many precedents of the past when a return to work was being forced? Why does it decide to abandon the matter of compulsory arbitration so that both sides would have an opportunity to place their argument before some agreed person or persons and take their chance on showing that person or those persons that their claims are right and just, and that they have some entitlement to have those claims considered when their remuneration and working conditions are being fixed by an arbitrator?

Again, I ask why the government has decided to adopt this method and abandon all precedents which, while I certainly do not recall all of them, I do recall in many cases worked very successfully and satisfactorily?

Is it because it wants to start this slow—or, perhaps, rapid—advance upon the whole of the private sector to impose 6 and 5 per cent wage controls? Is that what it is after? What other reason is there for it to depart from the precedents which have worked so well?

How can it possibly expect the workers to feel that they are being treated fairly and reasonably, and that their right to bargain is not being taken away from them?

They are not in a mood, I suspect, to be very tolerant of anything which they believe forces them to do something which will affect their earnings and the conditions under which they work—and I had better stick to their earnings, because that is what the 6 and 5 per cent is all about.

How do you expect them to return to work with the joy in their hearts that Senator Argue so vividly described as being the case when the people at Thunder Bay returned to work in the past?

Do you expect them to be inspired with a desire to set new production records? I cannot think of a worse way to persuade them to do that than to compel them to forgo what Parliament has always granted in similar instances in the past—that is, the right to arbitration.

Hon. Mr. Caccia: Mr. Chairman, earlier Senator Smith inquired about imposition of terms in the past. To the best of our recollection, there were at least two instances when this was done by Parliament: in 1968, regarding the grain handlers; and in 1975, regarding the longshoremen in Montreal.

In answer to Senator Macdonald's question regarding how far apart the parties are, it is our understanding that the unions accept that part of Commissioner Hope's report that deals with wages; on the other hand, the employer is pursuing the totality of Commissioner Hope's report, which includes not only wages but also productivity. The last time we were able to establish it, that is where they were.

I should like to take this opportunity, once again, Mr. Chairman, to reinforce what I said earlier—that is, that there is more at stake here than just the settlement of wages. There is the whole question of making this harbour productive, and the whole question of an employer who is keen and anxious to come to an arrangement that includes the totality of the package, inclusive of the wages. Therefore, there are interests at stake here that look at the future of the harbour, and we think that this approach is the one that will prevail in the end, and that will bring about a settlement between the two parties by Monday evening.

That is why the bill is phrased in the manner it is, and we certainly commend it to honourable senators.

[Translation]

Senator Tremblay: Mr. Chairman, I would like to put a question to the Minister of Labour in order to be entirely sure of what the government hopes will happen in this situation.

As drafted, the clause we are discussing right now places the two parties in somewhat of a dilemma. If they agree, the 6-and-5 rule does not apply. Suppose, for instance, that they agree on the basis of the Hope Report which recommends wage increases of 12 and 10 per cent and contains other clauses, especially those regarding productivity. In that case, the 6-and-5 policy is set aside. Is the government hoping that the two parties will agree, thus implicitly relinquishing its 6-and-5 policy?

On the other hand, if the government wants to take advantage of the situation to broaden the application of its 6-and-5 policy, in that case it will hope the parties will not agree.

What exactly does the government want? Does it want the parties to agree? In that case, agreement will be reached at the expense of the 6-and-5 policy, and the policy will cease to exist. Or else it hopes that the parties will not agree in order to save its policy.

What exactly are the government's intentions? What else does it want to happen, aside from an end to the work stoppage? What kind of solution does it want? Should the parties agree or should the government have a chance to extend the 6-and-5 policy?

Senator Asselin: Very good.

[English]

Hon. Mr. Caccia: I do not know, Mr. Chairman. The hope of the government is quite different from the one the honourable senator has mentioned.

Senator Flynn: What is it?

Hon. Mr. Caccia: It is a clear signal to the world that disputes be settled by the parties themselves without having Parliament intervene.

Senator Flynn: What do you mean by that?

Hon. Mr. Caccia: That the matter be resolved by the parties to the dispute, which is the way most cases are resolved. It is a strong signal to the world that the parties resolve the matter among themselves. That is the hope of the government.

Senator Tremblay: We are not discussing that now, since we have a bill before us. If we had no bill before us, of course, there would be no problem.

Hon. Mr. Caccia: Until Monday night there is not.

Senator Doody: I wonder if the minister could explain something to me. It seems to me that in the dispute that is causing all the problems, the one this legislation is attempting to resolve, there are obviously two sides with two very different positions, which positions they could not resolve through arbitration, conciliation or what-have-you.

In the clause of the bill we are now dealing with, it clearly lays down the punishment for the employees if they do not come to an agreement by the specified date. They are told that the Public Sector Compensation Restraint Act will apply to them; in other words, that 6-and-5 will be their lot if they do not come to an agreement.

Is there any onus or any liability on the employers at all? Is there any punishment for them if they do not come to an agreement, or in this case is the onus strictly on the employees?

● (2330)

Hon. Mr. Caccia: Mr. Chairman, the penalty that the employer would incur if agreement is not arrived at by Monday evening by the two parties in the dispute would be that the six-and-five would prevail and other matters—

Senator Flynn: It is not a penalty.

Hon. Mr. Caccia: —that are very dear to the employers, of course, would not be before them any longer, particularly the question of efficiency and productivity. There is a recommendation in the report by Commissioner Hope that says that for one year there should be a suspension of the stuffing and destuffing of containers. At the expiration of that time the procedure would be resumed, but perhaps this year of experimental approach would be extended which would increase productivity in the harbour.

Evidently, there are penalties and consequences to the employers. Therefore, there is an incentive for the employer to reach a solution which would induce him to accept wages—it has been indicated at least until recently—that would be well above six-and-five per cent because they have indicated they would accept 12 and 10 per cent—

Senator Asselin: The employers did not accept 12 and 10 per cent.

Hon. Mr. Caccia: —because they look at the totality of the operations in the harbour. Therefore, they would have an incentive not to incur any penalty as the honourable senator so well puts it.

Senator Flynn: There is no penalty there.

Hon. Mr. Caccia: The incentive would be to arrive at a solution which would include wages, as well as productivity clauses, and this is the point.

Senator Doody: I have a supplementary. I thank the minister for his answer because it really brings me to the nub of the question. I was pleased to hear him mention on several occasions the productivity question which is one that is of great concern to everyone who has given any thought to the economic condition that our country is in. With that in mind and with the certain knowledge that the government and the ministry is quite aware of the productivity problem, why have we not addressed some of these points in the bill? Why are we saying it is going to be six-and-five and that is it? Why are we going to forget productivity and all the other problems and wash our hands of what is really underneath all of this and legislate the magic six-and-five? It seems to me to be an easy way out that does not resolve any of the difficulties that are either inherent in the economy or inherent in this particular labour dispute.

Hon. Mr. Caccia: The answer would be valid if there would not be any provision for five days. That is why there are five days provided for in the bill.

Senator Asselin: They had three months before.

Senator Roblin: What a hope!

Senator Smith: Mr. Chairman, in response to some comments I made earlier, the minister said that he could recall at least two occasions on which the legislation forcing a return to work had also fixed, or dealt, with wages—I am not sure which phrase he used, but I believe it was “fixed the wages”. That is the phrase I was using in any case. I thank him for that information.

[Senator Caccia.]

Could he also provide us with the information as to how many times since 1955 legislation has been passed by Parliament forcing the resumption of work in labour disputes in which strikes have occurred, in order that we can assess the value of the precedent set on two occasions as compared with all the other occasions on which the wages were not fixed?

Hon. Mr. Caccia: Are you asking since 1955?

Senator Smith: Or any other date you want to accept. If the exact figures are not immediately available, then I am sure the minister would be able to provide us with an estimate for some considerable period of years, and he can pick his own years.

Hon. Mr. Caccia: Not only do I have to pick my own years, but I also have to pick from the memory of Mr. Kelly, who is present and who embodies an encyclopaedic knowledge on the subject. He informs me that as of 1955, it occurred 16 times.

Senator Smith: Is the minister saying that 16 times legislation has forced the resumption of work in labour disputes, and on two of those occasions the wages have been fixed by legislation?

Hon. Mr. Caccia: We have to go back to the original question of Senator Smith, Mr. Chairman, when he indicated that Parliament had never fixed the terms of wages. We, therefore, brought to his attention the fact that in 1968, with the grain handlers, and in 1975, with the longshoremen in Montreal, Parliament did fix the terms.

Senator Flynn: I will have to look that up. I do not think it compares with the present situation.

Senator Smith: I understood that and I thank the minister for that information. I understand that the encyclopaedic memory of the distinguished gentleman who is assisting the minister this evening is able to recall that over a certain period—and I am not sure what period that was—there was a total of 16 times when legislation forced the resumption of work. Therefore, twice out of 16 times, insofar as we have heard, legislation has also fixed the wage.

Hon. Mr. Caccia: That is correct.

Senator Flynn: Honourable senators, as was expected, I am going to move an amendment, but before I do that I should like to make two comments.

The minister has mentioned that failing an agreement before Monday evening the government would impose the restraint legislation. If an agreement cannot be reached, but there is agreement on many issues such as the 12 and 10 per cent increases, and even on the productivity and all the advantages that he mentioned, will he agree that the government has no alternative under this legislation but to impose the restraint legislation? It has no room to manoeuvre. It cannot impose all the conditions on which there would have been an agreement if there is not total agreement between the parties. I think the minister would have to agree that the legislation does not give him any room to manoeuvre or to settle that problem.

My second point is that he has been telling us how beneficial all the conditions that have been discussed in the mediator's

report are, and that there is a lot of incentive for the parties to agree to these conditions. If the conditions are so beneficial to both the employees and the employers, why has the government not imposed these conditions instead of applying restraint legislation, and why has it not changed paragraph (b), for instance, to say if they fail to reach agreement before Monday then the conditions embodied in the mediator's report would apply? We discussed the bill at second reading before the minister was before us, and the problem is that he is imposing a solution which, in my opinion, is unfair and discriminatory because it would apply to one section of the private sector by not applying it to others.

• (2340)

Therefore, in order to find a better solution, using the experience of referring the matter to arbitration, I move that clause 3 be amended by deleting paragraph (b) in subclause (2) and substituting the following therefor—I will not read it again, but will send a copy to the minister, and he can peruse it.

I move that this amendment be made to clause 3.

The Chairman: Honourable senators, it is moved by Senator Flynn, and seconded by Senator Roblin:

That Bill C-137, intituled: "An Act to provide for the resumption and continuation of longshoring and related operations at ports on the west coast of Canada," be amended by deleting paragraph (b) in subclause (2) of clause 3 and substituting the following therefor—

Hon. Senators: Dispense.

The Chairman: Is there any discussion on the motion?

Senator Olson: Honourable senators, at this point in time I do not want to have a great deal of discussion on the motion because I believe that even Senator Flynn would agree with me that the discussion we have just had did, in fact, deal with many of the reasons he has advanced for moving this kind of amendment.

I also believe the Minister of Labour has given a number of reasons why the clauses in the bill, as presented to the Senate, would be more useful in this situation than accepting the amendment.

Senator Flynn: Does the minister agree with the statement of the Leader of the Government in the Senate?

Senator Olson: Yes, he does.

Senator Flynn: Senator Olson is very helpful.

The Chairman: All those in favour of the amendment please say "yea."

Some Hon. Senators: Yea.

The Chairman: Would all those opposed to the amendment say "nay"?

Some Hon. Senators: Nay.

The Chairman: In my opinion, the "nays" have it.

Senator Flynn: A standing vote is required.

The Chairman: I have had a request for a standing vote. Would all those in favour of the amendment please rise?

Would all those opposed to the amendment please rise?

The Clerk Assistant of the Senate: Yeas 12. Nays 27. Abstentions 1.

The Chairman: The amendment is defeated.

Senator van Roggen: Honourable senators, I might just explain that I abstained because I perceive there may be a possible conflict, although it is very remote. However, it is sufficient that I do not wish to vote.

The Chairman: Thank you, senator.

Is clause 3 carried?

Senator Flynn: No. Carried on division.

The Chairman: On division.

Is clause 4, respecting the amendment to the Public Sector Compensation Restraint Act, carried?

Senator Flynn: On division.

The Chairman: Is clause 5, regarding the coming into force of the act, carried?

Some Hon. Senators: Agreed.

Senator Flynn: It is not the coming into force of the act.

The Chairman: You are quite right. It refers to section 4. Is clause 5 carried, honourable senators?

Hon. Senators: Agreed.

Senator Flynn: Since the chairman has mentioned the coming into force of the act, I would point out to the minister that clause 3 states:

(1) Forthwith, on the coming into force of this Act—

Assuming that Royal Assent is given this evening, does that mean the employees will have to resume operations this evening? Is it the intention of the minister to enforce the act this evening, or to wait until tomorrow morning?

Senator Roblin: When does "forthwith" not mean "forthwith"?

Hon. Mr. Caccia: It would be handled by means of a despatch system that would come into effect with the morning shift, Mr. Chairman.

Senator Flynn: I can understand that, but is the minister saying that they do not intend to enforce the act before a reasonable delay of, say, five or six hours?

Hon. Mr. Caccia: Until they get the despatch going.

Senator Flynn: So it is a flexible "forthwith."

Hon. Mr. Caccia: Yes.

Senator Frith: They have to know about it.

The Chairman: There was an amendment in the other place to clause 6, which reads as follows:

That clause 6 of Bill C-137 be amended by striking out lines 17 to 22 on page 4 and substituting the following:

and who is a member of a union;
 "employee organization" means a union;
 "employer" means a company.

Senator Olson: Mr. Chairman, I believe that copies of those amendments were circulated to all senators, and that the bill from the other place appears before us in its amended form.

Senator Roblin: What is their purpose?

Senator Olson: We can get that explanation.

Senator Roblin: We would like to have it.

Senator Smith: What is their significance?

Hon. Mr. Caccia: These are technical amendments for the purpose of clarifying the definition in the case of "employee organization" and "employer." They are technical in substance, and their only purpose is to improve the quality of the definition.

Senator Roblin: I do not like to fuss about this, but "technical in substance" does not mean a thing to me.

I wish the minister would explain just what the technicality is. I do not know whether the original definition of "employee" still stands. The definition of "employee organization" is much abbreviated, and the reference to "Part I" is deleted. What is it all in aid of?

Hon. Mr. Caccia: Mr. Chairman, as I recall, there was a preponderance of words. An effort was made to improve the clarity of the definitions by deleting words that were not necessary in the legislation. This was put forward as a technical amendment in the House of Commons, and it was carried without debate.

Senator Roblin: What is the meaning of the original wording which is:

"employee organization" means a union within the meaning of Part I;

What on earth is the meaning of "Part I"? What does the change mean? Is there some kind of union that is not within the meaning of Part I?

Hon. Mr. Caccia: Mr. Chairman, evidently, by deleting the words, "meaning of Part I," the net result would be that the word "employer" applies to the entire bill and not just to Part I.

Senator Roblin: Thank you.

Senator Flynn: You are not too fussy about drafting.

● (2350)

Senator Smith: With respect, I find it a little difficult to accept that. Surely the effect is that the words "within the meaning of Part I" are struck out, and then one reverts to the definition of "union", which is to be found on page 2, line 15. They were unnecessary words used by the draftsman in the first draft; but some keener draftsman has seen that they were unnecessary, because "union" is defined, and he decided that the words should be struck out.

[The Chairman.]

The Chairman: Honourable senators, the Clerk has pointed out to me that the definition of "union" and "employer" is not in Part I. The definition section is before Part I, which is on page 2. I imagine that is why they deleted the words "Part I" and left it so that "employee organizations" means union and "employer" means a company. That gets us back to the definition section. I believe it was necessary for clarification purposes.

Shall the clause be adopted as amended?

Senator Roblin: It is not amended by us. It has been amended by the other place. So when it comes to us it is in its pristine, genuine, unchanged form. So we do not have to worry about amendments.

The Chairman: I shall accept that. Shall clause 6 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 7 carry?

Senator Doody: Mr. Chairman, I have a question on clause 7. Could the minister tell me what is the maximum punishment? The clause quite clearly says that an order shall be made to provide for compliance with the act and any employer or employee organization that fails or refuses to comply with any order can be punished by the courts. Is there no maximum punishment for this? If an employee does not find himself in agreement with the five-and-six per cent magic formula, is it possible that he could be thrown in jail for the rest of his life?

Hon. Mr. Caccia: Mr. Chairman, it is my understanding that the court sets its own rules and its own standards of punishment.

Senator Flynn: No.

Hon. Mr. Caccia: In the case of contempt, it sets its own standards and rules, and its own penalties, in the application of this particular clause.

Senator Doody: I can appreciate the fact that the court has a discretion to apply its own punishment in matters of contempt of court. I am asking the minister whether it would not be more reasonable, since this bill deals with the settlement of a labour dispute, to provide for some maximum punishment in the case of an employee who feels that the five-and-six per cent is not compatible with a decent wage. Is he to be subjected to the contempt of court provisions of the criminal law rather than to the act itself?

Hon. Mr. Caccia: Mr. Chairman, I repeat what I said earlier, that in the case of contempt the court sets its own provisions.

Senator Flynn: No.

Hon. Mr. Caccia: Yes, it does.

The Chairman: Shall clause 7 carry?

Senator Roblin: It is a very poor way of doing it.

Senator Frith: It is in the discretion of the court.

Senator Flynn: It is provided in the law and is not fixed by the court.

Senator Asselin: The court is not making the law.

The Chairman: Honourable senators, could we leave that discussion and get on to clause 8?

Senator Roblin: Mr. Chairman, I want to express my opinion, for what it is worth. In my view, it is a mighty poor statute that does not describe the penalty with some accuracy. We have here a statute which some of us consider is slanted against a certain interest in connection with this matter, who may be expected to view the imposition of the statute with some unhappiness. Yet if they do not knuckle under, there is a penalty. Well, that is what laws are all about.

But why do we not specify what the penalty is? I have no idea what a contempt of court punishment is.

Senator Flynn: Nor has the minister.

Senator Roblin: I believe he could jail a person. I am not sure that he could fine them, but I seem to recall people going to jail for contempt of court. What does it mean and how long do they stay in jail? The idea of passing a bill with a penalty clause of this sort, and simply saying, "Let the court decide", is a poor way of legislating an offence against a statute in Canada.

Senator Frith: Honourable senators, the reason behind the fact that a court sets its own penalty for a contempt arises from the refusal to obey an injunction—

Senator Flynn: No.

Senator Frith: The refusal to obey an injunction can depend on circumstances. There may be a number of reasons why a court's order is not obeyed. Therefore, the courts have always said, with reference to contempt, "We cite you for contempt of an order. You must come and explain, and try to purge your contempt, and we provide the conditions under which you have to purge your contempt."

An Hon. Senator: That has nothing to do with the bill.

Senator Frith: It has everything to do with the bill. They are not talking here about specifying a penalty for a breach of the statute. They have said that the application is made to the court on the basis of the court's order not having been obeyed, and therefore it is the tradition and the law that the court, in those circumstances, decides what it considers to be the appropriate penalty for contempt—

Senator Flynn: But there is a maximum.

Senator Frith: Perhaps I may be permitted to finish what I am about to say. We all know that Senator Flynn disagrees with me, but let me at least finish the sentence, so that we will know what it is that he disagrees with.

Senator Roblin: You have said it two or three times.

Senator Flynn: You said "the rules of the court".

Senator Frith: No, I did not. I said "the law." If the Leader of the Opposition does not agree with it, then he does not agree with the Law Reform Commission whose report was tabled in this house a day ago. That report said exactly the same thing as I am saying, namely, that in the case of an application that

someone be cited for contempt of the court's order, the court reserves to itself what conditions it will impose with reference to that contempt.

Senator Flynn: No.

Senator Smith: Mr. Chairman, let us assume that the Deputy Leader of the Government is right—although it is an assumption that I find a little difficult to make. Is it not most reprehensible to leave a statute of this kind in limbo? Who knows what the court will do? If members of this house cannot judge what is the penalty for failing to obey an order, then how can an ordinary workmen be expected to know? What kind of statute is this? Is it not intended to be a statute to be understood by everyone, so that everyone will know the consequences of failing to obey what happens under it?

Senator Frith: It is the same as an injunction. In labour disputes it is very common to have that happen.

Senator Smith: I understand very well what the honourable gentleman is saying about an injunction in a labour dispute. I also understand his assertion with respect to the jurisdiction of the courts generally in matters of contempt if an order of the court is disobeyed—although I find it a little difficult to agree that he is right in that wide-sweeping assertion. However, I am not dealing with that particular point at the moment. I am asking the question: Who in this house, including the deputy leader himself, knows the maximum penalty that the court will be empowered to impose on someone who disobeys this order? No one knows, so how can an ordinary workman be expected to know? Why does not this bill set forth the maximum penalty, so that everyone will know the risks of punishment that he runs?

Senator Flynn: I do not want to leave on the record the reply of the Deputy Leader of the Government that the court has discretion to impose whatever penalty it wishes. If that were true, they could decide to hang anyone who was in contempt of court or fine them \$1 million or \$1. I am quite sure that the maximum penalty is provided in the legislation dealing with the Federal Court. Possibly there is discretion under the penalty, but not in the way the deputy leader described it. I do not want the record to be wrong merely because the deputy leader thinks that he has the answer.

● (0000)

Senator Frith: Let us not have the record wrong. The point is—as I think Senator Flynn realizes, and as I know Senator Smith realizes—that if the route of contempt of court is taken, as opposed to establishing a maximum penalty, the normal position is that the condition is established until the contempt is purged, as it is said.

Let us apply that rationale to this particular case. Suppose there is an allegation that an employer or an employee has not obeyed the provisions of the act. The application is made, the court makes an order that they shall observe the provisions of the act, and the condition that is applied is at their discretion.

Senator Flynn: No. I have never heard such ignorance of the law.

Senator Doody: Mr. Chairman, on that same subject—and I do not have the advantage or the disadvantage of being a lawyer, as do the three senators who are having their learned dissertation back and forth on the points of law—the point I was getting at in the beginning is that this legislation is being aimed at a bunch of employees working on the docks in British Columbia.

Senator Frith: And employers.

Senator Doody: We dealt with that a little while ago.

Senator Frith: It is right in the act.

Senator Doody: Yes, but the opinion that I am about to put forward is that the employees would have far less access to definitions of the process of law as explained by Senator Frith. I do not disagree with one word that Senator Frith has said. I am sure that his dissertation on the law and the enforcement of contempt and so on is absolutely accurate in every detail, as are the other lawyers in this chamber who disagree with him. What I am saying is that an enforcement provision should not be included in the legislation because it does not spell out the penalties for those who might feel that the law is unjust. If the five and six per cent settlement is not acceptable to the employees, then they should be told what will happen to them if they disobey the law. I think this is rotten legislation, that the whole thing is poorly drafted and put together and an insult to the people to whom it is directed.

Senator Frith: Honourable senators, it may be no answer, but the fact is that this clause is not that unusual. It has been included in many previous bills of the same kind, except that they referred to the Superior Court rather than the Federal Court. I am simply saying that I understand the position taken by honourable senators opposite, that they feel it would be preferable, with reference to breaches of the act, simply to say that anyone who is in breach of the statute will be subject to a penalty of “not less than” “and not exceeding,” and so on. I am simply saying that there is another way. It is the standard way. We found today that some honourable senators find it unsatisfactory.

Senator Smith: Mr. Chairman, the deputy leader has failed completely to give us the reason why this course was chosen, why it was decided not to put the maximum penalty in the bill. Perhaps the minister will be able to give that explanation. At least we should be told why that course was chosen.

Senator Frith: I think we have to distinguish between an explanation that will perfectly satisfy Senator Smith and a simple explanation. I believe that the simple explanation is that this form of dealing with breaches of injunctions in labour disputes is a common one. In other words, if there is a labour dispute, it is not uncommon at all to make an application to the court for an order requiring someone to desist from picketing, illegal secondary lockouts or strikes, and so on. The court then makes an order saying, “Desist!” It does not say, “Under the maximum penalty, desisting or failing to desist will involve the following . . .” It simply says, “Desist!” and if they do not obey the mandatory injunction the course of action is to do exactly what is provided for in this statute. Then you come

back to the court and say, “Look, the other party has not followed the court order and we want them cited for contempt.”

Senator Asselin: And the maximum penalty is cited.

Senator Frith: No, it is not. It is hopeless. They just keep saying no.

Senator Smith: Mr. Chairman, what the deputy leader has failed to understand is that we are asking him, not for an explanation of the law of contempt of court but for an explanation as to why this method of punishment was inserted in the bill instead of inserting that the punishment would be a maximum fine or a maximum term of imprisonment. Perhaps the Deputy Leader of the Government in the Senate would do better to leave the explanations to the minister who, no doubt, knows very well why this wording was included.

Senator Frith: Let me try once again. If I understand everything correctly, this method was chosen because it is the common way of dealing with breaches of collective agreements or laws relating to labour disputes outside of legislation. Up to now, it has been the method that has been followed in every case, voted upon in the Senate and approved in the Senate. That is not a good reason as to why it has to be done this way. I know what Senator Smith is saying and that he is not accepting my explanation. I am simply saying that there is a reason, and the reason is that there is a common way of dealing with infractions in labour disputes—that being the method used in all statutes of this kind, that we know of, up to the present time. That may not satisfy Senator Smith, but that is the reason.

Senator Smith: All I asked for was the reason this method was followed. If that is the reason, then the honourable senator has answered my question, even though it is a very shallow and unconvincing answer.

Senator Marshall: There are too many lawyers.

Senator Smith: I still think the deputy leader would have been better advised and more prudent to have left the answer to the minister.

The Chairman: Shall Clause 7 carry?

Some Hon. Senators: Carried.

The Chairman: Shall Clause 8 carry?

Senator Smith: Let us look at this clause for a moment. Clause 8(1) reads, in part:

On an application under section 7 for an order directed against an employer, it is sufficient proof that the employer has failed or refused to comply with a provision of this Act to show that an officer, director or agent of the employer failed or refused to comply with the provision, whether or not the officer, director or agent is identified—

It strikes me that that wording is rather peculiar. In the first place, how can you prove “that an officer, director or agent of the employer failed or refused to comply with the provision” if you cannot identify him? If you do not know who he is, how

will you prove that he is "an officer, director or agent"? It seems to me that this is another bit of loose and woolly drafting that has no place in this sort of legislation or in any other sort of legislation. Perhaps the Deputy Leader of the Government in the Senate will give us the reason why or, perhaps even better, he will leave it to the minister.

Hon. Mr. Caccia: Mr. Chairman, the identification of the agent by name is not necessary, and that is why the legislation is worded as it is. It is my recollection that this wording has been used in previous legislation of this kind.

Senator Smith: The clause does not really say whether or not the officer, or so on, is named; it says "identified"; that is, as an officer, agent or director. The provision does not merely say that if you failed to name him.

Senator Roblin: If you cannot identify him, how can you charge him?

Hon. Mr. Caccia: Identification by name does not matter. What really matters is identification of the function of the agent, as such.

● (0005)

Senator Smith: I did not say, for a moment, that the identification by name was or should be required. What I said was that this provision does not require identification by name, but it also does not require identification by any means. You do not even have to know who he is or what he is doing.

Senator Roblin: It is a silly clause, let's face it.

Hon. Mr. Caccia: Mr. Chairman, it was written on the advice of the law officers of the Crown.

Senator Roblin: That is the worst representation you could make to us.

Hon. Mr. Caccia: We have merely accepted their advice. It has been the practice in previous legislation, if I recall correctly, as recently as 1975. This is the way it is done in matters of this nature.

Senator Smith: Well, I thank the minister for his answer, which I take to mean that he does not know why it is there, but it is there because the Department of Justice put it there, or the draftsmen did. If that is the answer, again I accept the answer, although I find it difficult to accept the reasonableness of the answer.

Senator Doody: Mr. Chairman, I have a supplementary to Senator Smith's question. I was puzzling over this matter earlier. Perhaps the minister or some of his legal advisers can tell me what the protection is here for the person who is accused. It seems to me that it has always been a defence to say, "That person is not my agent." The employer has the right to say that. "You say he is my agent. I say he is not."

But it says here that the agent, identified or otherwise, is guilty under this act. Is it not unusual just to name him as an agent and automatically have it assumed that he is culpable or liable under this legislation?

Am I adrift on this one, too? In other words, if the employer or the employee says, "The person you say is my agent is not my agent," the act says it does not matter. I do not have to identify him at all. If I say he is the agent, you are liable. Is that correct?

Senator Frith: No, you have to prove the agency.

Senator Doody: It does not say that here. I think you should hire a couple of new draftsmen.

Hon. Mr. Caccia: I would invite the honourable senator to read on to line 22, where it says, "without its knowledge or consent", and the following line as well, which reads, "and that it exercised all due diligence to prevent the failure or refusal."

Senator Smith: With all respect, that has not the slightest bit to do with the question Senator Doody raised and I raised. It has nothing to do with it at all. They only happen to be words in the same clause, but they do not bear any relationship at all to the question raised.

Senator Phillips: Mr. Chairman, it is my intention to discuss the point raised by Senator Smith. I would point out, honourable senators, that the same objection applies with respect to subclause (3) of clause 8, as applicable to the union. In my opinion, it would be virtually impossible, in particular for a union officer, to prove that an unidentified person or unidentified persons had refused to comply with section 7.

The minister stated that the idea was in the bill because the Department of Justice had placed it there. I suggest, honourable senators, that it might be appropriate for us to have an opinion from our own law officer. I had been looking for an opinion from someone, and I would have been quite content to take Senator Godfrey's opinion, but he left. So perhaps we could have an opinion from our own law officer.

Senator Flynn: Tomorrow.

The Chairman: If there is no further discussion, shall clause 8 carry?

Senator Phillips: Mr. Chairman, I believe, if we are in Committee of the Whole, I am entitled to an opinion from the law officer. Could I have a ruling in that regard?

Senator Frith: One senator is not entitled to a ruling. He can make a motion to that effect.

Senator Olson: Mr. Chairman, if I may intervene, the minister has already indicated that the wording here has been cleared with the law officers of the Crown, who are the legal advisers to the government and to Parliament. That assurance has already been given to Senator Phillips.

Senator Phillips: But the lawyers of the Department of Justice, Senator Olson, are entirely different from the law officer of this chamber. It is his opinion I am interested in. I am not interested in the opinion of the lawyers from the Department of Justice.

The Chairman: It would seem to me, honourable senators, that Senator Phillips has the right at any time to consult the law officer on a matter of interpretation. Beyond that, I

suppose it is possible for him to move a motion that we seek the opinion of the law officer, and that would go to a vote before the Senate, if that were his wish.

Senator Frith: It would go to a vote before the Committee of the Whole.

The Chairman: Before the committee, yes.

Senator Phillips: I so move.

The Chairman: Is there a seconder?

An Hon. Senator: He doesn't need a seconder in committee.

The Chairman: The Clerk advises me that he does, indeed, need a seconder in Committee of the Whole.

Senator Smith: I second the motion.

The Chairman: It is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Smith, that the Senate in Committee of the Whole consult the law officer of the Senate as to the meaning in clause 8 of the words, "whether or not the officer, director or agent is identified".

Is it your pleasure to adopt the motion, honourable senators?

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Chairman: All those in favour say "yea".

Some Hon. Senators: Yea.

The Chairman: All those opposed say "nay".

Some Hon. Senators: Nay.

The Chairman: In my opinion, the nays have it. Shall clause 8 be adopted?

Some Hon. Senators: Agreed.

The Chairman: Carried, on division.

Shall schedule I be adopted?

Hon. Senators: Carried.

The Chairman: Shall schedule II be adopted?

Hon. Senators: Carried.

The Chairman: Shall clause 1, the short title, be adopted?

Hon. Senators: Carried.

The Chairman: Shall the title carry?

Senator Roblin: Mr. Chairman, before the title is carried and you ask whether the bill shall be reported, perhaps I could raise an extraneous matter, which I am prompted to do because I see the minister here. But, first, may I say that, personally, I am glad that the minister has been here. He has been a help to us in our discussions tonight.

The fact is, however, that we are dealing with a problem which has recurred several times over the past ten years, particularly in the port of Vancouver but in the transportation field generally.

[The Chairman.]

Referring to the port of Vancouver, has the department given any consideration to conducting an inquiry, either by means of a royal commission or in some other impartial way, which could start to dig into the roots of these problems? It is no pleasure for the members of Parliament; it is not healthy for democracy; it is bad for collective bargaining, and for other factors the minister would be aware of, that we, in Parliament, should every two or three years be called together to legislate in respect of problems of this kind.

Has the department given any consideration to an investigation into the situation in the port of Vancouver, with a view to arriving at some solution which promises a better and healthier management-labour relationship there than we have had in the past and which would be conducive to the best interests of the whole country?

The Chairman: Mr. Caccia?

Hon. Mr. Caccia: Mr. Chairman, because of the recurrence of this problem, one would be inclined to conclude that a solution, were it easily available, would already have been found, since this matter has come before Parliament on so many occasions.

• (0010)

As to the proposal for an inquiry at this point, Mr. Chairman, it seems to me that the closest we can get to an inquiry, and the benefit of one, is the report itself from Commissioner Hope. It is a thorough report, and I commend it to honourable senators, in particular the analysis of the issues at stake and his recommendations. At this point in time it seems to me that that is the closest we can get to an inquiry of that nature in terms of timing and practicality.

That does not preclude, however, in the future, if it is proven that an inquiry might be necessary and desirable, the government from looking into that possibility.

At this point in time, as I said, the report of Commissioner Hope comes closest to providing benefits that would be derived from the type of inquiry the honourable senator has just raised.

Senator Roblin: With respect, that is not my point. I appreciate that we have the report of Mr. Hope. It is obvious that it is a failure, or else we would not be here. It is clear that it has not worked, and we have had the same situation four or five times in connection with Vancouver.

Let us take that report for what it is worth, but it obviously does not meet the case, otherwise we would not have this bill before us.

I am asking the minister where we go from here, and I am suggesting to him that he should give some serious consideration to an impartial investigation into the problems which are chronic in the port of Vancouver, both on the management side and the labour side, and everybody knows that.

There could not be a more convincing demonstration of the point I am trying to make than the telegram the minister himself wrote—perhaps I am using the wrong word—the telegram that the minister himself signed that went to Vancou-

ver with respect to this matter. That put the thing in a nutshell. It exposed the problem.

Let him consider the suggestion that he do something constructive about it so we do not have to do this more often.

Hon. Mr. Caccia: I will take to heart the substance as well as the tenor of the honourable senator's views and sentiments. We are certainly open to new ideas. However, I would not agree with him when he says that the commissioner's report has failed. The report has not failed because this is Wednesday, and there are still five days to go.

Senator Roblin: Good luck!

The Chairman: Shall the title be adopted?

Hon. Senators: Agreed.

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

The Chairman: Honourable senators, on your behalf I should like to thank the minister and Mr. Kelly for their attendance.

The Hon. the Speaker: Honourable senators, the sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Douglas D. Everett: Mr. Speaker, the Committee of the Whole, to which was referred Bill C-137, to provide for the resumption and continuation of longshoring and related operations at ports on the west coast of Canada, has considered the said bill and has the honour to report the same without amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed, on division.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

November 4, 1982

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 4th day of November, 1982, at 12.15 a.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be,
Sir,

Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable

The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

● (0015)

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bill:

An Act to provide for the resumption and continuation of longshoring and related operations at ports on the west coast of Canada.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 4, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

PENITENTIARY ACT PAROLE ACT

BILL TO AMEND—FIRST READING

Hon. H. A. Olson (Leader of the Government) presented Bill S-32, to amend the Penitentiary Act and Parole Act.

Bill read first time.

Senator Olson moved that the bill be placed on the Orders of the Day for second reading on Tuesday next, November 9, 1982.

Motion agreed to.

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1982-83 (NO. 2)

REPORT OF COMMITTEE

Hon. Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, presented the following report:

November 4, 1982

The Standing Senate Committee on National Finance to which was referred Bill C-128, "An Act to provide supplementary borrowing authority (No. 2)" has in obedience to the order of reference of Wednesday, November 3, 1982, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

D. D. EVERETT
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): With leave, honourable senators, later this day.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, unless we are not sitting next week, I do not see why third reading should not be given the bill next week.

Senator Frith: Agreed, honourable senators. I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

● (1410)

[Translation]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding Rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Monday next, November 8, 1982, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Leave is granted, honourable senators, because otherwise we would have to sit tomorrow.

Senator Frith: Leave is granted, if I understand correctly, but perhaps I could make a few comments.

Honourable senators, you may have noticed that the motion is for adjournment until next Monday at eight o'clock in the evening. Perhaps honourable senators are already aware that the other place is going to sit next week on Monday, Tuesday and probably and almost certainly on Wednesday. The 11th, that is Thursday, is a holiday, and in the other place, they have decided not to sit on Friday, which they normally do otherwise. We, of course, do not sit on Friday in any case. Since we are now considering three "S" bills, as they say, and since there is a possibility that we will receive other legislation from the other place at the beginning of next week, including bills arising from last June's budget, the Leader of the Government in the Senate feels that it would be a good thing for the Senate to sit next week, even if only for two days. We would be sitting Monday evening at eight o'clock and Tuesday at two o'clock in the afternoon, as prescribed in the rules, but not necessarily Wednesday.

Senator Flynn: Honourable senators, without being indiscreet, I must say that we had discussed what would be happening next week, with Armistice Day on Thursday and the very light workload the Senate has at this time. The deputy leader mentioned three "S" bills. The bills are of course important in themselves, but there is nothing particularly urgent about them. Now there is talk of having the Senate come back for Monday evening and Tuesday, although there seemed to be agreement on both sides of this House that this was an excellent opportunity to allow senators to go home, test public opinion and participate in Armistice Day ceremonies.

and so forth, without having to come back for a day and a half. It would seem, however, that the decision announced by the deputy leader did not originate in the Senate. In fact, we may well ask ourselves whether the new Leader of the Government in the Senate is not merely dancing to the tune of the government house leader in the House of Commons. It seems to me that we should be able to organize our work here in the Senate without getting instructions from the other place. I have no objection to coming back Monday. I do not think anyone could say that I am a shirker, but I think the servile attitude of the new Leader of the Government is ridiculous, and I wonder whether we were not better off with Senator Perrault, which is saying a lot!

However, if that is the decision of the Leader of the Government, who is incapable of standing up for the wishes of the Senate as to the manner in which we want to organize our work, that is up to him. I warn him that there may be times when he will have trouble obtaining co-operation from this side of the House.

• (1415)

[English]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I guess I reject—

Senator Flynn: You don't have to guess; we know.

Senator Olson:—and perhaps even resent the insinuation or inference of the Leader of the Opposition that we are subservient—whatever was the term he used—to the house leader in the other place. I reject that argument.

Senator Flynn: Then why are you acting the way you are?

Senator Olson: We then come to the next stage of his argument, with which I completely disagree. He wants to make the argument that the Senate sits only when there are urgent matters to be dealt with. I agree that Bills S-30, S-31 and S-32 may not be so urgent that they have to be passed by a certain deadline, but I do not share the view of the Leader of the Opposition that we sit only when we have something that has to be dealt with urgently. These bills are important.

Some Hon. Senators: Hear, hear.

Senator Olson: These bills were introduced in this place and we have the obligation to attend to them. Whether the Leader of the Opposition likes it or not, it is a fact of our bicameral parliamentary structure that we are, and ought to be, in a position to receive bills once they pass third reading in the other place, and deal with them expeditiously.

I cannot guarantee that more legislation will come to us, nor can he guarantee that more legislation will not come to us early next week. In the meantime, there are some important bills before us, although they may not necessarily be urgent bills. If the Leader of the Opposition looks at Bill S-32 and realizes its implication and consequences, he will agree with me that it is important. Therefore, it does not have to be in the "urgent" category before we deal with it.

I agree with his further argument that honourable senators should have some time to get acquainted with people who live

in their various regions, but I remind him that if we reach the point where we can adjourn next Tuesday afternoon, honourable senators will then have a whole week, from Tuesday until the following Tuesday evening, in which to visit their regions. In my view, from late next Tuesday afternoon until the following Tuesday evening is a reasonable adjournment. It is not an unreasonably short period.

Under those circumstances, I believe we should accept our responsibility, and that when we have important, although not urgent, legislation to deal with, we should sit.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Hear, hear.

Senator Flynn: What the Leader of the Government has spouted is pure hot air. There is nothing substantial in what he has said. It is not worthy of the intelligence accorded him by the press. From the discussions we had, I concluded that we would return on Monday, November 15. We would have been here on the Monday night and all of Tuesday, which is exactly the same length of time that the Leader of the Government is requesting that the Senate sit next week. Some honourable senators from the west coast will be coming here just for Monday night and Tuesday, which is absolutely silly.

• (1420)

With regard to the honourable senator's argument that we should be here, of course, we should be here, but we should also arrange our business differently. Bills remain on the order paper in the other place for weeks and weeks.

Hon. G. I. Smith: For months.

Senator Flynn: Yes, and months. The time, however, is not wasted because we have time to reflect. I said yesterday when we considered the emergency legislation that that was not the way to deal with such measures, that we should have time to think matters over. Even if we do not debate the bills that are before us immediately, it does not mean that time is lost. It does not mean the Senate is not working. I say again to the Leader of the Government that he had better change his ways and not take his instructions from somewhere else. He should be discussing the matter of the arrangement of the sittings in the Senate—

Hon. Duff Roblin (Deputy Leader of the Opposition):—with us.

Senator Flynn:—with honourable senators. That is all I have to say today.

Senator Olson: Honourable senators, I think that the Leader of the Opposition is being a little unfair. He knows, for example, that—

Senator Flynn: Do not put forward silly arguments.

Senator Olson:—we have to make some progress on Bill S-30, Bill S-31 and Bill S-32 here, even before we can refer them to committee.

Senator Flynn: We cannot send them to committee next week?

Senator Olson: Perhaps we can, if we start on them this afternoon.

Senator Flynn: Not with the sitting you have proposed. Come on, be serious.

Hon. Jack Marshall: Where is Bill S-31.

Senator Olson: Furthermore, I know better than, or, at least, as well as, the Leader of the Opposition that there will be or could be a number of committee meetings next week on various matters, and if we can sit today and Monday evening and Tuesday, it may be that we could have all three of those bills referred to committee.

Senator Flynn: No.

Hon. Martial Asselin: Forget about it.

Senator Olson: We are going to try to follow that procedure. If the opposition wants to hold things up then that is their privilege.

Senator Asselin: We will.

Senator Frith: They don't want to sit.

Senator Olson: The opposition is trying to convey the impression that it is the fault of the government, or of the Liberal Party, that bills are on the Order Paper for months in the other place. It is up to the opposition to dispose, and that has always been the case throughout the parliamentary careers of us all.

Senator Flynn: You can impose closure whenever you want to. Don't be silly.

Senator Olson: I want to cool the Leader of the Opposition off a little bit because I think that he, too, on reflection, will see the logic, reasonableness—

Senator Flynn: I can reflect, but you cannot seem to do it yourself.

Senator Olson: —and so, of sitting for two days next week and then adjourning for a full week, so that we can refer these important bills to committee and make the progress that the public of Canada expects us to make.

Senator Roblin: May I offer a suggestion to my honourable friend in connection with the business of the house? I agree with him that we have a legislative duty to proceed with all due diligence with the work that is put before us. But it seems to me that part of the apparatus to ensure that this duty is performed is a certain degree of communication between the two sides of the house, and that when we are arranging the business of this chamber it should not be delivered from on high, as my honourable friend seems to be in the habit of doing these days without any consultation or discussion with this side. He assumes that we are so unreasonable that we will not agree to anything, which I think is a mistake. I am sure, however, that he is making certain that we are not going to be easy to get along with by never consulting us.

Senator Olson: That is not true.

[Senator Flynn.]

Senator Frith: We have been talking about this matter every day for the last week.

Senator Roblin: When did my honourable friend consult with the Leader of the Opposition with respect to the proceedings on Bill S-30, Bill S-31 and Bill S-32? I do not think he has ever done so. If these bills should be disposed of in an expeditious manner, then it seems to me to be the part of prudence to secure the willing co-operation of all members of this house, instead of issuing these injunctions which we get, such as we have received this afternoon. I think that is a poor way to do business. It seems to me that the honourable senator will go a lot further if he solicits the co-operation of all sides of the chamber rather than delivering orders.

Senator Olson: I want to say unequivocally that I solicit the co-operation of the opposition all the time.

Senator Flynn: You mean approbation, not co-operation.

Senator Olson: I do not want to go into the private conversations that several of us have had and report them here publicly, but both the Leader of the Opposition and the Deputy Leader of the Opposition know that there have been discussions prior to this time.

Senator Flynn: Yes, and you disregard them.

Senator Olson: And they also know—

Senator Roblin: Honourable senators, I rise on a point of privilege.

Senator Olson: Let me finish my argument.

Senator Roblin: Just a minute. Sit down.

Senator Olson: No.

Senator Roblin: You have made a misstatement.

Senator Olson: No, I did not.

Senator Roblin: You said that you consulted with me in respect to this business.

Senator Olson: No, I said that—

Senator Roblin: You never have.

Senator Olson: Well, then—

• (1425)

Senator Roblin: Never!

Senator Olson: Then you and your leader don't communicate. That is your problem, not mine.

Senator Roblin: You said that you talked to me. You have not talked to me, and you know that you have not.

Senator Olson: I did not say that.

Senator Roblin: You should retract that statement.

Senator Olson: Why don't you sit down and listen? I did not say that.

Senator Flynn: You did.

Senator Roblin: You did say that.

Senator Olson: I said that you knew that there had been communications. That is what I said, and I still believe that.

Senator Roblin: That is also a falsehood.

Senator Olson: All right, if that is what you want to think.

Senator Roblin: My honourable friend ought to retract those statements, for which he has no grounds whatsoever.

Senator Olson: If you deny it, then I have to reach the other conclusion, which is perfectly obvious, that you and your leader do not talk to each other.

Senator Flynn: Oh, come on. Be serious.

Senator Olson: Anyhow, let me get down to the next important thing.

Senator Flynn: Don't make a fool of yourself. I think you have done enough of that already.

Senator Olson: I like to have cordial relations between the opposition and the house leader here. It has always been that way, but the Leader of the Opposition has to recall, if he wants to be accurate, that when we had some discussion about this there was not at the time a clear indication of whether there would be a week's adjournment from Wednesday next week.

Senator Flynn: You just want the government to tell you what to do.

Senator Olson: He knows that. That is a fact, and we have found that out since.

Senator Flynn: I know that.

Senator Olson: Since then, however, honourable senators, we have introduced more government legislation in this house.

Senator Flynn: That is not the reason.

Senator Olson: That is also a fact that was not known at that time. I think it is also understandable that we have the responsibility to deal with this important legislation.

I want to say this, too—and I repeat it for emphasis—I do not believe it is unreasonable for us to suggest that we want to be in a position where we can deal with these three bills. If the opposition is disposed to refer them to committee, we can get on with it, and then we can adjourn on Tuesday afternoon for seven days.

Senator Flynn: We can do exactly the same thing the following week. In any event, if it is the will of the majority here to follow the whims of the government as expressed by the Leader of the Government, that is all right. That is their own business. If they want to swallow everything that is offered to them, that is up to them.

However, we are trying to see that the Senate is allowed to work in a reasonable and efficient way. If they do not care about that, but are ready to vote any time, anywhere, and in any way the government directs them to, that is fine with me.

An Hon. Senator: They are just following their orders.

Senator Frith: Honourable senators, if I may make a brief intervention, I consider it a part of my duties, certainly, to consult with the opposition.

An Hon. Senator: You do, too.

Senator Flynn: You did, but to no avail.

Senator Frith: Sometimes it is of avail; sometimes it is not. But I want to make it clear that I do not consider it part of my duty in all cases to have the consent of the opposition to do everything I do.

Senator Flynn: No.

Senator Frith: But I do consider it part of my duty to consult with them, and I do not think either Senator Flynn or Senator Roblin will say that I have not, on this business and on most matters, consulted both of them, particularly the Leader of the Opposition.

Senator Roblin: My honourable friend is not calling the shots, and I blame him for none of this.

Senator Frith: I simply wanted to point out that I do not operate on the basis of non-consultation. I will leave it at that.

Senator Roblin: But my honourable friend, unfortunately, has not much to communicate sometimes, until he has received his instructions.

Senator Olson: That is an unfair statement, but we will let it go.

Senator Smith: Honourable senators, I just want to speak for a moment of the alleged desire of the Leader of the Government to be co-operative in arranging the business of the house. I only want to say to him—if he would rather listen to his deputy than to me, I don't blame him, because his deputy will have more cordial things to say than I will, and, as I understand it, cordial things are all he wants to hear.

I should like to say to the honourable gentleman that since he assumed the distinguished position he now holds, which I congratulate him for attaining—

Senator Frith: Excuse me, honourable senators. I think that Senator Smith speaks quite clearly and normally quite audibly and I have no trouble, normally, in hearing what Senator Smith has to say. But I think, in fairness, it is also part of my duties to remind honourable senators that some of us, at least, want to hear what is being said.

● (1430)

I am sure that some of the conversations that take place are sufficiently interesting that they could form part of an intervention but, in the meantime, I should like to hear what Senator Smith has to say.

Senator Smith: I thank my honourable friend for his assistance. I appreciate that very much. His desire to hear what I have to say might be lessened if he knew what I am going to say.

All I want to say to the honourable gentleman is that since he has assumed the distinguished position he now occupies, his conduct towards this side of the house has not been such as to cause us to be warmed by any feeling that he wishes to be co-operative.

All I have been able to gather from his conduct—and perhaps the deputy leader ought to obey his own injunction to others—since that time is that he wishes to co-operate when we do as he says. His idea of co-operation is his announcing what he will do, and our following him. That is what I understand from my observation of his attitude and conduct since he has assumed the position he now occupies.

I say to him as emphatically as I know how—and that is very emphatically, even though I say so in relatively low tones—that that is not the way to engender confidence in his willingness to co-operate, and it is not the way to advance the business of the Senate.

While I do not know anything about the rights or wrongs of the allegation that he consulted very carefully with this side about this matter, I am inclined to accept the view of my leader and deputy leader, knowing that I can depend on what they say and not necessarily having observed that same attribute in the honourable gentleman opposite.

Senator Flynn: Well said!

Senator Smith: I reiterate to the honourable gentleman that he should revise his idea of what is consultation and co-operation if he really wants co-operation on this side of the house. If he does not care—and I would hate to come to the conclusion that that is the case—or if he does not really want it—and I would hate even more to come to that conclusion—then, of course, he will continue as he has.

If the honourable gentleman opposite really wishes to get along, with a moderate sort of good feeling in arranging the business of this house, then I think he has to change his attitude.

Senator Olson: Honourable senators, I regret that Senator Smith feels compelled to make those kinds of observations. However difficult it may be, I have to tell him that I intend diligently to pursue the co-operation of the opposition on all occasions.

There is one thing that has to be understood, and that is that I believe the Senate has an obligation to sit when there is important legislation before it. That is the situation now.

There is one other thing I will comment on, and I hope I do not ruffle anybody's feathers by doing so—

Senator Flynn: You never worried about that before!

Senator Olson: —and that is that consultation does not necessarily mean acquiescence.

Senator Smith: Of course, honourable senators, no one suggested that consultation means acquiescence, but for my honourable friend opposite consultation means acquiescence on this side. That is his idea of consultation, and I hope he takes to heart his own words that “consultation does not mean acquiescence,” because until he learns that, until he practises that, he will have a very unpleasant and difficult time in his position.

Senator Olson: If we both do that, we will get along much better.

[Senator Smith.]

Motion agreed to.

QUESTION PERIOD

[English]

LABOUR RELATIONS

BRITISH COLUMBIA—VANCOUVER HARBOUR—RESUMPTION OF OPERATIONS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I hesitate to put this question to the Leader of the Government because of what has just happened, so perhaps Senator Argue can answer it. He might know more about this than does the Leader of the Government. I would like to know if operations have resumed at Vancouver Harbour as ordered by legislation passed this morning.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I understand that the longshoremen are back to work. I am also informed that the grain handlers appear to be in the process of arriving at a collective bargaining agreement. I believe a vote has to be taken at a later date, but indications are that that situation can be settled by agreement.

I checked with my leader in the Senate about three minutes ago and the information he gave me corroborates what I heard a few hours ago. I think the situation is improving because the workers are going back to work, and it is hoped that the situation relating to the backed-up grain vessels can be corrected in due course.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, there is another aspect of the matter that my honourable friend might be able to report on relating to the continuation of the collective bargaining process. Last evening the Minister of Labour was very hopeful that between now and Monday of next week, which was the deadline, the collective bargaining process would be resumed and that a bargain could be struck which would avoid the necessity of invoking section 4, the 6-and-5 section, of the act we passed last night. Would the minister tell us if he has had any indication as to whether the bargaining process has been resumed?

Senator Argue: I do not have any information on that.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I should like to add to the reply given by Senator Argue. I understand the concern which was expressed by members of the opposition that the employers' association could sit back and wait until the time had expired. They have announced publicly that they are willing to negotiate on the basis of the entirety of the Hope report.

Hon. Martial Asselin: In good faith?

Senator Flynn: They are sure they will not get the approval.

Senator Roblin: That is one side of the question, and I am pleased to hear it. Can the minister say anything about the attitude of the trade union leaders?

Senator Olson: I cannot be as specific about that because I am not sure that they have made a public statement insofar as the longshoremen, other than the grain handlers, who are involved are concerned, but I understand—and I do not want to repeat what the Minister of State for the Canadian Wheat Board has already said—that for that section of the longshoremen and related workers there have been positive statements made leading up to what he has just indicated to this chamber.

Senator Roblin: Would my honourable friend be willing to clarify the situation for me because, if my memory is correct, my understanding was that the bill dealt only with the longshoremen, and yet the minister brought in the grain handlers, which is an extraneous question. Is my assumption correct that we are dealing only with the longshoremen?

Senator Olson: I think it is reasonably correct, although perhaps not in all its detail, because there are grain handlers and then there are some people working along the dock who might come into the longshoremen category. The sad part of it was that they shut down their operations as well to respect the picket lines of the other longshoremen, and I believe they too are now back to work.

Senator Roblin: The point I am making is that the legislation dealt only with the longshoremen, so that is the only point we are dealing with now. The rest is extraneous although welcome information, but it has nothing to do with the point.

Senator Argue: It has nothing to do with the legislation of last evening.

Senator Olson: But what they are doing is extremely important.

TRANSPORT

PRINCE EDWARD ISLAND—CHARLOTTETOWN AIRPORT— CLOSING OF CONTROL TOWER

Hon. Heath Macquarrie: Honourable senators, I have a question for the Leader of the Government in the Senate on which I took the proper, but not popular, device of sending him notice. It concerns the reported suggestion that among ten airports in this country the one in Charlottetown will have a closing of the airport tower, resulting in forced unemployment of people working there and also resulting in a possible increase in safety anxieties which are connected with this very serious matter. Because there is some confusion, as I understand it, in the statement made by the Minister of Transport, could the Leader of the Government, after having had notice from me, indicate if, in fact, it is now a policy of the Department of Transport to close down towers such as that in Charlottetown, when it will take place, and if they had assured themselves that they are not violating safety regulations for the travelling public?

● (1440)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I want to apologize to Senator Macquarrie because,

through some inadvertent action on my part or that of my office staff, I have received no notice of the question.

However, I will undertake to make inquiries immediately. If I can respond to the question later today, I will do so; but, if not, I will communicate the reply to my honourable friend between now and when the Senate resumes on Monday evening.

Hon. Jacques Flynn (Leader of the Opposition): That is a good reason for sitting on Monday evening.

Senator Macquarrie: I do not want to get into the "Monday sitting" debate.

I thank the minister for his reply. It almost looks as though some of his traffic controllers, in terms of communication, were not working. However, these things do happen, and we cannot take umbrage at them. I am sure it was not deliberate.

I would advise my honourable friend that we, in Charlottetown, have had enormous anxieties and frustrations over the development of the airport, and there is a cloud of depression and uncertainty settling down over this matter, so the sooner he can do something to alleviate that anxiety, the better.

Senator Olson: I shall take the question as notice.

GRAIN

EXPORT SHIPMENTS THROUGH WEST COAST PORTS

Hon. D. G. Steuart: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board in connection with the situation at the port of Vancouver.

It is my understanding that there has been a tremendous back-up of ships in that port, and a question as to whether some of them would remain there. Can the minister tell us what the situation is in regard to the loading of the ships and if there is, indeed, a threat that some of these ships may leave with a resultant loss of sales to the Canadian Wheat Board?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, my understanding is that there are 35 grain vessels at Vancouver waiting to be loaded. I have been given no information that any of the vessels that came for grain have been diverted elsewhere.

These vessels are waiting to be loaded with 825,000 tonnes of grain. There is currently in store in Vancouver some 560,000 tonnes of grain. Once work begins, approximately 400,000 tonnes will be available for quick loading on to the vessels. The remaining quantity of 425,000 tonnes must be unloaded from rail cars, cleaned, and then loaded on to the vessels.

It is estimated that it will take at least two to three weeks for the loading of the 35 ships presently waiting in the harbour.

During this period of time, additional vessels will arrive, and it is anticipated that it will take all of November and all of December to come close to catching up with the backlog of shipments that has been accumulating since the lock-out.

Many statements have been made concerning the difficulties on the west coast and at Vancouver, but I would point out that

last year Vancouver harbour cleared some 10.3 million tonnes of grain for export, which amounted to a 24 per cent increase over the previous year. The west coast record last year was excellent.

I would just express the hope that, with the workers going back to work, this backlog will be cleaned up and that, during the whole of this crop year, we will once again set a record.

THE SENATE

REFORM—REPORT OF DELEGATION TO AUSTRALIA

Hon. Jean-Paul Deschatelets: Honourable senators, I have a question for the Deputy Leader of the Government. It has to do with the recent trip to Australia by five colleagues with a view, I understand, to evaluating the system of the upper house in that country, and whether it would be an appropriate alternative in terms of Senate reform.

Will the Canadian delegation commence preparing a report of its findings before the end of the session?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I cannot guarantee that this will be done before the end of the session, but that is only because I am still not sure when the session will end.

However, I will undertake—and I say this with the consent of my colleagues on that delegation—to introduce an inquiry, during the course of which I will give my version or impression—and what I believe to be the general impression of those in whose company I was—of that trip. In a speech addressed to the inquiry I intend to introduce before the Christmas recess I will also outline some specific conclusions I have come to as a result of that visit. However, whether that will technically be in this session, or in a new session, I cannot say. If I introduce the inquiry in this session and the session is concluded, I will renew it in the next session. I intend to introduce such an inquiry within a month.

Senator Deschatelets: There is no doubt that the honourable senator's report would be most interesting to us all. However, I believe there is a feeling that it would be more appropriate for Senator Perrault, the minister who headed the delegation, to introduce the inquiry for discussion.

Senator Frith: Honourable senators, I think not, for the reason that since he is a member of the government he may feel a little diffident about introducing the inquiry for fear it would indicate formal government policy. I am in a position to introduce such an inquiry without that necessary implication.

Of course, Senators Flynn, Roblin and Buckwold will similarly be in a position to speak to the inquiry, as I believe they will in due course. If Senator Perrault wishes to add something, I am sure he will do so, but I do not think he will want to introduce the inquiry for the very reason Senator Deschatelets has underlined.

Senator Deschatelets: Is the Deputy Leader of the Government aware whether Senator Perrault, at any time since his return, has made a personal report to cabinet concerning this trip to Australia?

[Senator Argue.]

Senator Frith: As far as I know, he has not made a personal report to cabinet.

Hon. Joseph-Philippe Guay: As a supplementary question, would it not, in fact, be good government policy for anyone heading such a delegation to make a report to the Senate that does not involve a personal opinion?

I read with interest the report given by Senator Roblin, which appeared in the *Ottawa Citizen*, the *Globe and Mail* and in the *Winnipeg Free Press*, but I think it may express only one point of view. I believe it should be the responsibility of the leader of such a delegation to make an unbiased report upon his return. Thereby, the Senate could immediately be brought up to date on what has taken place, and not have to wait days, weeks, or even months before a report is filed.

Senator Frith: Honourable senators, I point out, in the first place, that the delegation was unusual in the sense that it was a rather *ad hoc* trip which resulted from responding to an invitation that was originally issued to the Speaker of the Senate. However, His Honour was unable to go, and the delegation took his place. Therefore, it is not directly on all fours with, or analogous to, an ordinary delegation that is authorized to go by the Senate and to report.

In the second place, I agree with the implication in Senator Guay's question that there is a distinction between what took place and what the members of the delegation got out of the trip.

Rather than trying to prepare a formal report, and spending the time trying to agree on every word, the feeling is that the Senate would be better served by the imminent introduction of an inquiry to air the views and impressions of the members of the delegation.

● (1450)

Hon. Jack Marshall: How does the Deputy Leader of the Government propose to share that information with his colleagues in the Senate?

Senator Frith: Honourable senators, I propose to introduce an inquiry calling the attention of the Senate to the trip. After introducing the inquiry—first seeking to report on what took place on the trip, and my assessment of some of our consultations—in terms of what could be a workable system for Senate reform, particularly as it relates to an elected Senate—I then propose to leave it to my colleagues to add to that intervention. Discussion will be open to every senator, of course.

VETERANS AFFAIRS

FORMER PRISONERS OF WAR, VETERANS, SPOUSES OF DECEASED VETERANS—COMPENSATION

Hon. Jack Marshall: Honourable senators, I have a question which I will direct to the Leader of the Government in the Senate, and it has to do with veterans affairs. It seems obvious that there are more anomalies appearing in the veterans legislation.

I would like to obtain some information on a number of topics, one of which has to do with the Compensation for Former Prisoners of War Act. The Dieppe Veterans and the POW Association have made representations to the minister indicating that there seem to be unrealistic variations in compensation given to veterans who were incarcerated as prisoners of war for different periods of time. To illustrate my point, a prisoner of war who was incarcerated for as little as three months receives prisoner of war compensation of 10 per cent, while a veteran who was incarcerated for 30 months receives a pension of only 20 per cent. It is felt that that is unfair. The minister indicated that he was going to take this matter into consideration. I would like to receive some information on that.

The minister also indicated that he is looking into the casual earnings which a War Veterans Allowance recipient can earn without their being charged against his War Veterans Allowance benefits. All I can say is that it is high time these things were done. I have said this before and I repeat that the Second World War veteran is now almost 65 years of age. We hear of all of this good legislation and of all of the amendments which will be made. When will we see them? It is hoped that changes will be made before the end of this year.

My third point has to do with the recommendation of the Standing Senate Committee on Health, Welfare and Science, which, to me, is a serious anomaly, in that the spouses of deceased veterans will have to stand a very serious reduction in the pensions they were accustomed to receiving over a period of years. For instance, a 100 per cent disability pensioner receives over \$1,000 a month. Should he suddenly die, his widow immediately receives a pension which is reduced to \$600 per month. Honourable senators, that is unfair.

I think it is time that we got some answers from the Minister of Veterans Affairs. I hope that I have explained these matters reasonably well so that the Leader of the Government can obtain answers to those questions as soon as possible.

Hon. H. A. Olson (Leader of the Government): I will take those questions as notice. We shall look carefully at Senate *Hansard* tomorrow to facilitate these inquiries. If there is any additional background information the honourable senator wishes to have, particularly with respect to the first subject he introduced, we would be glad to provide that as well.

LABOUR

GRANTS TO CANADIAN LABOUR CONGRESS

Hon. Charles McElman: Honourable senators, I have a question for the Leader of the Government in the Senate. As he is aware, I have a friendly interest in the dilemma of the Minister of Finance, who is seeking areas where he can save money in order to finance other expenditures, although I am concerned about some of the areas he is looking at. Perhaps my question could be taken as an effort to assist his search.

I have before me an information bulletin which was issued by the Honourable Charles Caccia, the Minister of Labour. It reads:

Labour Minister Charles Caccia today signed an agreement with the Canadian Labour Congress which will provide \$3.2 million for the Congress's labour education activities . . .

The Labour Canada education grants are part of an ongoing program in support of labour education introduced in 1977 and recently extended for another year.

Honourable senators, I have a further report from the minister which shows that, for the grant year of July 1980 to June 1981 the grants to the Canadian Labour Congress, both at the regional and national level, amounted to \$3.8 million.

My question is this: Since the Canadian Labour Congress has now firmly established itself in the minds of the Canadian people as a quasi-political body, is it appropriate that we extend to such a degree grants to an organization which intervenes so radically in the political process in Canada?

Hon. H. A. Olson (Leader of the Government): Honourable senators, as has been explained by Senator McElman, there are grants made for that purpose. It is also correct that the communiqué that the honourable senator has is one which was issued recently by the Minister of Labour announcing that the labour education program would be funded to the levels that he mentioned until the end of June 1983, I believe.

I have to advise my honourable friend, however, that the Canadian Labour Congress is not the only labour organization which receives these grants—the Teamsters Union does, and there are several others—although we know that the CLC is the largest such organization. Consequently, the largest amount of labour education grants is provided to that organization.

I could obtain a more detailed explanation of the government's reasoning, although it may already be contained in Senator McElman's information bulletin, but at this time I can say that these grants provide an opportunity for labour unions to train people in the art—which I think is the right word—of labour negotiations and the management of labour unions. Certainly, it is beneficial to the whole labour union movement and, indeed, to the country in general, that we have people with upgraded technical skills in this respect.

Hon. Joseph-Philippe Guay: Honourable senators, I have a supplementary question which I direct to my leader in the Senate. Can any consideration be given to instituting a similar grant for area municipalities so that they, too, can get the benefits that the unions are getting?

Senator Olson: Honourable senators, I will take the representation of Senator Guay as having been put forward seriously and sincerely.

Senator McElman: I have a supplementary question as well, honourable senators. Before putting it I might say that, in light of the comment by Senator Guay, the listing for the second-last year of grants shows that labour organizations in many municipalities did in fact receive grants, as did the local

federations for nurses' organizations and so on. I was not raising any question with respect to those organizations, because none of them has injected itself into the political process in Canada. The one I speak of, the CLC, has done precisely that.

The national office of the CLC received funding in the amount of \$1.7 million. In addition to that, its regional offices, which are five in number, received in excess of \$2 million. Would the Leader of the Government in the Senate not agree with me that the government grant to the national office of the CLC would free up a lot of money that the CLC could use for those partisan political and interfering purposes to which the CLC is dedicated?

• (1500)

Senator Olson: Honourable senators, I can understand that the indirect relationship Senator McElman puts on the use of these funds or, indeed, any public financial support to organizations that involve themselves in the political process ought to be prohibited. I can tell him this, however, that the utilization of these funds is carefully audited to make sure that they are used for the purposes that I described a few moments ago, and which I also believe is contained in a communiqué, although I do not have the communiqué in front of me.

TRANSPORT

AIR CONTROL TOWERS—POSSIBILITY OF CLOSURE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have just been handed a reply. It is not very long, but it is a response of the Minister of Transport to a question essentially the same as that asked by Senator Macquarrie a few minutes ago. I could read that much to him, and I will get him an expanded answer more particularly related to Charlottetown, which he mentioned particularly.

The minister says:

The possibility of closing air control towers in some airports of Canada is one that is being studied now. The events in the United States a few months ago respecting air control have indicated to the world that there are savings to be made in this particular area of air transportation. We are looking at it in that light, but I want to assure my honourable friend that safety will not be compromised.

INTERPRETATION ACT BILLS OF EXCHANGE ACT CANADA LABOUR CODE

BILL TO AMEND—ORDER FOR SECOND READING STANDS

On the Order:

Second Reading of the Bill S-30, intituled: "An Act to amend certain Acts in relation to Canada Day".—(*Honourable Senator Olson, P.C.*)

Hon. Jacques Flynn (Leader of the Opposition): Stand?

[Senator McElman.]

Hon. H. A. Olson (Leader of the Government): We can stand it, as far as I am concerned, but perhaps sometime soon we really ought to have a discussion to find out whether or not there is any validity to Senator Flynn's contention that it is out of order. I happen to think that there is not, but I am sure we would want to hear his arguments, and I should like to make some arguments. It does not have to be today, in any event.

Senator Flynn: If rule 47(2) applies, the question of the five days' notice will have been resolved by this bill's being moved next Tuesday. So I would not raise this objection; I would raise only the rest of the rule. I would not raise the question of five days' notice if the bill is moved; I would simply deal with the rest of the question.

Hon. Royce Frith (Deputy Leader of the Government): I suppose the question is whether anything is served by having a ruling on the point. I am inclined to think that is so. I should make it clear that, whatever the ruling is, we will, of course, abide by it, and we will abide by it with good humour. We are not in any big hurry about it. But, if honourable senators put their views forward for His Honour, we will have a ruling for our guidance in the future. Senator Flynn, who has raised the point, knows a good deal, certainly as much as anybody else in the chamber, about procedure. He can put his point forward and we can put our point forward, and then leave it to His Honour the Speaker to consider. We can leave it on the Order Paper until we get a decision.

Senator Flynn: Leave it until next week.

Senator Frith: Perhaps, as you say, we will leave it until next week.

Order stands.

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1982-83 (NO. 2)

ECONOMIC ASSESSMENT BY CONFERENCE BOARD OF CANADA— ANSWER TO QUESTION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, yesterday during the debate on the borrowing authority bill Senator Murray asked me a question that dealt with an assessment by the Conference Board of Canada which he felt, if not explained, indicated a great discrepancy, or inconsistency with the prediction or analysis by the Minister of Finance. I undertook to try to get him an answer to that question during the meeting of the Standing Senate Committee on National Finance which took place this morning. I have that answer, and I should like to put it on the record so that he can consider it and perhaps make it the subject of a further question, if he wishes.

The question, in effect,—I am not sure I have the precise wording, but I think I have the essence of what Senator Murray asked—was this: The Conference Board of Canada recently forecast that economic growth in Canada would be 5.2 per cent this year while the deficit would be \$20 billion. The Minister of Finance, on October 27, 1982, stated he expected economic growth of 4.4 per cent and a budgetary

deficit of \$23.6 billion. What explains the discrepancy of, as he said, about \$4 billion, or \$3.6 billion?

Hon. Duff Roblin (Deputy Leader of the Opposition): I am sorry to interrupt the honourable senator, but I should like to clarify this. He said that the growth rate would be 4.4 per cent. Is that not a minus figure?

Senator Frith: Yes. They are both minus figures.

Senator Roblin: I thought so.

Senator Frith: My note says that. I am sorry. I am grateful to my friend for pointing that out. Let us get that straight. It would be minus 5.2 per cent and minus 4.4 per cent. That is quite right. Wouldn't it be nice if it were otherwise?

Senator Roblin: Indeed.

Senator Frith: The answer I have been given by the officials, which I undertook to furnish to Senator Murray, is this. There are two factors explaining the difference. First, the Conference Board of Canada is referring to the calendar year. In fairness to Senator Murray, he said he suspected this might be one source of the discrepancy. The Conference Board of Canada is referring to the calendar year, while the minister was referring to the fiscal year. Secondly, the Conference Board of Canada was referring to the national accounts deficit, while the minister was referring to the budgetary deficit on a public accounts basis. The document accompanying the minister's statement to Parliament indicated that the fiscal year deficit on a national accounts basis would be about \$22.4 billion. The fiscal year national accounts forecast by the Conference Board of Canada was \$22.7 billion, or a difference of \$300 million, rather than the \$4 billion that Senator Murray noted.

If it would serve to help, honourable senators, I asked for an explanation, in general terms, as to the difference between those two bases; that is, the national accounts deficit versus the deficit on a public accounts basis. The national accounts deficit is a deficit computed essentially by Statistics Canada, and it is based on an analysis that furnishes statistics for, of course, domestic economists for analysis, but is also the basis used in the United Nations and, I believe, in the OECD, and therefore is essentially based on figures that would enable international comparisons. The budgetary deficit on a public accounts basis is dealing more with what is actually spent and is much more for domestic purposes than for statistical economists and statistical international purposes.

Senator Roblin: Would it not be true to say that the national accounts basis differs from the public accounts basis simply because it includes everything, whereas the public accounts basis manifestly does not? The public accounts basis does not include all the financial obligations of the government, but the national accounts basis does. That is the difference.

Senator Frith: That is a difference, but I do not think it is the total difference. It is certainly a difference and is a part of the different basis and different use for the figures, as I understand it.

• (1510)

CORPORATE SHAREHOLDING LIMITATION BILL

ORDER FOR SECOND READING STANDS

On the Order:

Second reading of the Bill S-31, intituled: "An Act to limit shareholding in certain corporations".—(*Honourable Senator Olson, P.C.*).

Hon. Jack Marshall: On a point of order, on looking through my file of bills I find I do not have a copy of Bill S-31. To what am I giving unanimous consent?

Hon. H. A. Olson (Leader of the Government): Honourable senators, Senator Marshall is not giving unanimous consent to anything. I am sorry if he does not have a copy of Bill S-31 in his file. We are not giving consent; we are moving second reading of the bill.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I believe a point of order is involved. It is customary for bills to be distributed so that senators have an opportunity to read them before second reading. I may be mistaken, but I do not appear to have Bill S-31 in my own set of bills. I have now been handed a copy; but we should ensure that all senators receive a copy.

Hon. John M. Godfrey: I will lend Senator Marshall my copy.

Senator Olson: Honourable senators, I understand the honourable senator's point of order—

Senator Marshall: There is a serious omission here. We have a system, and we should follow it.

Senator Olson: I am not quarreling with the honourable senator's right to have the bill. He should have had it yesterday. If there has not been a distribution of the bill prior to this afternoon, then perhaps we should stand this order.

Senator Roblin: I think we should.

Senator Olson: I was under the impression that it had been distributed.

Senator Roblin: I think the order should stand, as I would like to have an opportunity to read the bill.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I agree with what has been said. I cannot find any "S" bills in my desk. I do have a copy of Bill S-31, but not because it was in my desk. If we are going to stand this order, as I believe we should, we should ensure that all honourable senators get a copy of the bill before they leave, so that they may have an opportunity to consider and reflect on the bill, even though they are not doing so while sitting in the chamber.

Hon. Henry D. Hicks: Honourable senators, I have all of those bills in my desk.

Senator Frith: But everyone does not, apparently.

Hon. Robert Muir: Honourable senators, I am pleased to hear Senator Hicks say he has all of these bills; but I have counted seven or eight honourable senators who have said they cannot find them. Senator Frith has just said that he does not have it in his desk. Apparently, it was distributed on a selective basis.

Hon. Charles McElman: Honourable senators, those bills which were introduced earlier in the session are bound together with string on the left-hand side of the shelving under your desks; but you will find Bill S-31 on the right-hand side.

Senator Muir: The honourable senator should have told his deputy leader that.

Senator McElman: Never mind. The honourable senator had his say a moment ago. He should just relax. Bill S-31 was delivered to my office yesterday and I studied it last evening. There is one here in the lower part of my desk and I see that my seat partner also has a copy. If honourable senators check both sides of the shelving under their desks, they may find the bill. In any event, there was a distribution, whether full or not, yesterday.

Hon. Arthur Tremblay: That is not the case.

Senator Olson: Honourable senators, we shall look into this. They should have the bill, which also should have been deliv-

ered to their offices or put in their mail boxes yesterday. If honourable senators say that is not so, then their request is a reasonable one and we should stand this order.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I believe that all additional orders and both inquiries stand. Senator Godfrey can speak to his motions.

Hon. John M. Godfrey: Honourable senators, the first motion in my name stands, but I wish to withdraw Motion No. 2. I had placed it on the order paper to draw the matter to the attention of honourable senators and have a discussion on the principle. In view of what took place at a meeting of committee chairmen today, I do not believe it is necessary for us to proceed with it. I feel that I have accomplished my purpose, and therefore I wish to withdraw the motion.

The Senate adjourned until Monday, November 8, 1982, at 8 p.m.

THE SENATE

Monday, November 8, 1982

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

[Translation]

THE ESTIMATES

SUPPLEMENTARY ESTIMATES "B" REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding Rule 45(1)(e):

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (B) laid before Parliament for the fiscal year ending 31st March, 1983.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[English]

ECONOMIC UNION AND DEVELOPMENT PROSPECTS FOR CANADA

ROYAL COMMISSION—ROLE OF SENATOR DAVEY

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. I think he has just tabled a document relating to the royal commission which is to be headed by Mr. Macdonald.

Hon. Martial Asselin: Who is he?

Senator Flynn: I was wondering whether this bright idea was suggested by Senator Keith Davey.

Hon. H. A. Olson (Leader of the Government): Honourable senators are all aware that Senator Davey has had a lot of bright and, consequently, useful ideas over a long period of time and up to the present. However, I do not have any information as to whether or not this was his idea.

Senator Flynn: Honourable senators, I have a supplementary question. In the light of the resolution which was adopted at the Liberal Party meeting in Ottawa, which resolution suggested that Senator Davey should not continue in the same

capacity, has the Leader of the Government something for him to do in the Senate over the coming months? We have not seen much of him recently. Perhaps he was preparing for the convention and other bright ideas for the Prime Minister. It appears, however, that the Young Liberals do not enjoy his contributions. I would like to know whether we could use him here.

Hon. D. G. Steuart: We sure could use him here, I can tell you that.

● (2010)

Senator Flynn: That may be, but I do not think he would be as brave as you are in yapping. He has been very silent.

Senator Steuart: Who are you kidding?

Senator Flynn: That is the only thing you can do as far as I am concerned.

Senator Steuart: On a little point of whatever it is, if you want to talk about yapping, you are one of the most constant interrupting yappers I have ever heard, and you can't take it when somebody puts you back in your place.

Senator Flynn: I can take it, but you will not be the one to put me in my place.

Senator Steuart: Why shouldn't I put you in your place? Somebody needs to.

Senator Flynn: Because you are too small and too narrow-minded.

Senator Steuart: If you want to come outside, inside, or here on the floor, I'll put you in your place any time you want.

Senator Flynn: Anywhere?

Senator Steuart: Anywhere.

Senator Flynn: You are just a little servant, a survivor; you always approve even when you are not convinced of what should be done. I have seen you voting against your own convictions here I don't know how many times, and you should shut up.

Senator Steuart: And I have seen you vote against I-don't-know-what. I don't know if you have any convictions. I don't know what they are and you don't know either, and I can prove it.

Senator Flynn: I can prove what I have said. You voted for the abolition of the veto of the Senate when you had spoken against it, and there have been many other occasions like that. You cannot tell us of one occasion where I did the same.

Senator Olson: I am not sure whether Senator Flynn has got a full and satisfactory answer to his question or not.

Senator Flynn: I would suggest that you should not add to it.

Senator Olson: I think the answer is even better than the question.

Senator Flynn: You would. That is your type.

Senator Steuart: You will have a heart attack.

Senator Flynn: Little yapping dog.

INDUSTRY

ASSISTANCE TO SYDNEY STEEL CORPORATION

Hon. Robert Muir: Honourable senators, being a very quiet, humble type, may I pose a question to the Leader of the Government in the Senate? The Minister of Industry, Trade and Commerce indicated on Friday that the government is holding up \$5 million in assistance toward rebuilding the Sydney Steel Corporation mill, pending a review of the business plan. Would the Leader of the Government inquire as to how long this review is expected to take, and what terms or conditions the review will have to satisfy in order for this money to be released?

Hon. H. A. Olson (Leader of the Government): The answer is yes, I will undertake to make an inquiry.

[Translation]

THE SENATE

PARTICIPATION OF SENATOR DAVEY IN PROCEEDINGS

Hon. Arthur Tremblay: Honourable senators, could I have the honour and the privilege of putting a question to Senator Davey?

Hon. Martial Asselin: No, you cannot.

Hon. Royce Frith: You are not allowed to.

Hon. Jacques Flynn (Leader of the Opposition): You can put a question to the Leader of the Government.

Senator Tremblay: Could I ask the Leader of the Government to allow Senator Davey to let us hear his voice? Since I have not been in the Senate for very long—I was appointed to the Senate in 1979—as far as I can recall, I have never heard Senator Davey's voice, and so, if only for the sake of artistic appreciation, I would like to hear Senator Davey's voice, and I therefore ask the Leader of the Government how I should proceed in order to hear Senator Davey's voice in this house?

[English]

Hon. H. A. Olson (Leader of the Government): If my honourable friend is asking a serious question—and I am sure he is not—then I know of no way except that if in the middle of a debate any senator attempts to take the floor and someone else is recognized, there is provision whereby he can move that a certain senator be now heard. Even if that motion passes, as far as I know there is no obligation to speak.

[Senator Olson.]

Senator Flynn: You would have to show an intention.

● (2015)

[Translation]

Senator Tremblay: Am I to understand from the reply I have just been given that I am doomed to never ever hear Senator Davey's voice? Nevertheless, I really would like to hear his voice in this house, if only to appreciate from the point of view of artistic appreciations. I have never heard his voice for three whole years, and it seems to me that all my fellow senators would at least like to know what his voice sounds like. How should I proceed to get this voice to sound in this house, especially since according to what we read in the press, it does make itself heard in the government's decision-making. Here is a voice that speaks elsewhere but never here. I would really like to know what it sounds like, from the point of view of poetic appreciation. I would ask the Leader of the Government again how I should proceed to at least hear Senator Davey's voice?

[English]

Senator Olson: Honourable senators, I should like to tell Senator Tremblay that the nature of his inquiry respecting the activities of another senator in this chamber is completely out of order.

Hon. R. James Balfour: Are you the Speaker?

Senator Olson: I have the right to interpret the rules, and from time to time present an argument. Senator Tremblay, under the rules, as I understand them—I hope that satisfies Senator Balfour—may make inquiries of the members of the government on this side of the house respecting government business, and he has not done that so far.

[Translation]

Senator Tremblay: My answer to that is, with leave of honourable senators, that the Leader of the Government has an advantage that I do not have. He probably hears Senator Davey's voice in Cabinet meetings and in consultations, while we never have that privilege. I would like to know and I would like to hear how Senator Davey's voice sounds when he speaks.

Senator Guay: We can hear yours!

Senator Tremblay: How should I proceed? That is my question. How should I proceed? Is there a rule of procedure that would let me finally hear Senator Davey's voice?

[English]

Senator Olson: I am sure that the honourable senator referred to is flattered by the admonition that he should be heard. I would conclude by saying that the honourable senator's attempt at wit is about as sharp as a wet cornflake.

Hon. Heath Macquarrie: Honourable senators, I thought my colleague's wit was pretty sharp, and that it cut a bit.

Senator Guay: Not everyone would agree with you.

ECONOMIC UNION AND DEVELOPMENT PROSPECTS FOR CANADA

ROYAL COMMISSION—DEADLINE FOR SUBMISSION OF REPORT

Hon. Heath Macquarrie: Honourable senators, I am not going to try to ask the question to which my colleague failed to elicit a proper response; but I say en passant that despite what the minister may think of the senator, some of us here like him and support him. Some of us would like him to be the chief adviser to a certain leader for a long time.

Some Hon. Senators: Hear, hear.

Senator Macquarrie: But that is en passant. I should like to ask the Leader of the Government a little more about the proposed royal commission—the first word is an adjective I do not have to use all that often in dealing with the Liberal government, but it is a royal commission. I would like to know if this new venture in the economy, or through it, or for it—whatever it is—is an indication that for three years the Honourable Donald Macdonald will be on ice and unattainable and, therefore, not defeatable by the Conservative Party, and whether it is, in fact, an indication that someone believes that the economy will go totally bonkers in three years, or whether it will be cured in three years. What is the meaning of the three-year designation, and what is behind the suggestion that one of the chief architects of the failure of this nation's economy, namely, the former Finance Minister, is, in fact, a logical diagnostician of the ills he helped to create. I would like to know what that means. The Senate would like to have some serious answers to serious questions.

● (2020)

Hon. H. A. Olson (Leader of the Government): Honourable senators, if Senator Macquarrie will read the terms of reference that I tabled tonight, he might find more of an answer and perhaps, if it is still unclear to him tomorrow, after he has had an opportunity of studying the document, we could go into it a little more. I do have a copy of the document with me, but the terms of reference are rather long and detailed. The nature of the question is such that to reply almost requires a debate.

Senator Macquarrie: Honourable senators, I may say that the more reading I do, and the more reflecting I do, the more concerned I become, because I know some of the personalities involved. Since the Leader of the Government seeks to throw me off, perhaps I will ask whether this is a dodge to protect a certain leadership candidate—although how, in the name of God, anyone presiding over an inquiry into the Liberal-oriented economy would become a successful candidate, I do not know—or whether it is, in fact, a serious survey of our economy? I ask, again, whether there are some people around who think it will be all over in three years' time, or whether in three years' time we will reach the nadir of the whole wretched situation. I wonder what the "three years" means.

Senator Olson: Honourable senators, if the honourable senator had read the terms of reference carefully—and he claims that he has done so—then he would understand that as they apply to the nature and structure of the Canadian economy they are very broad in scope. The period of time seems to be a

reasonable one under the circumstances, considering the time involved in commissions of this nature in the past. I would also advise the honourable senator—

Hon. Martial Asselin: They were failures.

Senator Olson: —that we do not share his concern—

Hon. Lowell Murray: —about the economy.

Senator Olson: —that Canada is going to oblivion economically. We believe that it is—

Senator Murray: It is the political oblivion that we are worried about.

Senator Olson: —one of the most fortunate countries in the world, and we have demonstrated that. The royal commission, after its in-depth study and along with its recommendations, may even enhance what is already probably one of the better positions in the world economy today.

Senator Macquarrie: Honourable senators, I am delighted with the predictions the minister has made for the royal commission.

Senator Olson: I was predicting for Canada.

Senator Macquarrie: If the commission comes out with that kind of casual, comfortable response, I shall be very much surprised. All I am asking is whether or not the minister can tell us a little more about the structure of this commission. Can he say whether or not the well-informed media are right in saying that there has already been a gentleman's agreement, if you will pardon the expression, that if the Honourable Donald Macdonald wishes to leave before the next Liberal convention, he will be allowed an escape hatch and to forget about the three-year situation? Is the situation so casual that a former Liberal minister or anyone who wants an escape hatch to head off John Turner is free to leave this very "serious survey into our economy"? Is that part of it, or are all the media people wrong?

Senator Olson: I think the terms of reference are pretty clear. I am tempted to read them in great detail to refresh the honourable senator's memory, but if he claims he has already read them and wants me to superimpose an interpretation on his interpretation, all I can say is that he will have to take them as he has read them. I am not prepared to give another interpretation.

Senator Murray: Honourable senators, I would ask the Leader of the Government a factual question. On what date was the order in council establishing the royal commission and setting up its terms of reference passed?

Senator Olson: November 5, 1982.

Senator Murray: In that case, can the minister confirm the fact that the decision was made and the announcement leaked to the press before the Minister of Finance even knew that such a commission was being set up?

Hon. Louis-J. Robichaud: What difference does that make?

Senator Olson: No, I cannot confirm that.

Senator Murray: Can the minister explain why, when Mr. Lalonde was asked by journalists whether he had had any advance notice of the setting up of this commission, his answer was: "No comment".

Senator Olson: I shall have to make an inquiry of the minister.

Hon. Jacques Flynn (Leader of the Opposition): He doesn't know.

Senator Olson: If the minister is ready to say something—

Senator Asselin: He should have known.

Senator Olson:—more than "No comment", then he can do so.

Senator Robichaud: It won't make any difference, anyway.

● (2025)

Hon. Duff Roblin (Deputy Leader of the Opposition): You are so right. I could not have said that better myself. I agree with my honourable friend; it would not have made the slightest difference.

I should like to ask my honourable friend the Leader of the Government something about this commission. I have not had the opportunity to read the terms of reference, and I am glad he has tabled them because I can now have a look at them.

What provision is made for other members to sit on this commission with the Honourable Donald Macdonald?

Senator Olson: Honourable senators, I am looking through this document as rapidly as I can to see if I can find the appropriate reference to the number. After a number of other paragraphs it states:

Therefore, the Committee of the Privy Council, on the recommendation of the Prime Minister, advise that the Honourable Donald Stovel Macdonald together with such other persons as may be named from time to time be appointed Commissioners under Part I of the Inquiries Act to inquire into and report upon the long-term economic potential, prospects and challenges facing the Canadian federation and its respective regions, as well as the implications that such prospects and challenges have for Canada's economic and governmental institutions and for the management of Canada's economic affairs.

I just read to the end of that paragraph, but, to try to answer the question specifically and precisely, as I always try to do—

Senator Flynn: Unsuccessfully.

Senator Olson: I repeat: "together with such other persons as may be named from time to time".

Senator Roblin: I thank my honourable friend for that information. So, we can have a committee of any size, it appears, to conduct this investigation.

Is there anything to be said for the statement that appeared in the press that Mr. Ian Stewart, the former Deputy Minister of Finance, would be among those to be appointed to this amorphous body?

[Senator Olson.]

Senator Olson: I am sure that that is just part of the press speculation that always arises. You can never tell what the speculation will be, but you can be sure there will be speculation. I do not think there is going to be any official, semi-official or leaked indication there, but I will make some inquiries and if the Prime Minister is ready to name additional members to the royal commission soon, no doubt he will do so. However, I rather doubt that the Prime Minister will speculate along with the press as to who may or may not be added from time to time.

Senator Roblin: I am willing to wait until the Prime Minister announces the other members of the commission, because it is quite obvious that there is no hurry about it. It is quite obvious that there is really no sense of urgency here. We only have the largest unemployment in our history, and we are offered a commission that will take three years to conduct its work and will report after this present administration has long since been dismissed from office. So I guess I am willing to wait for a few weeks, or whatever length of time it takes, to find out who else is on this commission.

I should like to ask my honourable friend the rationale for proceeding with such a leisurely examination of our economic affairs. I would ask my honourable friend to tell us how he relates the importance of a commission of this kind, that will be reporting three years down the road, with the problems we find in the country today. What relevance has this commission to the question of unemployment and lack of jobs, the collapsing of our manufacturing industry and all the other economic ills to which this country is subject at this time? Just how does he visualize this report three years down the road fitting into the problems we are facing today?

Senator Asselin: It's just a kind of camouflage.

Senator Olson: Well, there is a very important flaw in my honourable friend's argument. He is attempting to draw the conclusion already that this royal commission on structures in the economy, and so on, which is for the future, is intended to deal with present and short-term economic difficulties in this country which have come about as a result of a downturn in world economic activity. There is absolutely nothing in what the Prime Minister has said, or what anyone else has said, to indicate that this is an attempt to deal with present and short-term economic problems.

● (2030)

I can go over a long list of actions that have already been taken and announced by the Prime Minister, the Minister of Finance and other ministers so that we can do the best we can in the circumstances. Indeed, many of those measures or amendments to programs and the re-allocation of funding are significant. If my honourable friend insists on my repeating them, I shall be pleased to do so.

Senator Roblin: I do not insist on my honourable friend's repeating them because we have heard them several times. We have heard the same proposals dressed up in different words at least three times now, and we understand what they mean. They mean very little.

I am interested to know that my honourable friend disassociates the royal commission from the current problems in Canada.

Senator Olson: I did not do that at all.

Senator Roblin: We now know how to categorize it and where it fits into the scheme of things. We know that this is an investigation into the structure of the economy of the country. The commission is to report at its leisure some three years down the road, and will do nothing about our economic problems.

Senator Olson: That is about as inaccurate an interpretation as I have heard, although it comes close to being the champion.

What I said was that there were other measures that would deal with the current and immediate problems, but that the Royal Commission on the Economic Union and Development Prospects for Canada would deal with the longer term—three years—although three years is not considered long term either.

If my honourable friend wants to be somewhat better informed than he is displaying to date so that he can make a different interpretation of what I have said, I believe he should read the press release issued by the Office of the Prime Minister on November 5. If he wishes, I will read some excerpts from it to clear up the confusion that is obviously in his mind, but I believe he has a copy of it in his office.

Senator Murray: The story had already leaked by then.

Senator Roblin: If my honourable friend places any reliance on press releases from the Office of the Prime Minister, or from any other office, then he is a good deal more gullible than I thought he was. Everyone knows that that is a piece of self-serving advertisement, designed more to becloud the issues than to deal with the problems the public wants dealt with.

The leader has made the point perfectly clear; it is a long-term study into the ills and aches of the Canadian economy, and my honourable friend will be out of office long before he has to deal with that report.

Senator Olson: That is an assumption that the party to which my honourable friend belongs has made on a number of occasions in the past, much to its chagrin. I would not suggest they get too smug about that, because they know what some of the history is.

Senator Flynn: Us, smug?

Senator Olson: So that the record will be clear for the thousands of people who will read it, I think I should read the terms of reference as they appear in the press release. The Prime Minister stated:

The terms of reference are "perhaps the most important and far-reaching that have ever been assigned to any Commission in our history."

The press release continues:

The Prime Minister said that while short-term action is necessary to counter the adverse effects of the recession and lay the groundwork for the return to prosperity, "we

must look further ahead to see in what ways the country and its institutions might change to take full advantage of future opportunities for development."

"We now live in a much more competitive, technologically-sophisticated and interdependent world environment. It is time we stood back to look at all these changes and, in the light of what has happened, to look ahead at what the next generation of development can bring."

And we usually do things right.

So, I say to my honourable friend that those who read this exchange will now have a better interpretation than the one my honourable friend is trying to put on my remarks.

Senator Flynn: What a joke!

Senator Roblin: That press release is even more platitudinous than such releases usually are. It is even more fogbound and unenlightening than the run-of-the-mill press release. My honourable friend ought to get better press release writers, but he does come through loud and clear that this is just another one of those gestures designed to give the impression of action. It is one of those theatrical proposals which may sound convincing when first heard but which, upon examination, proves to be so remote from the real problems that we are struggling with today as to attract very little interest or attention.

● (2035)

I hope my honourable friend's motives are well intended—indeed, I believe they are—but he is going to have to do more than read a press release from the Prime Minister's Office to convince me that this is nothing more than a long-term discussion of economic affairs which will turn out to be of remarkably little value to our suffering people of today.

Senator Olson: That is my honourable friend's opinion, however invalid it may be.

Senator Asselin: Camouflage!

Senator Olson: I suppose he thinks it is valid or he would not have put it. I could not disagree with him more, and I would refer him to the previous answers and point out that he is confusing things that are not the same.

[Translation]

Hon. Arthur Tremblay: Honourable senators, may I ask a supplementary to the question asked by my deputy leader? The questions of Senator Roblin concerned the Macdonald Commission. We can call it by that name since the chairman has been appointed. However, I seem to recall that, last week or about that time, the federal Minister of Finance appointed a group of consultants to advise him on matters of economic development and on methods of dealing with the present crisis. I seem to recall that one of the members of this group—

Hon. Joseph-Philippe Guay: Ask your question.

Senator Tremblay: Does Senator Guay have something to tell me? I seem to recall that one of the members—

Senator Guay: You make a speech every time you ask a question.

[English]

An Hon. Senator: What's the question?

Senator Roblin: He wants to ask a question.

Senator Tremblay: Would you prefer that I speak in English?

[Translation]

Senator Guay: Every time you ask a question, you make a speech. This is what I wanted to tell you.

Senator Tremblay: What are you doing now?

Senator Guay: You should not ask lengthy questions so that other senators may also have an opportunity to ask questions.

Senator Tremblay: Did you time my introduction?

Senator Guay: Ask your question.

Senator Tremblay: If the Leader of the Government objects—

Senator Guay: We are not in a classroom, professor.

Senator Tremblay: I seem to recall that, last week, one of the members of the advisory committee established by the Minister of Finance noted that, because of the appointment of the Macdonald Commission—let us call it by this name for the reasons I have already given—he was no longer quite sure about his own work as an advisor to the Minister of Finance. My question is therefore as follows: How will the work of the advisory group appointed last week by the Minister of Finance to advise him on the problems responsible for the present economic crisis, fit into the framework of the review by the Macdonald Commission? How will the advisory group reporting to the Minister of Finance and the Royal Commission appointed by the Prime Minister harmonize their activities at least during the next few months?

[English]

Senator Olson: Honourable senators, the correct name for the royal commission is the Royal Commission on the Economic Union and Development Prospects for Canada.

● (2040)

I can make some inquiries of the Minister of Finance, if the honourable senator wishes, but it seems to me that both Senator Tremblay and Senator Roblin are trying to confuse matters. The group the Minister of Finance has said he might establish would be consulted from time to time on more immediate and more short-term matters than those within the reference of the Royal Commission on the Economic Union and Development Prospects for Canada.

Senator Asselin: Can the Leader of the Government tell us what budget will be allotted this royal commission?

Senator Olson: Honourable senators, at the moment I do not know. I am not even sure that the budget has been established.

[Senator Tremblay.]

Senator Asselin: Will you inquire on behalf of the Senate and report next week?

Senator Olson: Yes, I will try to do that. However, I am not certain that the budget will be prepared by next week, but they certainly will have to examine the size of the task to some extent.

Hon. R. James Balfour: As a supplementary question, would the Leader of the Government in the Senate explain how the activities of the Macdonald Royal Commission, how the activities of the special committee established by the Minister of Finance, Mr. Lalonde, and how the activities of the cabinet committee of which the Leader of the Government in the Senate was chairman—namely, the Cabinet Committee on Economic Development—will intermesh?

Senator Olson: Honourable senators, I will make some inquiries about that. However, I would point out that a full explanation would require a more lengthy answer than is acceptable by way of a reply to a question during Question Period. By the way, some of the questions are too long.

Senator Asselin: Can the leader tell the Senate if there is any possibility that the Honourable John Turner will be a member of the royal commission?

Senator Olson: I have no official information in that respect.

Senator Tremblay: Honourable senators, I would ask a supplementary question concerning the substance of the work to be performed by this commission. It is my understanding that a number of economists will be meeting with the Minister of Finance and that at the same time the Macdonald commission will be sitting. How do you reconcile the two approaches which will be taken by both bodies in an attempt to resolve the actual and present crisis and the so-called long-term perspective?

Further, it is my understanding that this consultation by economists with the Minister of Finance will be on a short-term basis, whereas the consultation with the Macdonald commission will be on a longer term basis. As the minister well knows, decisions made in the short term largely determine mid- and long-term decisions. Is there a way of reconciling this situation?

Senator Olson: Honourable senators, I see no problem of reconciliation at all. The government takes responsibility to devise and revise, whenever necessary, the best possible solutions for the immediate and the short term. We are asking a royal commission to do a study for some longer-term structures, and I see no problem of reconciliation whatsoever.

[Translation]

Senator Asselin: Do the terms of reference of the royal commission include presentation of reports and recommendations to the government? Could the Leader of the Government in the Senate advise us with what regularity will these reports be submitted? Will it be every three months or every six months? Could the Leader indicate whether the commission will submit its report only when the three years are over?

[English]

Senator Olson: My honourable friend can look at the terms of reference. I certainly did.

Senator Asselin: Did you read them?

Senator Olson: I read them very quickly, but I am sure that by tomorrow my honourable friend will be much better informed.

Senator Asselin: If you do not know the answer, just say that you do not know.

Senator Olson: I was just trying to explain the situation to my honourable friend.

Senator Macquarrie: Honourable senators, could the minister who is responsible for this very serious chamber of sober second thought indicate if any consideration has been given to placing on that commission people who were not involved in developing the economic mess under which the country now labours? We do not want to sit and applaud the setting up of a group of foxes to check the chicken wire of the hen coop.

Senator Olson: My honourable friend knows, since it has been explained to him a number of times, that there has been some downturn in economic activity all over the world, but particularly in the western world.

Some Hon. Senators: No, no!

Senator Olson: For my honourable friend to predicate his question by saying that there is an economic mess, when Canada's economy is probably in better condition than that of most other countries of the world, really ruins his question because that premise is not a very sound one upon which to base a question.

Senator Macquarrie: Honourable senators, I do not have to predicate the economic mess. I am just asking my friend if he can tell this chamber if there are any people involved in this important three-year survey who were not major, minor or even medium contributors to our present situation through being Ministers of Finance, Deputy Ministers of Finance or other people involved. I am just wondering who these objective people are, and I am sure we would all like to know about them.

Senator Olson: Honourable senators, I answered a few minutes ago by saying that, so far, only the chief commissioner has been named, the Honourable Donald Macdonald. The other commissioners and others have not yet been named.

[Translation]

Senator Tremblay: That is precisely the point: we do not know the members of the Macdonald Commission. Right now, we know the members of the advisory group to the Minister of Finance. I am referring exclusively to the remarks of one of its members, whom I refuse to identify, but here is a clue: he is a former member of the Economic Council of Canada. He was answering questions put to him by newspapermen. When asked about the nature—

Senator Robichaud: Question.

Senator Tremblay:—of the advice he, as an economist, might give to the Minister of Finance—I always found out that when a question was embarrassing, either for Senator Robichaud—

Senator Robichaud: Ask your question.

Senator Guay: Do not interrupt him, let him speak.

Senator Tremblay: How then, this member of Mr. Lalonde's advisory group was wondering about the meaning—

Senator Robichaud: Question.

Senator Tremblay:—which those recommendations might have because, as an economist, he could not guess which way the economy would turn the following week, but he wanted to have an outlook on the over-all evolution of things.

Senator Robichaud: Enough is enough. On a point of order, I would like to ask a question.

Senator Asselin: Do you have a question?

Senator Robichaud: I wish my good friend Senator Tremblay would ask this question instead of making his third speech this evening.

Senator Guay: That is normal for him.

Senator Tremblay: I do not think I am making a speech.

Senator Guay: You think you are dealing with school kids here.

Senator Tremblay: This is merely the preamble of my question. I am not taking myself seriously, Senator Robichaud, so I hope you do not take yourself seriously either. When I make a speech, my comments are still longer.

Senator Guay: We could read them.

Senator Tremblay: You are not making a speech and your remarks are not even funny.

Senator Robichaud: You should not be boring but pragmatic.

Senator Tremblay: I would like to go on about the duties of the advisory group with regard to the Minister of Finance and the Macdonald Commission. Among the members of this advisory group to the Minister of Finance, there are some prominent individuals who will be asked not only to analyze present conditions but also to make projections.

Senator Guay: He is extraordinary.

Senator Robichaud: Put your question.

Senator Tremblay: I heard someone wonder about his role. This is why I am directing my question once again to the government leader who replied rather briefly.

The individuals involved are asking themselves questions. How will the Macdonald thing and the Lalonde thing operate? Finally, there are two things involved—a group of economic advisers working with the Minister of Finance and another with Macdonald. How will those two things operate? I am using the word “thing” to use a language that Senator Robi-

chaud understands quite well, He makes me use terms such as "thing".

Senator Guay: We understand, but it does not mean anything. It is useless to reply.

Senator Tremblay: The simultaneous translation is perhaps a little slow.

● (2050)

[English]

Hon. Robert Muir: Honourable senators, I wonder if I might pose a supplementary question to the Leader of the Government.

Many questions are being asked as to the complement of this commission. Some years ago a commission was set up to study Canada's economic prospects. Heading that commission was one Walter Gordon. One of the chief recommendations of that commission was to ship everybody out of the Atlantic provinces, second-class to Ontario.

Will the Leader of the Government in the Senate assure us, in the name of all that is sensible, that the same Walter Gordon will not be a member of this commission.

Senator Olson: Honourable senators, I have indicated before that there has only been one commissioner named. When other names are brought forward, they will, no doubt, be made known to honourable senators.

TRANSPORT

AIR CONTROL TOWERS—POSSIBILITY OF CLOSURE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by Senator Macquarrie on November 4, 1982, concerning the status of the control tower at Charlottetown airport.

On Thursday last I undertook to reply to Senator Macquarrie regarding the possible closing of the airport control tower at Charlottetown. I brought to his attention the general reply on this question given in the house by the Minister of Transport.

I regret that I have nothing specific to report regarding Charlottetown. All control towers in the country are being reviewed to determine if their hours of operation are justified in light of the level of traffic. No decision, however, has been made about closing or reducing the hours at any specific airport. As the Minister of Transport stressed, the maintenance of a high level of safety will be a major consideration. Should a control tower be closed all or part of the day, pilots would be able to get necessary information through a flight service station, and hence would be able to operate safely.

Hon. Heath Macquarrie: Honourable senators, I thank the honourable minister for his reply regarding the Charlottetown airport. While I consider it an interim reply, I would like to say that the suggestion I made on Thursday to the effect that his office was remiss in answering my question was in error. Whatever non-feasance of duty occurred was in my office. I

[Senator Tremblay.]

should like to apologize to any of his people who may have felt that they were in error. The error was in my office.

Senator Olson: Thank you.

THE ECONOMY

BANKRUPTCIES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by Senator Balfour on June 3, 1982, concerning the relative rates of bankruptcies in Canada and the United States. It is a fairly long answer and, if it is acceptable, I would ask that it be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answers follows:)

As the honourable senator has noted, figures published by Dun & Bradstreet do indicate that the bankruptcy rate in Canada was about two-and-a-half times that of the United States in 1981. However, let me add that levels of bankruptcy rates for the total economy are not really comparable across the two countries as indicators of economic conditions because of differences in bankruptcy regulations, in coverage of firms and in the nature of businesses operating in the two countries. What is relevant, however, is a comparison of changes in bankruptcy rates over time in the two countries. In this regard, I would like to mention that the bankruptcy rate in Canada actually declined relative to the U.S., from about 5 times in 1978 to two-and-a-half times in 1981. From 1978 to 1981, the bankruptcy rate in Canada increased 22 per cent while in the United States it increased 160 per cent. It has risen by similar percentages in both countries in 1982.

The government is, of course, concerned about the bankruptcy rate as an indicator of business difficulty and as a symptom of the severity of the recession. Special measures have been taken to provide interest assistance to very hard-pressed smaller businesses and farmers. The recent declines in interest rates offer a promise of a more fundamental improvement.

CANADIAN DOLLAR—PURCHASING POWER—COMPARISON WITH OTHER CURRENCIES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Guay on July 7, 1982. The question was: How does the purchasing power of the Canadian dollar compare with that of the currencies of other countries such as the United Kingdom, Germany, France, the United States and others? Can we be provided with statistics covering the last few years concerning this particular question?

Honourable senators, that, too, is a somewhat longer answer. Accompanying it are two tables which would be

helpful in understanding the reply to the question. If the Senate is in agreement, I will ask that this answer be taken as read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

No single measure is available which captures all factors influencing the exchange rate. One concept which has proven useful is that of an "effective" exchange rate. This measures a currency's average experience against other important currencies, with the relative importance of each typically gauged by that country's share in trade.

Table I attached shows the percentage changes in the (nominal) effective exchange rates which were calculated by Morgan Guaranty Trust Co. of New York for sixteen leading currencies. In the Morgan indices, the weighting system used to calculate the average rate is the bilateral trade shares. While changes in effective exchange rates for most currencies in recent years have been smaller than the more familiar changes in their exchange value vis-à-vis the U.S. dollar, Table I nonetheless shows that even on an effective basis these changes have been widely divergent. While the Canadian dollar declined by almost three

per cent on an effective basis during the first eight months of this year, this experience followed two years during which the dollar had been relatively stable.

A "real effective exchange rate" adjusts the nominal effective rate for the inflation differentials which exist between the country whose exchange rate is being measured and the other countries making up the group against which the exchange rate is being calculated. This index is intended to gauge the relative competitive position of a country; if exchange rate movements merely offset inflation differentials, there will be no change in price-competitive relationships.

Morgan Guaranty also computes a set of real effective exchange rate indices keyed to wholesale prices of non-food manufactured goods. The movements in these indices over the same periods are shown in Table II. To the extent that Canada's inflation rate has surpassed that of its principal trading partners (particularly the United States), the decline in the nominal exchange rate for the Canadian dollar has overstated the true change in the competitive position of Canada. As the table illustrates, the real effective exchange rate for the Canadian dollar has also been significantly more stable in recent years than those for other currencies.

TABLE I
MOVEMENTS IN NOMINAL EFFECTIVE EXCHANGE RATES

| | United States | Canada | Japan | United Kingdom | Germany | France | Italy | Belgium |
|---------------------|------------------|------------------|---------|-------------------|---------|--------|----------------|---------|
| Percentage change | | | | | | | | |
| 1979/1978 | -0.9 | -3.3 | -6.6 | 5.6 | 3.9 | -0.6 | -4.3 | 0.2 |
| 1980/1979 | -0.1 | -0.1 | -3.8 | 9.7 | 0.4 | 0.3 | -3.8 | -0.7 |
| 1981/1980 | 9.0 | -0.4 | 10.1 | 1.6 | -2.5 | -5.5 | -9.1 | -3.3 |
| Aug. 1982/Dec. 1981 | 11.2 | -2.8 | -10.5 | 1.5 | 4.2 | -7.2 | -2.2 | -9.2 |
| | Neth- erlands | Swit- zerland | Austria | Denmark | Norway | Sweden | Aus- tralia | Spain |
| Percentage change | | | | | | | | |
| 1979/1978 | 0.6 | 0.7 | 1.2 | -1.6 | -2.3 | -0.6 | -4.1 | 8.7 |
| 1980/1979 | -0.1 | -1.7 | 2.6 | -8.2 | 1.5 | 0.5 | 1.3 | -6.9 |
| 1981/1980 | -2.7 | 3.1 | -0.7 | -5.8 | 1.5 | -0.6 | 8.0 | -8.6 |
| Aug. 1982/Dec. 1981 | 3.4 | -3.6 | 1.9 | -5.4 | -3.2 | 1.7 | -4.8 | -3.2 |

Source: Morgan Guaranty, *World Financial Markets*.

TABLE II
MOVEMENTS IN REAL EFFECTIVE EXCHANGE RATES

| | United States | Canada | Japan | United Kingdom | Germany | France | Italy | Belgium |
|---------------------|---------------|-------------|---------|----------------|---------|--------|-----------|---------|
| Percentage change | | | | | | | | |
| 1979/1978 | 0.0 | 0.0 | -10.5 | 11.4 | 0.4 | 1.5 | 3.6 | -2.8 |
| 1980/1979 | 1.8 | -0.9 | -2.4 | 16.5 | -3.0 | 1.7 | 3.1 | -5.4 |
| 1981/1980 | 10.9 | 0.1 | 1.0 | 2.2 | -4.2 | -1.7 | -4.9 | -6.2 |
| Aug. 1982/Dec. 1981 | 9.2 | -1.1 | -13.9 | 1.5 | 1.5 | -5.1 | 0.8 | -6.2 |
| | Netherlands | Switzerland | Austria | Denmark | Norway | Sweden | Australia | Spain |
| Percentage change | | | | | | | | |
| 1979/1978 | -3.5 | -5.8 | -1.4 | -1.9 | -5.5 | 2.7 | -1.5 | 12.1 |
| 1980/1979 | -3.4 | -8.8 | 0.6 | -7.3 | 2.4 | 1.5 | 1.7 | -5.4 |
| 1981/1980 | -4.1 | -0.9 | -1.9 | 4.5 | 4.6 | 0.8 | 10.3 | -5.3 |
| Aug. 1982/Dec. 1981 | 3.1 | -5.4 | 1.4 | -4.3 | -2.8 | 3.9 | 0.6 | 3.0 |

Source: Morgan Guaranty, *World Financial Markets*.

CANADA POST CORPORATION

DEFINITION OF "LETTER"

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I was hoping that my honourable friend would include a reply to my question about the Post Office with respect to the definition of a letter. My inquiry dates from last July, and has to do with whether there would be a parliamentary occasion upon which to discuss this whole problem before the federal cabinet acted.

If my honourable friend cannot reply this evening, would he let me have an idea as to when he thinks he could do so? The matter is one of some urgency.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will put what we might call an urgent tracer on the question, if that is satisfactory.

Senator Roblin: Thank you.

SUPPLEMENTARY BORROWING AUTHORITY BILL, 1982-83 (NO. 2)

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-128, to provide supplementary borrowing authority.

Motion agreed to and bill read third time and passed, on division.

[Translation]

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

November 8, 1982

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 8th day of November, 1982, at 9.45 p.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be
Sir,

Your obedient servant,
Esmond Butler
Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

Hon. Jacques Flynn (Leader of the Opposition): I hope the Deputy of His Excellency will not have to wait for us as long as he did the last time.

Hon. Royce Frith (Deputy Leader of the Government): We all are in a better mood.

[English]

CORPORATE SHAREHOLDING LIMITATION BILL

SECOND READING—DEBATE ADJOURNED—SUBJECT MATTER OF BILL REFERRED TO LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. H. A. Olson (Leader of the Government) moved the second reading of Bill S-31, to limit shareholding in certain corporations.

He said: Honourable senators, I am pleased to address the proposed Corporate Shareholding Limitation Act.

A major reason for Confederation was to guarantee the free flow of goods and services between the provinces in 1867 and, as well, in today's renewed partnership of Confederation. I am sure that the Fathers of Confederation in 1867, and all those leaders who, together, renewed our partnership earlier this year, would wish to continue that guarantee.

Free trade, free movement of goods and services and free enterprise have served Canadians extremely well for more than 100 years. That is why this legislation is so important today.

In his recent addresses to the nation, the Prime Minister pointed out that we must look beyond personal or provincial interests and work towards the economic development of the nation as a whole. The Prime Minister urged us to "pull together" to achieve national objectives for all Canadians.

● (2100)

Hon. Jacques Flynn (Leader of the Opposition): Not fight everybody.

Senator Olson: Honourable senators, the Leader of the Opposition should listen to the totality of this very good speech that is about to be made, without messing up the *Hansard* report, as he often does, every two or three lines.

Senator Flynn: It would be messed up, even if I did not intervene, just because of you.

Senator Olson: I am sure that all of us, including the Leader of the Opposition, wish to meet our present challenge to forge, as the Prime Minister said, "a new and enduring national partnership." I suggest that Parliament should provide the leadership and respond to our national needs. We must ensure that, in areas which are clearly within the federal sphere, any corporation of national importance is able to pursue its national purpose.

Hon. Arthur Tremblay: Who are the partners?

Senator Olson: Under the proposed legislation, effective as of November 3, 1982, a provincial government and its agents will be prohibited from owning or holding more than 10 per cent of any class of voting shares of a corporation engaged in international or interprovincial energy pipelines, railways, airlines, shipping, trucking, bus companies and commodity pipelines. In short, the bill will apply to all transportation undertakings to which the legislative authority of the Parliament of Canada applies.

It is not a new concept for the federal government to protect and administer its own jurisdiction. The Bank Act of 1980 has a provision restricting provincial governments from owning banks. Parliament placed this limitation on bank ownership in recognition of their importance to the Canadian economy as a whole. The banking system is, and always has been, national in scope. The relationship between banks and every other sector in the economy is self-evident.

Similarly, honourable senators, in broadcasting, the federal government has also found provincial ownership not consistent with the free flow of ideas across the land. In 1970, the government directed that the Canadian Radio-Television and Telecommunications Commission not grant a licence to a corporation controlled by a provincial government or its agent. This, of course, does not apply to educational broadcasting; the Constitution assigns responsibility for education, as is well known, to the provincial governments. The policy in respect of ownership of non-educational broadcasting licences is founded on our serious concern for the preservation of broadcasting as an industry that is to serve the entire nation.

In satellite communications, once again we have seen the concern of this house for the ownership of undertakings clearly within federal jurisdiction. When Parliament passed the act creating Telesat Canada, we expressly prohibited any provincial governments from owning more than 2.5 per cent of voting shares in that company.

Canada is a large country. It is diverse in its cultural heritage, dependent on banking, broadcasting, communications and transportation for its industry and for its culture to flourish. It is essential that corporations in these vital areas of the economy be free to serve the interests of all Canadians, so that we may all benefit together. As a result of such policies, Canada has become a world leader in each of these areas; we have the respect of other nations—respect far beyond what one might expect for a country with a relatively small population.

Transportation is the other sector which is fundamental to the success and growth of our economy. In Canada, I think it is fair to say that the history of transportation is in many ways the history of the nation itself. Transportation not only links us one to another. Throughout our history it has often been the means of economic development. Maritime resource products; Quebec and Ontario manufacturing; Manitoba and Saskatchewan grain; Alberta oil and gas; British Columbia coal and lumber: for centuries Canadians have relied upon an efficient, dynamic, national transportation system.

To compete on world markets, international and interprovincial transportation ought to be under federal jurisdiction. The federal government has assumed its responsibility for jurisdiction over interprovincial and international transportation through various legislative and regulatory initiatives.

In 1975 the federal nature of the transportation system was challenged: the Alberta government purchased Pacific Western Airlines. While the federal government attempted to negate the purchase in the courts, there seemed not to be any legislative instrument relevant to this matter. Accordingly, in

1977, Parliament passed amendments to the Aeronautics Act which prohibited any province or its agent from acquiring any of the voting shares of an airline, without approval of the Government of Canada. At the time, it was recognized that this measure was rather limited, since it applied only to one segment of transportation. Therefore, honourable senators, the Corporate Shareholding Limitation Bill proposes the repeal of section 15.1 of the Aeronautics Act, and its replacement with a more comprehensive approach to restricting provincial ownership of corporations engaged in international or interprovincial transportation.

We believe that this bill will go a long way in preserving the transportation system for the nation as a whole. It will ensure that the international and interprovincial transportation sector will operate for the general benefit of all of Canada. The legislation will not affect existing holdings of provincial governments or their agents.

To remain flexible and to adapt to changing circumstances, the bill will empower the Governor in Council to exempt any new acquisitions from the application of this legislation. It is also important to recognize that this legislation does not prevent provinces from investing in transportation through non-voting shares or other financing instruments.

I think we are all aware that in certain areas the Constitution is very clear as to the division of powers between the federal and provincial jurisdictions. However, the federal government has not always chosen to exercise all of its authority in all areas. For instance, we do not regulate interprovincial trucking but delegate that authority to the provinces.

Hon. Duff Roblin (Deputy Leader of the Opposition): It seems to work all right.

Senator Olson: But the federal government has always reserved its right to exercise its powers for the greater good of all Canadians.

Provincial investment agencies now control the largest pools of equity capital in the nation. It is well recognized and accepted that they are providing for the financial future of their contributors and for the development of their provincial economies.

However, when such an agency makes substantial equity investments in corporations operating in federal fields, there is a potential risk that such corporations may be directed to adopt policies that are not consistent with the interests of other provinces, or the interests of the nation as a whole.

I believe, honourable senators, that this very important legislation will effectively allow the federal government to ensure that areas of national concern and importance continue to be effectively run by the national government for national goals.

● (2110)

In conclusion, I should like to ask our colleagues on both sides of the house to give consideration to sending this bill to a Senate committee as soon as possible. There are, I am sure, a number of questions that honourable senators may wish to put

to the Honourable André Ouellet, the Minister of Consumer and Corporate Affairs.

Hon. Martial Asselin: Not only to him.

Senator Olson: I understand that. It may well be that the members of that committee will wish to call in some witnesses, in order to hear other points of view; but no doubt they would want to call the minister first to explain the various clauses. In moving second reading this evening I have tried to outline the general principles contained in the bill, and I hope that we can move to the next stage, namely, the referral of the bill to committee.

[Translation]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the rather short speech of the sponsor of the bill gives no indication—something which he did admit indeed—of the very special significance of this bill. The reactions which have been provoked so far by the tabling of this bill are a clear indication indeed. A number of provincial governments see that decision as an assault against their jurisdiction, or at least against certain practices or certain policies they have established over many years.

It seems that the federal government did not consult the provinces before tabling this bill, so their governments were caught by surprise. Given current circumstances, of course, confrontation is the order of the day. Over the weekend, we saw the Prime Minister addressing his supporters and renewing his attack against the provinces. He suggested that any province that disagrees with the present government on economic issues is against federalism and against Canada. And, he added, if those people do not want to toe the line, there is only one thing they can do and that is to go away.

The Prime Minister made another rather amusing remark when he spoke highly of Quebecers and said that they showed a lot of maturity by voting for a separatist government in Quebec and a federalist government in Ottawa. Talk about maturity! That gives me, Trudeau, an opportunity to fight with the PQ government; it gives me a good excuse to offer them a chance to get re-elected, as I did in 1981. That is the result he got all right. If I were a provincial Liberal MNA—we have none here, even on the other side of the house—if I were a member of Quebec's provincial Liberal Party, I would be wondering, what kind of ally I have in the person of the present Prime Minister.

Never mind. What I wanted to say is that the way this bill was introduced amounts to another attack against the provinces; the government wants to achieve the goal of the Prime Minister, which is to gain full control over the economy at the federal level and to reduce as much as possible the provincial jurisdiction in that field.

I am not saying that upon close scrutiny the bill will necessarily have all those implications. But at the present time according to the interpretation given to it by the provinces, it is surely the case. Once again, action was taken surreptitiously and bluntly without previous consultation—

[Senator Olson.]

Senator Asselin: Secretly!

Senator Flynn: Secretly, of course. Nobody was notified in advance. It has all the marks of Trudeauism, namely a federalism which denies an economic role to the provinces.

We have seen the results, but once he is gone—I do not know when this will happen—we will assess all the damage which will have to be undone. However, now the Senate is not in a position to express its opinion on the principle of the bill as long as we do not know exactly what are the motives of the minister responsible for this bill, that is Mr. André Ouellet.

[English]

Senator Olson: That has already been explained.

[Translation]

Senator Flynn: As usual, the explanations of the Leader of the Government are bombastic and of not much real value.

There is the Minister of Transport, not to mention others, whom we would like to question about this. We should like to be advised of the opinion of those provincial governments which were attacked by Mr. Trudeau over the past week-end. That is most important.

In any case, I suggest that the proper procedure at this stage would be for the subject matter of the bill to be referred to a committee before the Senate is called upon to deal with it on second reading.

Some Hon. Senators: Fine.

Senator Flynn: I do not know whether the Leader of the Government agrees with this proposal? If so, I could let him move this motion himself. If not, I would move it myself.

I do not feel we should be asked to vote on the principle of this bill on second reading now before we are given some explanation.

I would like to make one comment. By introducing this legislation, the government seems to be saying to the provinces: "Please look after the things that come constitutionally under your jurisdiction." I am not sure whether I have misunderstood the Leader of the Government, but if this is true, why do we need any legislation? We can easily ask the courts to tell the provinces: "You have no right to do such a thing, it is outside your jurisdiction." Why should we legislate if what has been done until now is legal? If it is legal, how can it be suggested that we should or could pass such legislation to prevent the provinces from doing certain things?

This is an important question which we shall perhaps be able to clarify in committee when we hear the arguments of this government on the one hand, and the objections that the provinces may raise on the other, concerning the serious consequences that this legislation could have.

In the hope that the Leader of the Government will agree, I suggest that the bill be not now read a second time, but that its subject matter be referred to the Committee on Legal and Constitutional Affairs, since it deals mainly with federal-provincial relations. If he does not agree, I shall make this suggestion more formally, after he has indicated his disagreement.

[English]

Senator Olson: Honourable senators, I had not wished to enter into the debate, except for the matter that my honourable friend has suggested. It is really a point of order. I think we could agree to refer the subject matter of the bill to a committee. However, I want it made clear that it is not because I am impressed by my honourable friend's interpretation of a number of things.

• (2120)

Senator Flynn: Come on; you said you wanted to deal with the point.

Senator Olson: I want to make that clear, because if my honourable friend is of the opinion that some of the outrageous statements he made about the Prime Minister persuaded me at all, then I would not agree—

Senator Flynn: You will have a chance to reply when you close the debate.

Senator Olson: Very well, but it is obvious that the Leader of the Opposition would like to have more of an explanation of the—

Senator Flynn: Not from you.

Senator Olson: I understand that, but if the honourable senator wants more of an explanation of the bill, it seems to me that it would probably take no more time to refer the subject matter—if the honourable senator would so agree—to the proper committee, that being the Standing Senate Committee on Banking, Trade and Commerce.

Senator Asselin: No.

Senator Olson: If it is a very narrow point concerning constitutional affairs only, then the bill should go to the Standing Senate Committee on Legal and Constitutional Affairs.

Senator Asselin: Yes, it is the basic principle.

Senator Olson: Otherwise, looking at this other matter, it seems to me that the bill should go to the Standing Senate Committee on Banking, Trade and Commerce. Perhaps my honourable friend would like to consider the matter because it seems to me that we should refer the subject matter to the same committee to which we will formally refer the bill some time later.

Senator Flynn: Honourable senators, I am not going to argue indefinitely as to what committee the bill should go to, but it seems to me that the whole thing is rather silly. The Senate is supposed to represent regional and provincial concerns, and the concerns expressed up to now have been by the provinces, and the object of the bill—this is what the government wishes to achieve—is to restrict the initiatives of the provinces in the purchasing of stocks in certain corporations. Therefore, the committee to which are referred matters dealing with federal-provincial relations should be the committee to deal with this matter as far as the provinces are concerned. We would be saying something to the provinces if we were to refer the bill to the Legal and Constitutional Affairs Commit-

tee because it is a matter that concerns the provinces. But if the Leader of the Government insists on rejecting my choice, or on saying to the provinces that the government does not consider their concerns to be of great import, then he can have the bill referred to the Banking, Trade and Commerce Committee. He has the majority.

Senator Olson: Honourable senators, I was not intending to do that. The Leader of the Opposition has presented an argument, the substance of which, I said a moment ago, I do not agree with. However, he has made a suggestion that I am prepared to consider favourably, because I do not think there is any great difference between the committees and their activities while studying the subject matter of bills, or bills themselves. The Leader of the Opposition then suggested that the bill be sent to a different committee, the Standing Senate Committee on Legal and Constitutional Affairs. I can understand his point of view because it is in accordance with rule 67(1)(j)(i), which deals with the terms of reference of that committee.

However, I am sure that my honourable friend would agree that, since the bill involves the holding of large funds, shares of various types, including non-voting shares, investment and so on, traditionally, at least, it would be sent to the Banking, Trade and Commerce Committee. The point that I wanted to make with the honourable senator is that we should refer the subject matter of the bill to the same committee to which we will formally send the bill some time later. It is not a case of using the majority; it seems to me that the provinces, and anyone else who wants to, can make representations before the Banking, Trade and Commerce Committee, and when the bill is formally referred to that committee, they will be familiar with it.

Senator Asselin: The committees do not have the same membership.

Senator Olson: Perhaps my honourable friend would like to make that suggestion.

Senator Flynn: On the other hand, the bill could be sent to the Standing Senate Committee on National Finance, to the Transport and Communications or to the Banking, Trade and Commerce Committee for the reasons you indicated. But at this point in time the main problem is one of federal-provincial relations, and that is why I suggested the Legal and Constitutional Affairs Committee. If, after the bill is returned from the Legal and Constitutional Affairs Committee and has received second reading, you think that from a technical point of view of stocks, and how to proceed with an acquisition or the annulment of an illegal acquisition, the bill should be studied by the Banking, Trade and Commerce Committee, you will receive no objections from me.

If the honourable senator does not want to appear to be worried about the objections raised by some provincial governments, that is fine, but I think that the best committee to study the matter at this point is the Standing Senate Committee on Legal and Constitutional Affairs.

[Senator Flynn.]

Senator Olson: Honourable senators, I think I could make an equally good argument for the bill's being referred to the Banking, Trade and Commerce Committee, which has as its first term of reference, "banking, insurance, trust and loan companies, credit societies, caisse populaires" and so on. But in the interest of being as co-operative as I can—

Senator Flynn: Good.

Senator Olson: —we will support the motion as it is moved by the Leader of the Opposition. I wonder if he is also prepared to give us an indication that the subject matter would be limited in that committee to the constitutional matter?

Senator Flynn: It would be up to the committee. As to the technical aspects of the bill, whether or not the committee deals with them does not present a problem. As I said before, if the Leader of the Government would like to have the Banking, Trade and Commerce Committee deal with the rest of the problems involved in this legislation, I would certainly not object.

Senator Olson: Honourable senators, there is one other point that I would like to make and it is with regard to Bill S-32 which will be coming before us tomorrow. That bill if it receives second reading, will also be referred to the Standing Senate Committee on Legal and Constitutional Affairs, because it falls within its terms of reference.

Senator Asselin: It is not an urgent bill.

Senator Olson: This raises the question of whether we should need two bills, which should be dealt with in the same time frame, to the same committee. Perhaps the committee can handle them, but it seems to me that by spreading the workload a little we could have both committees working concurrently. But if that presents no problem to my honourable friend, then perhaps he could move his motion.

Senator Flynn: Let us deal with Bill S-32 when it is before us. I suggest that there is no urgency there. That bill must be considered in light of the representations of the groups involved in the particular system of parole, and so on. It seems that the committee will be able to arrange the study of Bill S-32 in due course, even if it has to deal with this one at the same time or not.

Therefore, honourable senators, in amendment, with leave of the Senate, I move, seconded by Senator Roblin:

That the bill be not now read the second time, but that the subject-matter thereof be referred to the Standing Senate Committee on Legal and Constitutional Affairs for consideration and report.

Motion agreed to.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the

Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bill:

An Act to provide supplementary borrowing authority
(No. 2).

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

—————
The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, November 9, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

REMEMBRANCE DAY

Hon. Jack Marshall: Honourable senators, on Thursday, November 11, Canada will pay tribute to the many thousands of her veterans, men and women who served their country in time of war, and, particularly, will remember those who are buried in 70 different countries and in the seven seas of the world.

For the sixty-fourth time, ceremonies will be held at memorials across Canada with fewer and fewer veterans in attendance because age wearies them or they have passed on.

As veterans' organizations now look to replacing their diminishing numbers, they have turned to pass the torch to sons and daughters, our younger citizens, most of whom can think of wars only as parts of history books and television documentaries.

Let us hope that these young Canadians can reflect on the fact that those who lie in graves far away were also the youth of Canada during World War I, World War II and the Korean War, and that they gave their lives to preserve peace in Canada. The 714,000 of us who are left must never let them remove from their young minds that duty and responsibility to preserve peace in Canada.

Hon. H. A. Olson (Leader of the Government): Honourable senators, on behalf of the government and senators on this side of the chamber, I join with Senator Marshall in his tribute. As he said, we should never forget the tremendous sacrifice that has been made and that we, as a nation, recognize on November 11 each year.

I want to keep my remarks brief, but I should like to suggest that the passage of time, as has been pointed out, can lead to a diminishing of the recognition of the tremendous sacrifices that were made by those who were, in many cases, members of families. Indeed, a large number of the veterans who are still alive have to live, following that interruption in their lives during the period when they served, with very serious consequences.

With great sincerity we join in this tribute at this time.

CONFERENCE ON SECURITY AND CO-OPERATION IN EUROPE

RECOGNITION OF SIXTH ANNIVERSARY OF UKRAINIAN
HELSINKI MONITORING GROUP—MOTION REQUESTING
RELEASE OF IMPRISONED MEMBERS

Hon. Paul Yuzyk: Honourable senators, with leave, I should like to submit a resolution to be adopted by the Senate. This is a follow-up of the resolution that was unanimously passed by this chamber last year.

November 9, today, marks the sixth anniversary of the founding of the Ukrainian Public Group to Promote Implementation of the Helsinki Accords in Ukraine. It is noteworthy that President Ronald Reagan of the United States of America has issued a proclamation designating this day to honour the sixth anniversary of this group, which is also the day of the resumption of the Madrid Review Conference.

I am now proposing a resolution to return to the defence of the Ukrainian Helsinki Monitoring Group, which has been virtually destroyed by the Soviet government. This matter has been discussed with the leaders of both sides of the chamber, and they have indicated their whole-hearted approval.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Yuzyk: With leave, seconded by Senator Andrew Thompson, I move the following resolution:

WHEREAS on November 9, 1976, the Ukrainian Public Group to Promote the Implementation of the Helsinki Accords (known also as the Ukrainian Helsinki Monitoring Group) was established in Kiev, the capital of Ukraine, to monitor the provisions of the Final Act of the Conference on Security and Co-operation in Europe, signed by the Soviet Union and 34 other countries, including Canada and the United States;

AND WHEREAS it was well-documented at the Belgrade and Madrid Review Conferences that the Soviet Union has violated and continues to flagrantly violate the human rights provisions of the Helsinki Final Act, as well as the Soviet Constitution, the United Nations Charter and the Universal Declaration of Human Rights;

AND WHEREAS the Soviet Union has persecuted, imprisoned or exiled all 38 members of the Ukrainian Helsinki Monitoring Group, and has been harassing the members of their families, thus increasing the tensions between the East and West and undermining the validity of the international treaties and agreements of the Soviet Union;

BE IT RESOLVED THAT on the sixth anniversary of the foundation of the Ukrainian Public Group to Promote the Implementation of the Helsinki Accords, the Senate of Canada pay tribute to the Group's persecuted members and request that the Soviet Union immediately release all the imprisoned members of this Group and cease the persecution of all those who are active in the defence of human rights in compliance with the Helsinki Final Act.

The Hon. the Speaker: Honourable senators, it is proposed by the Honourable Senator Yuzyk, seconded by the Honourable Senator Thompson—

Some Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

HEALTH, WELFARE AND SCIENCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY VETERANS AFFAIRS EXPENDITURES IN SUPPLEMENTARY ESTIMATES (B)

Hon. Jack Marshall: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on Health, Welfare and Science be authorized to examine and report upon the expenditures pertaining to Veterans Affairs set out in the Supplementary Estimates (B), laid before Parliament for the fiscal year ending March 31, 1983.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I certainly have no wish to withhold leave, but I should point out that the chairman of the committee, Senator Bonnell, is not present today. Perhaps Senator Marshall would agree to our taking this proposal as notice, to give us an opportunity to speak to the chairman about it. He can then move his motion next week when "Motions" is called.

Senator Marshall: I called Senator Bonnell and learned that he would be away today, and I then checked with the deputy chairman, Senator Bird. However, I am willing to wait.

Senator Frith: Perhaps, then, Your Honour, we may treat Senator Marshall's motion as a Notice of Motion, and have it appear on the Orders of the Day for next Tuesday.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Tuesday, November 16 1982, at eight o'clock in the evening.

Motion agreed to.

QUESTION PERIOD

[Translation]

AIRLINES

QUÉBECAIR—POSSIBLE EXEMPTION FROM PROVISIONS OF BILL S-31

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government. The Senate will recall that for several months I have asked the government's representatives in the Senate about the status of Québecair, Nordair and Air Ontario. More specifically, I pointed out that it was essential to the survival of Québecair as a francophone carrier in Canada, that the government authorize the acquisition of Nordair. Not long ago we found out that in August, both Air Ontario and Québecair had made an offer to the federal government regarding the acquisition of Nordair. However, there was no satisfactory response from the Department of Transport. Today, the Canadian people and especially the people of Quebec are concerned about the future of this francophone carrier. In fact, not long ago the Government of Quebec intimated that if the federal government persisted in its desire to see Bill S-31 passed and thus limit investment by provincial governments in airlines, as the province of Quebec is doing in the case of Québecair, that its shares could not exceed 10 per cent since this would not be authorized by the Department of Transport.

We were told that if this legislation were passed, it would be the end of our francophone carrier, Québecair. It was also said that the airline's administrators were ready to cease operations this Friday, if they had no positive response from the Minister of Transport and the federal government.

My question is as follows: Does the government, in view of Bill S-31, intend to rescue Québecair by exempting it from the provisions of this legislation?

● (1410)

[English]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I realize that the Government of Quebec has clearly chosen or, at least, it is reported to have chosen this opportunity to blame the federal government for Québecair's problems. Nothing could be further from the truth. Bill S-31 does nothing to inhibit the Quebec government from giving grants or other contributions to that company. Bill S-31 does nothing to alter the Quebec government's hold on the investment it now has in Québecair.

Hon. Jacques Flynn (Leader of the Opposition): It adds to it.

Senator Olson: In 1977 the Parliament of Canada placed a prohibition on the ability of provincial governments to hold debt and equity in airlines operating interprovincially and

internationally. The Québecair-Nordair case was already subject to the provisions of the Aeronautics Act, which are well known to my colleagues and particularly to Senator Asselin. In fact, Bill S-31 would give the provinces the ability to hold up to 10 per cent of an airline's equity.

In any event, the subject matter of Bill S-31 has now been referred to a committee, and I expect that the minister who is directly responsible for such matters, the Minister of Consumer and Corporate Affairs, will be at the very first meeting of the committee, at which time this matter can be pursued.

[Translation]

Senator Asselin: I have a supplementary. There is a great deal of concern and confusion about Bill S-31 which is now before the Senate for consideration and which yesterday was referred to committee for study, namely regarding the manner in which it is to be interpreted and implemented. To reassure the employees and the board of directors of Québecair, could the Leader of the Government ask the Minister of Transport whether the government intends to exempt Québecair from the provision of Bill S-31? I do not share the opinion just given by the Leader of the Government regarding the interpretation of Bill S-31. It is clear that with this bill, the federal government wants to limit to 10 per cent the number of shares held by provinces in airlines and other companies under federal jurisdiction that are mentioned in the bill.

I feel that some clarification is called for, and I would ask my honourable friend to ask the Minister of Transport whether he could make a statement indicating that Québecair would not be affected by Bill S-31 and that there will be discussions with the Government of Quebec to give that government the assurance that in future it will be able to take an interest of more than 10 per cent in this air carrier.

● (1415)

[English]

Senator Olson: Well, the Honourable Senator Asselin is correct. Bill S-31 does provide that the Governor in Council may make an exemption for any specific purpose. However, rather than asking the Minister of Transport now, it seems to me that he would need to have before him a specific proposal, and I do not believe he has one at the moment.

In any event, Senator Asselin is correct in saying that there is provision in Bill S-31 for a specific exemption regarding a specific proposal respecting the amount of shares which a provincial government or its agent may hold.

[Translation]

Senator Asselin: I have another supplementary directly related to the previous one. As I said earlier to the Leader of the Government, last August the Governments of Quebec and Ontario submitted an offer to the Minister of Transport for the acquisition of Nordair by Air Ontario and Québecair. Their offer was not acknowledged, however.

In the circumstances, why did the Minister of Transport, just a few days ago, use his discretionary powers to grant Air Ontario an exclusive licence to provide air services to Toronto,

[Senator Olson.]

Ottawa and Montreal on a route that was already partly being used by Québecair?

Was this a way of heading Québecair off at the pass and letting it know indirectly that the offer made in August, namely, that Air Ontario and Québecair could acquire Nordair if they did so jointly, was no longer open?

[English]

Senator Olson: The honourable senator is asking for an explanation from the Minister of Transport respecting his interpretation of what happened, and I will accept that and ask the Minister of Transport for that kind of explanation, but I will not accept the argument my honourable friend has just made.

[Translation]

Senator Leblanc: With respect to Québecair, honourable senators, if the Quebec provincial government wants to continue to bail out that company as it did in the case of Tricofil, which is an unprofitable concern, can it not continue to do so for Québecair in spite of Bill S-31?

Senator Asselin: No.

Hon. Jacques Flynn (Leader of the Opposition): What has Tricofil got to do with it?

[English]

Senator Olson: I am sorry, senator, but I did not hear the whole of your question.

[Translation]

Senator Flynn: There is precious little to understand.

[English]

Senator Leblanc: What I was asking was this: If Bill S-31 is passed, will the Government of Quebec be prevented from helping Québecair, if it wants to? According to my understanding of the proposed legislation, they will still be able to subsidize a non-operating or non-profit-making company—and, certainly, that company has not made any money in the past, and I doubt if it will in the future. If the government wants to continue to spend the Quebec taxpayers' money on Québecair, it can do so, I believe, despite Bill S-31.

Senator Flynn: No, no.

Senator Asselin: No.

● (1420)

Senator Olson: Honourable senators, Senator Leblanc is correct. I shall repeat one sentence of what I said a few minutes ago, and it is that Bill S-31 does nothing to inhibit the Quebec government from giving grants or other contributions to that company.

Senator Flynn: Contributions, but not to acquire control.

Senator Asselin: They cannot acquire control. Be honest!

[Translation]

Hon. Arthur Tremblay: I have a supplementary. If I understand correctly, before Bill S-31, and under section 16(8.1) of the Aeronautics Act, the Government of Quebec was allowed

to invest, as it in fact did, about \$15 million to finance Québecair, and according to the section to which I just referred, permission from the governor in council was required, even in legislation previous to Bill S-31. At least, that is how the section reads.

Was permission in fact granted? And if permission was granted, could the minister now say whether, in the event of a future request or application for the same permission, that permission would be granted, since the same passage appears almost unchanged in Bill S-31?

[English]

Senator Olson: There is no doubt in my mind that all of these questions can properly be directed to the minister when he appears before the committee. He will have not only his legal officers with him but also senior officers from the department who can review the history and answer Senator Tremblay's question.

FOREIGN AFFAIRS

HELSINKI FINAL ACT—REQUEST FOR UPDATE ON MADRID REVIEW CONFERENCE

Hon. Stanley Haidasz: Honourable senators, would the Leader of the Government, today or at a later date, be able to provide us with an up-to-date review of the resumption of the Madrid Review Conference of the Helsinki Final Act, along with the compliances and violations of signatory countries?

Hon. H. A. Olson (Leader of the Government): Honourable senators, as mentioned earlier today, that meeting is scheduled to resume today in Madrid. I shall ask for a review from the Department of External Affairs as soon as one is available.

SPORT

WINTER OLYMPIC GAMES, CALGARY

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Fitness and Amateur Sport.

On November 2 I asked the minister a couple of questions on the Winter Olympic Games to be held in Calgary in 1988. I am not satisfied that I asked the questions clearly enough—and I am not being critical of the answers given.

Would the minister confirm what I understood his answer to be, that the \$200 million commitment to the Calgary Olympic Games is a commitment that will be lived up to by the federal government, notwithstanding revenues from lotteries, stamps or what-have-you; that is, that it is a firm \$200 million commitment?

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, that commitment to Calgary will not in any way be diminished as a result of certain events which have occurred with respect to sports pools in certain provinces.

Senator Nurgitz: So I trust that the Calgary Winter Olympic Games will receive \$200 million from the federal government, notwithstanding other events of any kind.

Senator Perrault: The offer to Calgary is to contribute up to \$200 million to the Winter Olympic Games to be held in Calgary in 1988.

I may say that I am planning to fly to Calgary this evening and that there will be an announcement made in Calgary tomorrow morning with respect to the federal government's participation in the Winter Olympic Games.

Hon. Jacques Flynn (Leader of the Opposition): Why not make that announcement here?

Senator Nurgitz: My next question is not in the category of a supplementary question, but is directly connected to the Winter Olympic Games which will take place in Calgary.

In a newspaper account, the Minister of State for Fitness and Amateur Sport has indicated that federal participation in various national sporting groups will have to be diverted or changed somewhat, and that some emphasis ought to be placed on the kinds of games that would be played in Calgary, so that, as a host country, we will do better.

● (1425)

Could the minister list for us those various sporting organizations that will either no longer receive funds from the federal government or that will have reduced funds?

Senator Perrault: Honourable senators, there has been a speculative story in at least one newspaper suggesting that there would be cutbacks in certain sports grants in order to facilitate a better performance by Canada at the forthcoming Winter Olympic Games. I have not issued any statement of that type. First, I have said that we will co-operate with the Calgary organizing committee, an excellent committee, to ensure that these are the most successful winter games ever held in Olympic history.

Secondly, we believe that all Canadians would wish Canada to perform as well as possible at those games. We are considering, in co-operation with the provinces, a program which will develop more high performance Winter Olympic Games athletes by 1988. We are looking at programs which involve not only western Canada but also eastern Canada. There is an enormous amount of talent in all parts of the country. There are young people who have great talent and whose skills can be assisted by access to good coaching and training facilities. We intend to do our very best with the provinces to assure a good Canadian performance at the Winter Olympic Games in 1988.

We were not satisfied with all aspects of the Canadian team's performance at the Brisbane Commonwealth Games. Although there were outstanding performances, I feel that most Canadians would have wished that we had won more of the events. We want to make sure that Canadian Winter Olympic Games skills are honed to the highest degree possible in time for the events, which does not mean significant cutbacks for other sports.

Senator Nurgitz: I thank the minister for his answer and apologize for not indicating that it was a matter of speculation, but his answer is certainly an indication that various sporting groups, which are now funded by the federal government, need

not fear any cutbacks in future in view of Canada's being the host at the 1984 Olympic Games.

Senator Perrault: We are looking at the general budget available for fitness and amateur sport. There may be adjustments in certain sections of the program, but no final decisions have been made. There are continuing requests for funding for various sports and activities. Requests have come in for federal funding for the martial arts. At the present time we are providing assistance for over 60 different sports, covering a great many sports in the spectrum, but there are still others which do not receive either provincial or federal funding. We hope that the negotiations, which will begin very shortly with the Calgary Olympic Committee, will be completed by the spring of 1983. There are many complicated agreements to be put in place.

The honourable senator asked, in one of his earlier questions, how the federal money is to be spent. Until we get into the negotiations we will be unable to say how much money will be allocated for each site. The Calgary committee, as honourable senators may be aware, is attempting to determine the final site for many of the events. Until we know that, it will be difficult to say how much money will be spent.

● (1430)

ECONOMIC UNION AND DEVELOPMENT PROSPECTS FOR CANADA

ROYAL COMMISSION—TERMS OF REFERENCE—
FEDERAL-PROVINCIAL CONSTITUTIONAL MEETINGS

Hon. Orville H. Phillips: Honourable senators, I have a question for the Leader of the Government in the Senate, which is based on the terms of reference to the Royal Commission on the Economic Union and Development Prospects for Canada.

The terms of reference mention a number of governmental institutions and arrangements that have been the subject matter of constitutional meetings between the federal and provincial governments.

Does the fact that these matters are now referred to a royal commission indicate that the meetings will be cancelled, or that such matters will be before federal-provincial meetings and the royal commission at the same time?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I think I should take that question as notice so that I can look into the matter more deeply. However, at first blush, I would think that the commitment that the Government of Canada made respecting a certain number of constitutional meetings and their subject matter will continue, even though certain aspects of constitutional arrangements have been assigned to this commission.

[Senator Nurgitz.]

THE ECONOMY

NOVA SCOTIA—GLACE BAY AND PORT HAWKESBURY—
RUMOURED CLOSING OF HEAVY WATER PLANT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Muir on November 2 concerning what he termed the rumoured closing of Glace Bay and Port Hawkesbury heavy water plants.

I have made further inquiries regarding the rumoured closing of the Port Hawkesbury and Glace Bay heavy water plants, and at this time I have nothing further to add to the reply I gave Senator Muir last week.

However, concerning the status of the negotiations with the Government of Korea for the sale of a second CANDU reactor, I have a fairly lengthy reply which I would be happy to file with *Hansard* so that it may be taken as read, if that is satisfactory.

Hon. Robert Muir: Honourable senators, because of the importance of these negotiations to all senators, if the answer is not too long and, since I am sure everyone is interested in whether we do sell a second CANDU reactor to Korea, I think it would be in the best interests of this chamber to have the answer read.

Senator Olson: My answer to that part of the question is as follows:

The present CANDU project in Korea, Wolsung-I, is proceeding well with the station expected to be in operation by the end of 1982. The customer, the Korea Electric Power Corporation, KEPCO, is pleased with the progress and AECL's performance on the project.

KEPCO has delayed plans for commitment of additional nuclear units, previously scheduled for commitment in 1982, due to faltering growth of electrical demand which is largely due to the world-wide economic recession.

AECL now expects KEPCO will be inviting bids on its next multi-unit, 2,000 megawatt stations in the spring of 1983. AECL expects to participate in this competition.

KEPCO has indicated that further commitments to CANDU will await satisfactory operation of the Wolsung-I plant. Provided the early performance of Wolsung-I meets expectations, there may be an opportunity to negotiate a second 600-megawatt unit contract prior to the inquiry for the next 2,000-megawatt station. AECL is currently prepared for such negotiations on short notice.

AUDITOR GENERAL'S REPORT

GOVERNMENT ACCOUNTING PRACTICES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Charbonneau concerning whether the government would change its accounting practices as a result of criticism by the Auditor General. The reply in this case is quite long, and therefore, I ask that it be taken as read.

The Hon. the Acting Speaker: Is it agreed?

Hon. Senators: Agreed.

(The answer follows:)

The government has initiated a study on the purposes and objectives of its financial statements, taking into account the needs of Parliament, the people of Canada and other particular classes of financial statement users. The study is being undertaken by the Office of the Comptroller General and preliminary terms of reference and time schedules have been submitted to the Public Accounts Committee, which will be monitoring the study's progress. To date, the study is progressing as planned. The outputs of this study will be reviewed by a steering committee composed of senior representatives of the Privy Council Office, Treasury Board, the Departments of Finance, Supply and Services, Statistics Canada and others. The Government has informally asked the Auditor-General to assist this steering committee, in an advisory capacity. The study will closely parallel research currently being undertaken by the Canadian Institute of Chartered Accountants and therefore, consultations with the CICA will also take place.

In 1981-82, the government undertook a study to apply alternative accounting policies to its financial statements. Illustrative financial statements (unaudited) were prepared including a revised Statement of Assets and Liabilities with the equity and value of government-owned enterprises recorded as an asset and a Statement of Revenue and Expenditure which included the net results of operations of these enterprises. In addition, the Statement of Assets and Liabilities included estimates of all government liabilities and all government assets, such as inventories and fixed assets not intended to be converted into cash, as well as summary disclosure of the financial position of government-owned enterprises. When it came to assessing these efforts, it became obvious that the criteria by which to evaluate them was lacking. The purposes and objectives of the illustrative financial statements had not been established beforehand, nor had any alternatives to the concept of the reporting entity been agreed upon for purposes of the exercise. Therefore, the study was abandoned in favour of the study outlined below.

In 1982-83, the government began a study of the purposes and objectives of the financial statements, the terms of reference for which read as follows:

"To study the purposes and objectives which should underly the financial statements of the government of Canada, taking into account the information needs of Parliament, the people of Canada and other particular classes of financial statement users."

The terms of reference clearly understood that the purposes and objectives put forward were to provide reference points for initiating discussions on a rational evolution to the financial statements that would be satis-

factory to Parliament and the public, acceptable to the accounting and auditing profession, and wholly appropriate for their purposes as management statements of the federal government. A draft Discussion Paper has been prepared, certain members of the Auditor-General's staff have been briefed on its contents, and will be ready for public discussion in the new year.

The study is a tremendous effort that will involve all government central agencies, many government departments, the Auditor-General and the CICA. A timetable has been provided to the Public Accounts Committee and the study is meeting this timetable.

THE ECONOMY

INDUSTRIAL STRATEGIES

Hon. H. A. Olson (Leader of the Government): Honourable senators, the last delayed answer I have is in response to a question asked by Senator Murray on November 2 concerning the report of the Task Force on East Coast Fisheries.

I have made inquiries and have been informed that the report of the Task Force on East Coast Fisheries will indeed be made public. The report should be out by early in the new year.

GENERAL AGREEMENT ON TARIFFS AND TRADE

GENEVA MEETING—WHEAT—GOVERNMENT POLICY

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a delayed answer to a question asked by Senator Roblin concerning the composition of, and the position that will be taken by, the Canadian delegation at the GATT meeting in Geneva.

Perhaps this answer could be taken as read, and printed in today's *Hansard*.

The Hon. the Acting Speaker: Is it agreed?

Hon. Senators: Agreed.

Hon. Duff Roblin (Deputy Leader of the Opposition): Subject to the right to ask further questions.

Senator Argue: Yes.

(The answer follows:)

The Minister of State for International Trade, the Honourable Gerald A. Regan, will be leading the Canadian delegation to the GATT Ministerial meeting.

The Canadian delegation will be comprised of officials of a number of departments which will, of course, possess the necessary expertise on the various agricultural issues and commodities being dealt with at the meeting, including grain.

Minister Regan and his delegation recognize that Canadian agriculture and particularly the grain sector make a very important contribution to Canada's external accounts. They appreciate that if Canadian agriculture

and the grain industry are to realize their productive potential, export expansion is critical given the relatively small size of our domestic market.

Unfortunately, the agricultural policies of a number of countries are increasingly distorting international markets and trading patterns for agricultural products such as grain. What Canada will be seeking at the GATT Ministerial meeting in Geneva in late November is agreement that it is urgent to address these problems and to initiate work aimed at developing solutions.

In this regard, the Canadian delegation will attach particular priority to bringing direct and indirect subsidies affecting agricultural exports including grain under greater international discipline and providing a greater degree of predictability in terms of access to markets.

A further objective or priority at the GATT Ministerial meeting will be to move towards a redressing of the current imbalance in GATT obligations among countries in this sector.

HEALTH AND WELFARE

UNIVERSALITY OF OLD AGE SECURITY AND FAMILY ALLOWANCE PROGRAMS

Hon. Jacques Flynn (Leader of the Opposition): Honourables senators, while we are on the subject of delayed answers, and before Senator Austin leaves, I am wondering if he is now in a position to reply to the questions put by this side and, more convincingly, by Senator McElman last week.

In view of the meeting of the Liberal Party over the weekend, is he in a position to give a clear and definite answer to those questions?

Hon. Jack Austin (Minister of State for Social Development): Indeed, I am, honourable senators. My answer of October 27 still stands.

Senator Flynn: It did not appear to be satisfactory to Senator McElman, and it is not satisfactory to me. I am merely trying to assist the Senate and even Senator McElman.

Perhaps the honourable senator has a secret reply.

Hon. Charles McElman: I keep no secrets from you.

CORPORATE SHAREHOLDING LIMITATION BILL

SECOND READING—ORDER STANDS

On the Order:

Second reading of the Bill S-31, intituled: "An Act to limit shareholding in certain corporations".—(*Honourable Senator Olson, P.C.*)

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I do not know whether I am out of order but, since the subject matter of this bill has been referred to committee, I do not think we can continue the debate until we have a report from the committee. I, therefore, do not think

[Senator Argue.]

the bill should stand on the Order Paper. I think it should be deleted from the Order Paper and reinstated when we have a committee report, since that is the essence of the decision taken by this chamber last evening.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we can look into this question during the adjournment.

In the meantime, I think it is in order that it stand on the Order Paper because it has not received second reading. However, that does not mean that we have to stand it every day; we can adjourn second reading debate for a week if we wish.

Senator Flynn: No.

Senator Frith: We can adjourn second reading to a named day.

Senator Flynn shakes his head, so perhaps we should look into both questions. Is it regular that it remain on the Order Paper for second reading, since it has not yet been given second reading and the bill's subject matter has been referred to committee? And, if it does remain on the Order Paper, is there anything out of order in adjourning it to a date when we can anticipate the committee might report? If not, we can adjourn it from day to day, providing the answer to the first question is "yes".

Senator Flynn: The wording of the motion passed last night was "That the bill be not now read the second time," and that means that the debate be not continued at this time but that the subject matter be referred to a committee. That means we will continue with the second reading debate when the bill comes back from committee; otherwise it is nonsensical.

Senator Frith: I do not interpret the words as Senator Flynn does. The motion "That the bill be not now read the second time" does not have the same effect as adjourning the debate.

Senator Flynn: Certainly.

Senator Frith: Let us remember what happens at the conclusion of the debate. His Honour the Speaker says: "It is moved by the Honourable Senator (so-and-so), seconded by the Honourable Senator (so-and-so), that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?" That is the motion, that it be read the second time.

We had before us the motion that it "not now be read the second time, but that the subject-matter thereof be referred" to committee.

Senator Flynn: Please, please!

Senator Frith: Honourable senators, I feel precisely the same way, but I do not shake my head as Senator Flynn does. It is just possible that someone who disagrees with a viewpoint of Senator Flynn's might, once in a while, be making some sense. Senator Flynn shakes his head again, indicating that that is a virtual impossibility.

I nevertheless suggest that we consider the matter during the adjournment and, if necessary, ask for a ruling. Let us both

look up the authorities and see whether there is anything irregular in having a bill remain on the Order Paper.

● (1440)

Senator Flynn: It has never been done.

Senator Frith: It certainly has been. It happened with the Canada Day Bill. It stayed on the Order Paper and came up on the Order Paper exactly as it was. I am simply suggesting that we both look at the authorities to see whether there is anything irregular in the adoption of such a procedure.

Hon. H. A. Olson (Leader of the Government): It is regular. Order stands.

PENITENTIARY ACT PAROLE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Earl A. Hastings moved the second reading of Bill S-32, to amend the Penitentiary Act and the Parole Act.

He said: Honourable senators, this bill deals primarily with the release of an inmate from custody for the last one-third of his sentence, which period is called remission, which Parliament decided can be served, not in custody but in public, under certain terms and conditions, and those terms and conditions are known as mandatory supervision.

Remission is not new. Remission of a sentence in custody has been used in Canada for over 100 years. It has been accepted throughout the enlightened world with respect to the administration of corrections. The last three reports of inquiries into the corrections process in Canada—the Fauteux report, the Hugessen report and the report of the Senate on parole—all supported the principle of remissions, but under different names and under different conditions. The Senate committee, under Senator Goldenberg, recommended, as I recall, that the last one-third of a sentence be served under a different nomenclature, and it was to be called minimum parole.

However, as we found in our study of parole at that time, the release of inmates was one subject that was totally misunderstood, not only by the judiciary, as between the judiciary and custodial officials, but, indeed, as between the public and the inmate. That also holds true with respect to the last one-third of a sentence, remission. We concluded from our study that it had to be recognized that a sentence by a court was a sentence, and that it was the intention of society that that sentence be served. Where it was served and how it was served was left to Parliament to decide. Parliament, in its wisdom, has decided that the last one-third can be served, subject to certain conditions, outside of custody; the authority to release inmates into society, under certain conditions and circumstances, in the first two-thirds of the sentence being delegated to the paroling authority.

Parliament has made that decision as to where and how an inmate will serve his term, and he can serve it under maximum security, medium security, minimum security, minimum-minimum security or out on the street. We have delegated

authority for that first two-thirds to the Parole Board. On the last one-third, we must assume authority for the inmate being released, because it was the Parliament of Canada which passed the act providing for the remission of the last one-third of a sentence to be served on the street.

Before 1970 an inmate, through his good conduct while in custody, was permitted to earn remission, and he added to that statutory remission which represented about one-third of his sentence. So, at the end of two-thirds of his sentence he was free to go, with no strings attached.

On the sound principle that an inmate being released from custody is in need of support, provided he accepts it, and also that society is in need of some protection, we decided that we would institute this process called mandatory supervision, which meant that instead of going free to do as he wanted for that last one-third of his sentence an inmate was released to the supervision of the National Parole Service, where he was required to undertake practically the same conditions as an inmate released on parole.

Hon. Martial Asselin: After one-third?

Senator Hastings: For the last one-third. He was under practically the same conditions as an inmate released on parole, because he needed the same support, if he was wise enough, as any inmate on parole. This was called mandatory supervision, and it has been in effect since 1970.

I want to say a word, if I might, about supervision. I think there is an element of public protection, but I do not think we do justice to the public by conveying the impression that supervision of an inmate released from a penitentiary will convey any great deal of public protection. Supervision is not surveillance. Supervision consists of an inmate's reporting once a week—"Where are you? What are you doing?" He is free the rest of the week to do whatever he wants and to go wherever he wants, provided he stays in the locale. But it does, I will concede, grant a measure of public protection, in that perhaps slipping into criminal activity can be detected and he can be returned to custody fairly quickly.

In March 1979 the Solicitor General of the day appointed a committee of his department to conduct an examination. It was authorized to evaluate the effectiveness of mandatory supervision and to make appropriate recommendations. That committee met for a year and a half. It used the consultative process by consulting all the groups included in the correctional process—the field staffs, the unions, the Solicitor General, the police, private agencies and inmates. Of course, it received, as you might suspect, various degrees of response to its inquiries, from those who said, "Leave them in there for the whole sentence," to the inmate who wanted to be out scot-free at the end of two-thirds of his sentence.

The bill before us is an attempt to reach a compromise, to give that certain degree of support to the offender and, as I said before, a degree of protection to society.

The history of mandatory supervision is not bad and it is not good. It has been found that 23 per cent of those released from mandatory supervision have had to be returned to institutions

due to the commission of crimes; 18 per cent have had to have their mandatory supervision revoked due to violations of the conditions of release. However, when you look at the 23 per cent who are convicted of crimes, you find that 60 per cent of those crimes were against property, 12 per cent were against persons, mostly assault, 15 per cent were robberies, 4 per cent narcotic offences and 8 per cent miscellaneous violations. The most significant figure is that 6.3 per cent involved violence, including homicide and manslaughter, but principally robbery and non-fatal assault.

● (1450)

So, in an attempt to answer public criticism of the startling and violent acts that have been perpetrated, the Solicitor General has brought forward Bill S-32, to amend the Penitentiary Act and the Parole Act.

As I have said, many views have been expressed on it. Inmates are opposed to it because they see it as taking back a right which they think they have earned, and most private care agencies support the views of the inmates. On the other hand, the majority of prison staff support the amendment because they believe it corrects a weakness in a system which is basically sound.

The bill attempts to take both sides into consideration. It is a carefully balanced piece of legislation. It is responsive to the concerns of the public and the police without, at the same time, being Draconian. It maintains the principle of the program, that the inmate can be released after two-thirds of his sentence, under certain circumstances and conditions. However, it does provide that once the terms and conditions of his release are violated, he must be returned to custody to serve out that one-third of his sentence, and he cannot again be released on mandatory supervision.

We have got ourselves into a "revolving door" situation. Under the present system, if a man is released under three years' mandatory supervision and he commits a crime during that time—let us say, within one year—on return he immediately starts to earn remission again. Therefore, he has to be released into society again, and if he violates mandatory supervision, yet again, he is returned and again starts earning remission.

This legislation will end this "revolving door" syndrome. Inmates will be given one chance, and if they fail to live up to the terms of the agreement of their release, or if they are convicted of an offence and have their mandatory supervision revoked, they will serve that portion of their sentence, and the only possibility of release during that term will be by the Parole Board. Essentially, we are protecting society to the extent that we are putting an end to the "revolving door" approach.

If the bill receives second reading, it is my intention to move that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs. I am sure that honourable senators will have questions to ask, not only with respect to the bill but also with respect to other matters under the direction of the Solicitor General.

[Senator Hastings.]

Speaking for myself, I would like to know—and I am sure the chairman of the committee will want to know—why such legislation is always drafted in terms of the masculine third person singular. It continually refers to an inmate as "he". I notice that the Penitentiary Act continually refers to the Commissioner of Penitentiaries as "him" and "he". In these days of women's liberation, I should have thought that with a little imagination the draftsman could have drafted bills in terms of the neuter gender. I would also like to ask the officials a question regarding the change of name to the Canadian Correctional Service. To the best of my knowledge and belief, Parliament decided it was to be called the Canadian Penitentiary Service. Suddenly, we are now calling it the Canadian Correctional Service. I am wondering who makes these decisions when Parliament makes others.

Section 5 of the Penitentiary Act states:

The Minister may appoint officers of the Service to be known as Directors of Divisions and Regional Directors.

"Regional Directors" have suddenly taken on the nomenclature of "Deputy Commissioners." I should like to ask the officials: When Parliament makes these decisions, under what authority are these changes of name taking place?

I commend the bill to honourable senators.

Hon. Andrew Thompson: Honourable senators, I should like to congratulate the honourable senator on his lucid explanation of the bill. I am aware of his deep interest in the subject.

May I ask him a question regarding the number of parole officers in Canada? It is my understanding that such officers are already carrying a heavy caseload, and nowhere in the bill do I read that there will be an increase in the number of parole officers.

Senator Hastings: Possibly that question would be better directed to the minister or his officials in committee. The honourable senator is quite right. We found, in our examination of parole, that not only do we have a woefully inadequate number of parole officers, but we have an inadequate number of qualified correctional personnel throughout the whole system. The honourable senator might wish to pursue that subject further with respect to medical and psychiatric treatment, and so on. This underlines the risks in releasing men from custody. It is a very inexact science. No matter how much thought is brought to bear on the matter, mistakes will be made both by the Parole Board and by Parliament, which authorized release for that last one-third of a sentence.

It seems to me that if we are willing to grant release, then we must understand that there are likely to be "failures". At the same time, we must predicate it on the assumption that a former inmate is returning to society. Unless an inmate is sentenced to life, you cannot keep him in custody forever. Therefore, methods and means must be found to protect society by bringing him back into society as quickly and as kindly as possible. The best protection we could have is to have an inmate back in society fulfilling a useful purpose, in contrast to the adverse aspects of having him remain in custody.

Hon. Martial Asselin: Would it be possible for representatives of the inmates to testify before the committee?

Senator Hastings: That would have to be a decision of the committee.

On motion of Senator Nurgitz, debate adjourned.

NORTH ATLANTIC ASSEMBLY

SPRING MEETING, FUNCHAL, MADEIRA, PORTUGAL

Hon. Earl A. Hastings rose pursuant to notice of Thursday, June 3, 1982:

That he will call the attention of the Senate to the Spring meeting of the North Atlantic Assembly, held at Funchal on the Island of Madeira, Portugal, from 28th to 31st May, 1982 and to the participation therein of the delegation from Canada.

He said: Honourable senators, my first observation must be to apologize for the length of time this inquiry has been on the Order Paper; but I assure honourable senators that a rendezvous with a cardiac surgeon and convalescence during the summer recess necessitated the delay. On the other hand, in light of recent comments in the media, perhaps a response is more timely now than earlier. It seems to me that the press, in picking up this story, reported in a completely uninformed manner as to the purpose of parliamentary associations and what membership in those associations is all about. I propose to deal quickly with the North Atlantic Assembly, but what I am about to say will no doubt apply to all the parliamentary associations, whose purpose is to impart information amongst parliamentarians.

• (1500)

I believe it was John F. Kennedy who, when asked at the time of the Cuban crisis 20 years ago, "What great lesson did you learn from that crisis?" said that by far the most important lesson was to keep in contact, in communication with your adversary in time of crisis. If it is important to keep in contact in time of crisis, then is it not just as important to keep in contact with your allies and friends in time of peace? That is the purpose of parliamentary associations, and it is just as important for parliamentarians to be in contact as it is for the executive and the civil service. Parliamentarians, through these organizations, perform a role in building bridges of understanding between nations, and attending conferences is part of the function of the membership of those organizations. As a member of the North Atlantic Treaty Organization, we are automatically a member of the Assembly and, therefore, we expected to participate in the work of that Assembly.

I think that Canadians should be made to feel proud of the participation of Canadian parliamentarians in such organizations, instead of being exposed to such crummy, journalistic attacks. For example, some news articles commented on the fact that Mr. Michael Forrestall had attended 15 meetings of the North Atlantic Assembly Military Committee, and referred to the "15 junkets" he had taken, without referring to the reason he attended them. The fact is that Mr. Forrestall is

a valued member of that committee and of the House of Commons Committee on External Affairs and National Defence. He works very hard on the NATO Defence Committee, but none of the articles said anything about that; they merely said he had made 15 trips abroad. Rather, if the reporters had told why the members and senators were on these trips, the public might have better understood their purpose.

With respect to the North Atlantic Assembly, it is operated under the committee system with six committees. Canadians occupy executive positions on five of those six committees. Mr. Leonard Hopkins, with Mr. Michael Forrestall as his alternate, have been appointed to the Standing Committee. I serve as the special energy rapporteur on the Economic Committee. Mr. J.-R. Comtois serves as rapporteur on the Education, Cultural Affairs and Information Committee. Mr. Michael Forrestall serves as the general rapporteur on the Military Committee, and Mr. Tom Lefebvre serves as general rapporteur on the Scientific and Technical Committee. These Canadians who are taking a part in the North Atlantic Assembly will be called upon to go to meetings of these committees whether they be in Europe, the United States or Ottawa. I feel there is no need for me or anyone else to apologize for the part we play for Canada in these assemblies.

With regard to the meeting of the North Atlantic Assembly this past spring in Madeira, and for the benefit of the *Calgary Herald* reporter who wanted to know why it was necessary to send 14 members "when one would have done," we are members of the Assembly, and when it holds meetings we are expected to send delegates. We sent a complete delegation, numbering 14, to these meetings. The 14 included: Mr. Leonard Hopkins, the leader of our delegation; Honourable Senators Haidasz, Leblanc, Macquarrie and me; Messrs. Harvie Andre, William Blaikie, Michael Forrestall, Hal Herbert and Tom Lefebvre, and Mrs. Ursula Appolloni.

Another question asked by the press was, "Why did you take members of the staff?" Every delegation that travels is in need of secretarial and clerical support. In this case Mr. Stephen Knowles accompanied the delegation as secretary. I would like to pay tribute to him for his dedication and work on behalf of the delegation.

What did we do? Did we tan in the sun? I am going to use as an example the Economic Committee, but I am sure what I am about to say applies equally to all six committees. Four meetings were held in two days. One day, the Sunday—and I think we are allowed to take Sunday off—was spent on a bus tour of the Island of Madeira. At each of these committee meetings we discussed the current economic situation with respect to our allies, areas of economic agreement and areas of disagreement with respect to economic policy. From that session each member gained a little knowledge and shared a little knowledge with his fellow parliamentarians from the other countries. The remaining day was spent in a plenary session. One of the subjects under discussion was Poland in its time of crisis. Every honourable senator here would have been proud of the contribution made to that debate by the Honour-

able Senator Haidasz particularly, as well as the contributions made by the delegation in general.

If we are going to participate in international organizations, we must contribute to their operation in a manner which is suited to us. I am proud of the contribution we make to the North Atlantic Assembly, just as I am proud of the contributions we make to the other parliamentary associations. I have no apology whatsoever to make to the media for Canada's role in such organizations.

The Hon. the Speaker: As no other honourable senator wishes to participate, this inquiry is considered debated.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment, which will be effective until next Tuesday, I am sure that across this country your attendance at Armistice Day services is eagerly awaited, and I wish you a safe journey to those very events.

The Senate adjourned until Tuesday, November 16, 1982, at 8 p.m.

THE SENATE

Tuesday, November 16, 1982

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

BRETTON WOODS AGREEMENTS ACT INTERNATIONAL DEVELOPMENT ASSOCIATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-129, to amend the Bretton Woods Agreements Act and the International Development Association Act.

Bill read first time.

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

CUSTOMS TARIFF

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-90, to amend the Customs Tariff and to repeal certain acts in consequence thereof.

Bill read first time.

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Haidasz be substituted for that of the Honourable Senator Hayden on, and the name of the Honourable Senator Giguère be added to, the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.
Motion agreed to.

THE SENATE

QUESTION PERIOD—ABSENCE FROM CHAMBER OF MINISTER OF
STATE FOR SOCIAL DEVELOPMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before Question Period commences, I should like to inform the chamber that I have received a memorandum indicating that Senator Austin will not be in attendance this evening or tomorrow, as he is required to be in Vancouver on public business. However, he does expect to be present for Question Period on Thursday.

I received this memorandum this mid-afternoon, and I apologize for not having informed the opposition of it since I know that they naturally wish to prepare questions. I am sorry I did not inform them, as I ought to have done, as soon as I received the information.

Hon. Jacques Flynn (Leader of the Opposition): The problem is not with the questions we prepare; it is with the answers we get.

Senator Frith: Send us a copy of the questions then.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Better questions; better answers.

Senator Flynn: You should not be the one to say that.

QUESTION PERIOD

[English]

INTERNATIONAL TRADE

INDIA—CANDU REACTOR—SUPPLY OF HEAVY WATER

Hon. Daniel A. Lang: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. I am sorry that I have not been able to give him notice of it.

I am sure he is aware that India is experiencing a compulsory 35 per cent reduction of its energy consumption, and that this is causing major concern and infinite hardship in that country. At the same time, India has a Candu reactor which cannot be started up because there is no heavy water available for it.

I am sure the honourable leader realizes that we have two heavy water production facilities in Canada, which are either shut down or are about to be shut down because there is no market for their product.

● (2010)

My question is: Is it the policy of this government to cut off our noses to spite our faces by not selling heavy water to India under circumstances of extreme hardship in that country?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I can answer the operative part of the question quite easily. It is not the policy of this government to cut off our noses to spite our faces, or, indeed, to do hardship or to cause distress to any people anywhere in the world.

I will take the question as notice, but I am sure that the Honourable Senator Lang realizes that, some time ago, there was what Canada believed to be something of a violation of the agreement with respect to the use of the by-products from that plant. That caused some difficulty, but I do not want to get into this subject without having an immediate reference so as to bring myself up to date on the situation.

In answer to the other part of the question, we agree that it would be highly desirable for us not only to sell additional quantities of heavy water but also to sell the other fuel for these Candu reactors. Certainly, however, those must be sold under terms and conditions which allow Canada to honour its commitment to nuclear non-proliferation.

Senator Lang: Honourable senators, I have a supplementary question. I am anticipating that, in the considered response to my question, the Leader of the Government will advise this chamber that India has refused to sign the non-proliferation treaty. When he is considering that as a response, would he also consider whether the fact that Argentina has subscribed to such a treaty makes it a more reliable customer for our Candu reactors?

Finally, does not the government realistically anticipate that, in the final analysis, our refusal to make heavy water available to India will undoubtedly result in Russia fulfilling that need?

Senator Olson: Honourable senators, I will take those comments under consideration in the reference that I will make to the Department of External Affairs for a reply.

Hon. Robert Muir: Honourable senators, I have a supplementary question pertaining to a matter I raised with respect to the layoff of employees at the two heavy water plants. The minister indicated that, at a later date, he would possibly have some further information as to what the future may hold. He also intimated at that time that press accounts to the effect that there were going to be layoffs were erroneous.

Senator Olson: Honourable senators, I have a large number of delayed answers this evening, and I was just glancing over the list. I do not believe that the answer to that question is included among them, but I will attempt to obtain it as soon as I can. However, I must qualify my honourable friend's inter-

pretation of my remarks as to the information with which I was going to provide him.

Senator Muir: Does the honourable gentleman know that he is still arguing with himself and with the record of *Hansard*?

Senator Olson: Honourable senators, I want to set the record straight in the event that the honourable senator attempts, as he just has, to put words in my mouth. I think that perhaps I am the greatest and probably the best interpreter of what I meant and what I said.

Hon. Jacques Flynn (Leader of the Opposition): You are the only one who can interpret it.

GRAIN

WHEAT—PROPOSED CARTEL OF EXPORTING COUNTRIES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to address a question or two to the honourable minister in charge of the Wheat Board. I am glad to see that he has made such a quick transit from his previous responsibility in the Soviet Union.

My particular point this evening has to do with wheat. Last October there was a press report about a meeting held in Hecla, in the province of Manitoba, which was attended by representatives of the Wheat Board. The gist of the report was that some efforts had been made at that meeting to sow the seeds of a cartel with respect to the sale of wheat. I understand that that has since been denied by some of the people who attended that meeting. I notice, however, that the minister is now being credited with having renewed his campaign for an alliance of grain exporting countries to help squeeze better prices for farmers out of the present world market. That arises, I believe, from his appearance before the Manitoba Pool Elevator just a short time ago.

● (2015)

The minister and I are much interested in this topic. We have had some previous discussions on the matter. I should like to know if there is any substance to this report, that he has a campaign for an alliance with the grain exporting countries with a view to promoting an improvement in the price of export grains.

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, I would not define it as a campaign, but certainly I believe it would be in the interests of the exporting nations—as, indeed, it was when both Senator Roblin and I were attending meetings—to endeavour to arrange a system that would improve world grain prices.

With regard to the meeting at Hecla, Manitoba, I understand that the Wheat Board was represented. I believe that also in attendance were 10 or 12 representatives from various farm organizations in the United States, as well as persons representing farm organizations in Canada.

I did not attend the meeting, but my information is that there was an exchange of views on the operation of the two systems, the Canadian and the American. The current situa-

[Senator Lang.]

tion and difficulties regarding low world prices and increasing costs were discussed. It is probably fair to say that there was a good deal of support among the farm representatives for the proposition that if at all possible something should be worked out between our two countries, and the other exporting countries, to endeavour to improve world prices.

I certainly feel strongly that the exporting countries should co-operate in an effort to improve world grain prices. There has been a modest improvement in recent days, but prices are still too low. The Americans have certain policies in effect in their own country which are possibly contributing to improving prices; but further efforts should be made to seek closer co-operation among exporting nations to improve prices.

Senator Roblin: Honourable senators, I should like to ask the minister whether he has any information concerning the policies of the United States government with respect to the export of grain, because at approximately the same time, October 19, that the meeting was being held at Hecla, Manitoba—at which there were present representatives from the United States Wheat Association and the National Association of Wheat Growers—the American government was introducing a new policy of interest subsidies, I believe, for the support of American sales to certain consumers abroad.

I am wondering how that particular policy fits in with the minister's goal that we should have an understanding about export markets rather than this kind of competition which probably will have an adverse effect on Canadian sales. We hope it will not, but it is certainly possible that it might.

In any event, there appears to be a certain amount of confusion here regarding policy. I should like to ask my honourable friend whether he has had any conversations with the American government regarding that policy, and, if so, whether he can tell us anything about them.

Senator Argue: Honourable senators, certainly Canada does not support a policy of subsidizing, by way of interest rates, exports of grain from Canada. As I understand it, the United States has put into effect a policy that provides for a certain element of interest subsidization within total sales of some \$1.5 billion. That is to be spread over a period of three years. It represents an objective of sales of approximately \$500 million a year. As I understand it—and here I am speaking from memory—the blend is to have \$100 million of that amount interest free. So there is an element of interest subsidization in this total package. I have written to the American authorities, to Secretary of Agriculture Block, regarding this situation, expressing my own view, and that of the government, that this is not the way to go. I expressed our concerns about this policy and our hope that, indeed, as Senator Roblin has expressed it, it will not be a particularly adverse factor as far as Canada is concerned. I understand that a good part of the credit has already been used. Upon further study, with regard to the interest-free element of the credit, I learned that while the loan is interest free at this time, the interest is to be repaid at a later date. So, although the total package is perhaps not unduly disturbing, it is, in my judgement, going in the wrong

direction because anything that adds to the subsidizing of interest rates on grain exports is not something to be desired.

● (2020)

Senator Roblin: I wonder if the minister would be kind enough to table that piece of correspondence.

Senator Argue: Yes.

Senator Roblin: On the question of subsidizing interest rates with respect to grain sales, I would like to ask the minister where we stand with respect to Poland, or, indeed, any other country behind the Iron Curtain. Have we reached the limit of our credit allocation to Poland, which I think expires at the end of this year? Could the minister tell us whether the repayment terms of that loan have been met; whether there are any outstanding deficiencies, either in principal or interest; whether the loan is delinquent in any respect? I would also like him to let us know as soon as he can what the policy of the government is going to be with respect to the financing of grain sales to Poland after the present allocation expires at the end of this year.

Senator Argue: Honourable senators, approximately \$500 million in credit was provided to Poland last year. That credit will be used up by the end of the current calendar year. Poland has had a great deal of difficulty meeting its payments. Certain elements of the credit provision have been rescheduled, and the information, as I remember it coming to me a few days ago, is that they have been keeping up the rescheduled payments on the outstanding credit.

I think there is some misapprehension or misunderstanding as to what is the real purpose of the credit. Some people seem to think that the loan was made so that Canada would have a market for its grains. I do not think that was the reason at all. I think that the reason Canada provided credit was because Canada thought that Poland was in great need of credit and that, as a consequence of making that credit available, of course, there would be certain purchases of grain from Canada.

The policy on this matter, for this coming year, has not been decided, so I am unable to provide any information as to what credit, if any, will be provided to Poland by Canada in the coming year.

Senator Roblin: If I may ask my honourable friend a further question about the Polish deal, could he furnish the chamber with the original terms of the loan offered to Poland as well as the revised terms? Certainly, Canada has plenty of company on the rescheduling of debts with Poland, as everybody is in the same boat. But I think that the Senate ought to be informed as to what the elements of the subsidy are in that particular respect, because it is a question of some public interest and something we are paying for.

The other question I would like to ask my honourable friend is: Is there any element of subsidy in the interest rate offered the Soviet government in the recent, very large sale of grain to Russia?

Senator Argue: I shall endeavour to get the detailed information asked for by Senator Roblin, and I will certainly give him anything that is available for public consumption and anything that I can obtain for him.

With regard to the major credit provided to the Soviet Union, it was done by way of guarantee. The credit was obtained on the basis of the Canadian commercial rates and carries no element of subsidy whatsoever. The term of the credit is six months, and in the international grain market six months' credit is considered to be short credit. Of course, after the six months have elapsed repayment will begin. One can appreciate that after a number of months what one really has is a revolving credit system, if the credit continues to be used.

● (2025)

When the credit was being considered, there were those who said we should not be in the business of providing this kind of credit. I felt that, although it was obviously in the interests of the grain producers, it was also very much in the interests of the whole country that this kind of credit be provided to the Soviet Union. After all, this was not only a very large customer but was one that had fulfilled all of its contracts with Canada in the last 25 years.

So the credit terms are in place. The credit is being repaid on time, and the information we seem to be receiving is that the credit position of the Soviet Union has been improving, and that, although this is just speculation, there may not be the credit requirements in the future that there have been up to this time. To answer the question specifically, there is no element of subsidy in the credit.

Senator Roblin: If there is no element of subsidy in the credit, I do not think there is any cause for concern.

However, I do wish the minister would answer my first question. I asked him about what has been described as his renewed campaign for an alliance of the grain exporting countries to get better prices. Is there such a campaign? With what countries has the minister been corresponding, and can he report what reaction there has been?

Senator Argue: I do not know that you need to call it a campaign. My position has been quite consistent over the years. I feel that exporting countries should co-operate in an endeavour to return to their producers reasonable prices. Indeed, I believe that has been the policy in the Conservative Party; I believe it is the policy advocated by Conservative Party members of the House of Commons; I support it and I will continue to support it; but just what I am able to do about that from time to time I guess only time will tell.

Hon. H. A. Olson (Leader of the Government): You have a good record.

Senator Roblin: We are going to watch you on this cartel business.

[Senator Roblin.]

WINTER OLYMPIC GAMES, 1988

APPOINTMENT OF EXECUTIVE DIRECTOR OF FEDERAL SECRETARIAT

Hon. Nathan Nurgitz: Honourable senators, I have a question for the minister responsible for fitness and amateur sport.

Hon. Arthur Tremblay: How many pounds has he lost?

Senator Nurgitz: My colleagues are urging me to ask the minister how many pounds he has lost.

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): It is a weighty subject.

Senator Nurgitz: If he will take that question as notice, I will get on with the next one.

I notice that the minister has appointed one Anita Szlazak as the Executive Director of the Federal 1988 Winter Olympic Games Secretariat. Can the minister tell this chamber what Miss Szlazak's duties and responsibilities will be, and where she will carry them out?

Senator Perrault: Honourable senators, we have put in place what we believe to be a most effective federal team to assist the Calgary organizing committee. With respect to the roles of Miss Szlazak and Mr. Harold Millican, they are to provide as effective federal backup support as possible for efforts to stage a successful 1988 Winter Olympic Games in Calgary.

Miss Szlazak, as Executive Director of the Federal 1988 Winter Olympic Games Secretariat, will direct the secretariat responsible for co-ordinating all federal activities in support of the 1988 Winter Olympics. She will be responsible for liaison and negotiations with the key bodies associated with the organization of the Games. She will help to put in place the complicated and numerous agreements which must be achieved over the next few months. She will be in continuing contact with government departments and representatives in Ottawa. It is expected that Miss Szlazak will be located part of the time in Ottawa and part of the time in Calgary. She will do a considerable amount of commuting.

The Regional Director, Operations, will be Mr. Harold Millican, who, among his many achievements, has had 20 years practical construction experience. Mr. Millican, who I am certain is known to the honourable senator, has established an excellent "track record" in all of his endeavours.

It is hoped that negotiations with respect to the projects which will form the Calgary Olympic site can be concluded over the next few months—desirably by the end of the spring, I suppose; however, they could take longer than that.

I might add that Miss Szlazak has a most enviable track record in negotiating important international agreements on behalf of this nation.

● (2030)

She played a key role for Canada in negotiating successfully with several countries a series of airline route agreements. Miss Szlazak also played an important role for Canada as Director General, International Telecommunications, in nego-

tiating a number of important agreements relating to telecommunications.

Miss Szlazak was selected from a list which totalled almost 100 very able people. I think that she will bring real ability and talent to her important responsibilities.

Senator Nurgitz: As a supplementary question, could the minister tell us whether this lady has had any experience in organizing sporting events, particularly those of an international nature?

Senator Perrault: No, she has extensive organizational experience but she has not organized an Olympic Games previously, but very few people have done that. She does have outstanding knowledge of government organization and operational procedures as well as international negotiating. In her own right she is a talented equestrian, and has a lively and active interest in several sports.

She was raised in the province of Saskatchewan and has an excellent knowledge of western Canada, which is a further consideration.

Hon. Jacques Flynn (Leader of the Opposition): You said it all! There is nothing more to add.

Senator Nurgitz: I did not ask the minister whether she had organized any Olympic Games; I asked if she had any experience in sporting events, particularly international sporting events. Has she had any experience in organizing international sporting events?

Senator Perrault: I would have to discuss with Miss Szlazak her previous experience in sports. She reports to me as the minister responsible for the Olympics, so I shall discuss that question with her.

She has certainly impressed the members of the Calgary Olympic Committee. In conjunction with a press conference, we met with Dr. Leighton and certain other members of that committee last week. It was a successful meeting.

There had been an unanticipated delay in appointing an executive director with respect to the federal presence, but I think the choice that has been made is an excellent one.

Mr. Millican, of course, was born in the province of Alberta, and again he has—

Senator Flynn: What do you mean by “of course”?

Senator Perrault: —considerable knowledge of the province of Alberta, its people and the areas that are to be developed into Olympic sites.

If the honourable senator has any ideas with respect to how the Olympic Games can be staged more effectively, or ideas on ways in which we can improve the federal contribution, I would welcome his proposals. Indeed, at some time in the future I propose that a meeting be held in Ottawa involving Miss Szlazak, Mr. Millican and parliamentarians. It may be of value to have a progress report for interested members of Parliament, be they members of the Senate or members of the House of Commons. I feel that members may wish to be kept

informed of developments regarding the Calgary Olympic Games.

If the honourable senators see some value in such progress reports, I would be pleased to attempt to have them made.

Hon. Duff Roblin (Deputy Leader of the Opposition): That is a fair offer.

Senator Nurgitz: As a further supplementary question, I assume from what the minister has said that members of the Calgary Olympic Committee were consulted before these two appointments were made and they gave their approval.

Senator Perrault: There was a preliminary meeting held, not publicized at the time, between officials of the Calgary Olympic Committee and Miss Szlazak. That meeting was held so that certain officials of the committee could discuss with Miss Szlazak her views with respect to the Olympic Games, and also gave an opportunity for Miss Szlazak to discuss with members of the committee some of her ideas.

I must say that the meetings were very friendly—a good omen for the future.

Senator Nurgitz: I will repeat my question. I take it that members of the Calgary Olympic Committee were consulted and approved both appointments?

Senator Perrault: They have agreed with the two appointments with apparent enthusiasm. The procedure was to have Miss Szlazak visit Calgary in a preliminary way, and talk informally with Dr. Leighton and certain other members of the committee. There were no objections that I know of entered with respect to Miss Szlazak's appointment.

Senator Nurgitz: I assume that the minister is aware of the position of Chief Operating Officer of the Northern Pipeline Agency, which position is occupied by Mr. Millican. Is that position considered to be a full-time position by the government, and, if so, is it allocated a full-time salary? Further to that, will Mr. Millican be paid an additional salary for being the Regional Director of Operations?

Senator Perrault: Mr. Millican will not be paid an additional salary; he has been seconded from the Northern Pipeline Agency, since there has not been as much activity as had been anticipated.

Senator Flynn: Why?

Senator Perrault: It is felt by the Calgary Olympic Committee that his services will be of great value.

As far as payroll arrangements are concerned, those details are in the process of being worked out.

[Translation]

ECONOMIC UNION AND DEVELOPMENT PROSPECTS FOR CANADA

ROYAL COMMISSION—APPOINTMENT OF CHAIRMAN AND
MEMBERS

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government in the Senate. There are reports that the Honourable Donald Macdonald, before

accepting to chair the Royal Commission on Economic Union and Development Prospects for Canada, first obtained the assurance that if a leadership race were opened in the Liberal Party, he could resign at any time. Could the government leader confirm whether such a declaration was made?

[English]

Hon. H. A. Olson (Leader of the Government): No, I cannot confirm that, although I read some of the same press reports, or press speculation, whichever you like to call it.

[Translation]

Senator Asselin: I have a supplementary. If such a statement was made by the Honourable Mr. Macdonald, is it not the view of the Leader of the Government that it could seriously affect his credibility as chairman of a royal commission of inquiry?

[English]

Senator Olson: Honourable senators, I think Senator Asselin has made a mistake, probably inadvertently. He has answered his own question by saying "if that is the case."

Senator Asselin: You said "yes".

Senator Olson: No, I did not; I said that I had read some of the press speculation, and then you asked a question predicated on "if that is the case." Of course, I cannot answer the question if I do not know that that is the case.

[Translation]

Senator Asselin: Could the Leader of the Government in the Senate ask Mr. Macdonald himself whether such a statement was made? Could he find out whether the Prime Minister promised him that if there was an opening in the Liberal Party leadership, he could resign his functions to become a candidate in that leadership race? Could the Leader of the Government inquire of the Prime Minister whether such a promise was made before he was appointed as chairman of that commission?

[English]

Senator Olson: Yes, I can make an inquiry, but I do not think my honourable friend should make the assumption that he has a right to know all of the details of a conversation.

Hon. Jacques Flynn (Leader of the Opposition): Oh, yes.

[Translation]

Senator Asselin: On a point of order, the Leader of the Government in the Senate says that I have no right to know whether such a promise was made by the Prime Minister to the Honourable Mr. Macdonald, who has been appointed chairman of this royal commission. I believe that the public is entitled to know whether such a promise was made by the Prime Minister. If it was, it is obvious that the credibility of the chairman will be seriously affected, because instead of serving the interests of Canadians, he will serve his own interests and those of the Liberal Party. The Canadian people have a right to know. The Leader of the Government should reply to this question.

[Senator Asselin.]

[English]

Senator Olson: My honourable friend, of course, is making some assumptions that are wrong and is asking a hypothetical question. I said that I would make some inquiries. I just want to be sure my honourable friend understands that he has no right to—

Senator Flynn: We understand you very well.

Senator Olson:—ask for all that depth.

Senator Flynn: We understand you are hiding everything you can.

Senator Olson: No, we are not hiding anything. I will make inquiries, but there is one rule to the effect that one is not supposed to ask whether a statement found in the press is correct or not, and unless you have something more substantial upon which to base your question than some press speculation, I do not think we should take it as seriously as you do.

[Translation]

Senator Asselin: I shall be satisfied to know after the Leader of the Government has inquired from the Prime Minister whether this promise was really made to the Honourable Mr. Macdonald before his appointment. This could confirm whether the press reports are true or not.

I have another supplementary. We have been told that the members of this commission will be appointed shortly. Will they be appointed by the chairman of the commission, by the Prime Minister or by the Governor in Council?

[English]

Senator Olson: I would hazard a guess now and will check it later to ensure that I am right. I expect that the balance of the members of the commission will be appointed by order in council.

Hon. Lowell Murray: Can the minister tell us, first of all, when the other members of the commission will be appointed, how many there are going to be, and whether in fact Mr. Macdonald has been assigned the duty of recruiting the other members of that commission who, of course, would be appointed by order in council?

● (2040)

Senator Olson: I will take that question as notice, too, although I have replies to a number of questions, two of which were asked last week by Senator Balfour and Senator Phillips, that will shed some light on this situation.

Senator Asselin: Presumptions!

An Hon. Senator: Saved by the bell!

Senator Olson: However, my friends opposite are extremely anxious to anticipate all of these things, because I said very clearly last week that when further members are added and dates are known and so on, we will let you know. When we get to delayed answers you will find that that is exactly the reply I intended to give.

Senator Murray: It is obvious from the long delay in completing the membership of the royal commission that the

economic prospects of the country are not a matter of great urgency with the government—

Senator Olson: That is a wrong assumption.

Senator Murray: —or that perhaps the appointment of Mr. Macdonald was something hurriedly patched together by the Prime Minister to placate the restless Liberals at the convention here a couple of weeks ago.

I did want to ask the minister, however, whether he knows how many members will be appointed to the royal commission in question.

Senator Asselin: He is not saying anything more in the cabinet.

Senator Olson: No, I do not. The rest of the preamble to the question is so speculative, and whatever is not speculative is so erroneous, that it has no substance.

Senator Flynn: When did you learn about the appointment of Mr. Macdonald?

Hon. Duff Roblin (Deputy Leader of the Opposition): He read it in the newspapers.

FISHERIES AND OCEANS

ANNUAL SEAL HUNT—RESOLUTION OF EUROPEAN PARLIAMENT—POSSIBILITY OF RETALIATORY MEASURES

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate concerning the warning given by the Minister of Fisheries and Oceans on retaliation if the Europeans ban the importation of seal products. I realize that the minister will have to take the question as notice. The only retaliation I think he can take is to refuse to grant fishing permits within the 200-mile limit. Could the minister get a list of those countries that have permits to fish next year, so that we will know what retaliating measures he will take? Would he also find out what formula he will use to put into effect those retaliating measures?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will refer those questions to the Minister of Fisheries and Oceans for a reply because I am not quite sure whether the minister used the term "retaliatory," which is a rather strong term, but it is, of course—

Hon. Jacques Flynn (Leader of the Opposition): That is the word used by the minister.

Senator Olson: —known and I think accepted by almost all biologists, who know about these things, that if there is a proper and controlled harvesting of seals there is, indeed, a higher fish population for the fishermen. I have been told that a seal consumes a tonne or more of fish in a year. Therefore, if there is not controlled harvesting of them, there is a deterioration in the fisheries that is of interest to many countries that fish those waters.

Senator Marshall: The Leader of the Government has pre-empted one of my supplementaries concerning the international study indicating that there is a population increase despite

the fact that other countries and some terrorists like Brian Davies say that we are destroying the seal herds.

Could the minister advise us as to the steps the government is taking to notify those people who are being falsely informed that there is a danger to the seal population that that is not the case, as has been proved by an international study?

Senator Olson: Honourable senators, I will have to get more specific details, but I think it is fair to respond immediately to that question by saying that the government has made a great deal of effort in attempting to give the correct information respecting the biological facts surrounding the seal population and also the facts respecting the fish population that are so important not only to Canadian fishermen but also to fishermen from other countries who harvest the fish from those waters.

[Later:]

Senator Marshall: Honourable senators, I should like to ask my last supplementary on the question I raised earlier. In view of the fact that the industrial giants, or whoever they are, in the European Economic Community are buying whitecoat or blueback seal skins evidently to produce goods which are sold throughout the world, and in view of the fact that there is so much unemployment in Newfoundland and there is a need for expanded employment opportunities, has any discussion taken place between the federal government and the Government of Newfoundland to try to initiate such an industry in order to take advantage of the availability of seal pelts if they do not want them over in Europe?

Senator Olson: In order to be specific, precise and accurate in my reply, as I always wish to be, I will have to take that question as notice.

THE LATE LEONID BREZHNEV

CANADIAN REPRESENTATION AT FUNERAL

Hon. Martial Asselin: Honourable senators, my question is for the Minister of State for the Canadian Wheat Board. This morning on the television news we saw Senator Argue attending the funeral of Leonid Brezhnev. I would like to know whether it was Senator Argue or the Prime Minister who was representing Canada at the funeral.

Hon. Jack Marshall: It was Michael Pitfield!

Hon. Jacques Flynn (Leader of the Opposition): What was the minister doing over there?

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): That is not a very sensible question. Obviously, the Prime Minister was representing Canada. I was invited to accompany him, and I was honoured to be able to do so.

Senator Asselin: We thought you were representing the Canadian Wheat Board on that occasion.

INTERNATIONAL TRADE

SALE OF CANDU REACTORS TO KOREA

Hon. Robert Muir: Honourable senators, I have a question for the Leader of the Government in the Senate. On November 2 I posed a question with regard to the status of negotiations with the Government of Korea for the sale of a second Candu reactor. On November 9 the leader responded as follows:

The present CANDU project in Korea, Wolsung-I, is proceeding well with the station expected to be in operation by the end of 1982. The customer, the Korea Electric Power Corporation, KEPCO, is pleased with the progress and AECL's performance on the project.

Some of us in this chamber have had a chance to visit Wolsung-I and observe that. He went on to say:

KEPCO has delayed plans for commitment of additional nuclear units, previously scheduled for commitment in 1982, due to faltering growth of electrical demand which is largely due to the world-wide economic recession.

Since the Leader of the Government always appears to be well briefed, could he inform us if it was not the question of increased interest rates on the proposed second Candu that made the Koreans, or KEPCO, back off, or was there anything to that?

Hon. H. A. Olson (Leader of the Government): Honourable senators, when there are negotiations going on for what I think could be described as significant, if not massive, amounts of funding, of course interest rates at any given time are important, and, indeed, there has been a history recently, although not in the last few months but prior to that, of some competitive factors surrounding the rate of interest that is used in these long-term, large, multi-million or multi-billion dollar deals. I am sure there was a time when it was an important factor in the competitive position of the Canadian bid. However, I guess that we have to accept what is said in the second paragraph of the reply I gave on November 9, that for the moment there is less than anticipated growth in the electrical demand, and that is, therefore, the reason given why KEPCO is not as interested in accelerating or, indeed, coming to a commitment for the second reactor in 1982.

Senator Muir: I have a supplementary. Since I have reason to believe that the response he gave on November 9 is not written in stone, and since, again, I believe the minister is generally well briefed, is he aware that there is at least one other country and, possibly, two others that are competing strongly against Canada? Let us hope we can do our best.

• (2050)

Senator Olson: Honourable senators, we do too.

INDUSTRY

GOVERNMENT AID—GUIDELINES

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have 10 delayed answers which I should like to give today.

[Senator Asselin.]

The first is in response to a question asked by Senator Doody on June 9, 1982 concerning clarification of the government's policy and guidelines regarding assistance to industries facing economic difficulties; and in response to a similar question asked by Senator Doody on June 11, 1981, which pertained particularly to alleged federal "disinterest"—that is his word, not mine—in continuing to provide support for the domestic nuclear industry.

It is a very long answer, and I would ask honourable senators to accept it as though it had been read.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(The answer follows:)

Honourable senators, economic pressures on individual industries or companies can stem from a number of sources and are, in fact, an integral part of doing business in a market economy. As a government, we have encouraged firms to make the adjustments dictated by market signals but have retained the option to cushion the sometimes excessive burden these adjustments can create for sensitive sectors. Honourable senators should be aware of the circumstances within which the government has exercised that option by introducing such measures as the ILAP, the CIRB and initiatives to ease the financial difficulties of both large and small firms.

Under the Industry and Labour Adjustment Program, \$350 million has been allocated over four years to promote industrial restructuring. A further amount, possibly in the area of \$100 million, will be directed to that purpose as a result of measures announced in the June 1982 budget. ILAP assistance is designed to deal with situations involving permanent, large-scale dislocations having significant adverse effects on local unemployment. To date, ten communities and two industries—major appliances and auto parts—have been designated for assistance.

A similar purpose is served by a special allocation of \$267 million to assist the adjustment of the domestic textiles, clothing and footwear industries. Expenditures from this allocation and through other federal programs of assistance to these industries are co-ordinated by the recently-formed Canadian Industrial Renewal Board. The purpose of this Board is to develop viable firms and create employment and investment opportunities in communities adversely affected by competitive difficulties in the clothing, textiles and footwear sectors.

In some instances, the risk of corporate failure and the size and scope of the repercussions of those business difficulties may demand action by the government. For example, severe corporate financial difficulties have prompted federal assistance to such firms as Chrysler, Massey-Ferguson, Dome Petroleum and Maislin Industries. By nature, this assistance is exceptional and must be tailored to the particular circumstances of the involved firm.

The financial difficulty of small businesses is a more pervasive problem. To counter the adverse effects of prevailing interest rates on the expansion of small businesses, Mr. MacEachen provided \$400 million in his June 1982 budget for the purpose of reducing interest charges to small businesses by up to 4 percentage points. This program supplements the Small Business Bond tax provision and other federal financial and tax instruments of direct assistance to the small business sector.

This range of initiatives is well directed to situations of industrial difficulty. Particularly given present economic circumstances, however, we must continue to work in support of industry to ensure that the investments required to facilitate private sector adjustments, and to lay the basis for renewed growth, are made on a timely and economic basis.

ENERGY

QUEBEC AND MARITIMES PIPELINE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Smith on October 26. He asked for a status report on the plans to extend the TQ&M pipeline to Atlantic Canada. This too is fairly long and, if it is acceptable, I will file it with *Hansard* so that it may be taken as read.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(The answer follows:)

The honourable senator will be interested to know that while no pipeline construction will take place either in New Brunswick or Nova Scotia for at least a year, pending decisions about Sable Island gas potential, the federal government has offered the TQ&M pipeline company a recoverable contribution—the Maritimes Engineering Program (MEP)—to undertake engineering work.

Under MEP, the federal government will meet the full cost of engineering and possibly surveying work, to be carried out by TQ&M, on the gas transmission system between Quebec City and the Atlantic coast. The work funded will consist of all aspects that can be performed prior to a decision on gas sourcing. Maritime firms will be provided with the opportunity to participate in the tendering process for MEP-related work and thus improve their chances of participating directly in the construction phase of the pipeline, in addition to work related to the implementation of the distribution systems in the maritimes.

IMMIGRATION

CUTBACKS—GOVERNMENT POLICY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Macquarrie respecting immigration from Lebanon and the

Caribbean. This is also a fairly long answer, and I would ask that it be taken as read.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(The answer follows:)

Last year's *Annual Report to Parliament on Immigration Levels* announced the federal government's acceptance of one of the recommendations of the Task Force on Labour Market Development. After consultations with provincial governments and non-governmental organizations, it was announced that there would be room in the annual immigration movement for up to 20,000 to 25,000 workers selected abroad for their needed skills, if these needs could not be supplied from the domestic labour force.

In view of current employment difficulties, however, the Minister of Employment and Immigration announced that, effective May 1, 1982, a temporary restriction on selected workers from abroad would come into effect. The restriction applies to all immigrants who are subject to labour market criteria in the immigration selection (point) system, except those with pre-arranged employment in validated jobs.

The general restriction followed a similar one which was applied to the mining and construction sectors and for about 20 sub-groups in the manufacturing sector in December 1981, because of increasing layoffs in these areas.

The restriction on selected workers does not affect family class or refugee immigrants, nor entrepreneurs or self-employed persons who contribute to economic development in general and job creation in particular.

This restriction has helped to protect those who might otherwise have come to Canada during a time of employment difficulties only to find—as have some recent arrivals—that they would experience layoffs shortly after commencing work. Those hardest hit have been recently arrived refugees, because of their relative lack of skills and lack of knowledge of one of Canada's official languages.

The Commission of Employment and Immigration is continuing to develop computer-assisted techniques to match applicants with needed skills to validated jobs in Canada. These techniques could be implemented after an economic upturn and the removal of the current restriction on selected workers. The aim of these techniques will be to increase the proportion of immigrants with arranged employment.

As for the Latin American and the Caribbean allocation in the Annual Refugee Plan, it has been augmented from 1,000 in 1982 to 2,000 in 1983 according to expected resettlement needs, particularly in Central America, and to help political prisoners and other victims of oppression in South America. As internal conflict in El Salvador continues and violence is reported to be increasing in

Guatemala, resettlement outside of these regions is becoming necessary for increasing numbers of Central Americans. Many of these refugees will likely be urban dwellers for whom rural relocation in Central America is not a durable solution, and others whose personal safety will be endangered there.

Lebanese victims of civil war and invasion are being assisted through a modified program applicable to persons with close relatives already in Canada. Under the special measures implemented last summer, Lebanese visitors in Canada may, if they wish, as their status expires, extend their stay for up to one year with permission to work. At the end of the year, each case will be reviewed and decisions made as to landing in Canada. So far, 300 Lebanese visitors have applied to remain.

Also, Canadian citizens or permanent residents having relatives in Lebanon who are facing hardships will be permitted to sponsor such relatives even if they cannot meet regular selection criteria. No one under order to be removed from Canada will be returned to Lebanon until the situation there returns to normal.

The visa office in Beirut has resumed normal operations. So far, relatively few Lebanese residents appear to be contemplating emigration but the relaxed measures that I just described are being applied to displaced Lebanese who indicate they wish to join relatives in Canada.

LABOUR

GRANTS TO CANADIAN LABOUR CONGRESS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator McElman on November 4 respecting grants to the Canadian Labour Congress, which includes a table showing the total amount of grants extended to the labour organizations in the country. The answer is about four pages in length, and I would ask that this be taken as read.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(The answer follows:)

1. The labour education program was introduced in 1977 as part of a series of initiatives by Labour Canada, aimed at improving the process of labour management relations. Special considerations that motivated the government in adopting this Program included recognition that:

- (a) better educated and informed labour movement can contribute to improved labour management relations in Canada;
- (b) that existing education and training activities undertaken by the labour movement should be substantially expanded in order to develop the new knowledge and expertise required to cope with the increasing complexity of modern industrial relations;

(c) that extensive federal funding is already being provided to educational institutions in support of management studies; and

(d) that federal funding in direct support of labour education could help materially in achieving the objective of a better educated labour movement and at the same time "balance-off", to a degree, federal funding of management studies through educational institutions.

2. The Program makes financial assistance available to legally constituted labour organizations in Canada to develop educational activities for their members and to individual union members to attend courses and to conduct research. The purpose of the financial aid is to enable existing and potential union leaders to acquire the knowledge and skills necessary to effectively discharge their respective union responsibilities and community roles.

3. On July 20, 1982, Cabinet approved \$4.9 million to extend the Program for a one-year period ending June 30, 1983. The distribution was made as follows:

| | |
|--|--------------------|
| Canadian Labour Congress | \$3,224,236 |
| Confederation of National Trade Unions | 306,796 |
| Canadian Federation of Labour | 283,492 |
| Canadian Conference of Teamsters | 143,188 |
| Centrale de l'Enseignement du Québec | 117,776 |
| Centrale des Syndicats Démocratiques | 77,108 |
| Independent Unions | 697,404 |
| Individual Union Members (bursaries) | 50,000 |
| | \$4,900,000 |

All contributions were based on \$1.40 per member. The CLC received the largest amount since they represent about 65 per cent of the total unionized workforce in Canada.

4. The Program was surveyed twice by independent evaluators during its first five years of operation. On each occasion the report was positive and confirmed that the funds were applied to educational activities aimed at helping union members broaden their knowledge of the union movement and the factors governing labour relations. The evaluators observed that the federal funds have helped promote greater interest and increased participation in training activities on the part of the membership. Union members, at the lower level, who have increased their knowledge about the labour movement through participation in the Program, are gradually moving into positions of leadership where the impact of their new qualifications will be felt more extensively. The evaluators reported that the activities conducted by the unions clearly complied with the conditions and objectives of the Program of assistance for union education and endorsed the continuance of the funding. In addition the educational activities of the principal recipients have been subject to a thorough review by the federal auditors who have confirmed that the monies have been properly expended.

5. The evaluators expressed their conviction on the value of the Program and of the immediate and long term benefit to the people of Canada and the labour movement. Improved industrial relations is an area where the impact of the Program should be felt, since more than 50 per cent of the educational activities have a direct relationship to the collective bargaining process. Some of the most common subject matters include occupational health and safety, trends in collective bargaining, labour economics, leadership training, arbitration and contract law, union counselling, legislation affecting collective bargaining, women in the workforce, job evaluation and pension plans.

6. Surveys carried out by the evaluators and the federal auditors confirm that the educational activities of the Canadian Labour Congress were clearly in accord with the conditions and objectives of the Program. It would be inappropriate to give the CLC a share of the public support for leadership development that is inferior to the share being granted to other union organizations. Unions affiliated to the CLC are legal entities, recognized under labour relations acts, that democratically represents the interests of millions of Canadian workers. Educational activities conducted with the federal funding increase the knowledge of many union members on socio-economic problems. This educational training is developing new leaders that may well have a much more cooperative oriented attitude than their predecessors for dealing with the establishment of progressive industrial relations.

7. The labour education contract between the CLC and Labour Canada requires that the CLC maintain a National Labour Studies Centre and five Regional Centres and specific programs and educational projects necessary for the conduct of its labour education program. Funds used by the National Centre are directed to staff training throughout Canada and to the production of training aids in support of the regional activities. Consequently, the expenditures of the National Centre form part of the overall labour studies program of the CLC. Any reduction of the funding to the National Centre would jeopardize the complete operation of the CLC's program of labour studies. Although the CLC might be involved in political action, it must be reiterated that both the independent evaluators and the federal auditors reported that their labour education expenditures were fully in accord with the conditions and objectives of the program, i.e., all monies received from the Government of Canada were spent on labour education studies.

8. The purpose of this Program is to achieve a more equitable distribution of the public funds made available for educational purposes. As a group, labour leaders have had less access to publicly funded educational programs than representatives of employers, with whom they must deal across the bargaining table in the day-to-day administration of labour management relations. Consequently, no consideration has been given to extend this

financial assistance program beyond the scope of legally constituted unions in Canada.

ECONOMIC UNION AND DEVELOPMENT PROSPECTS FOR CANADA

ROYAL COMMISSION—DEADLINE FOR SUBMISSION OF REPORT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Murray on November 8 concerning whether the Minister of Finance wished to comment further on the establishment of the Macdonald royal commission. This is very short, so I will read it.

Honourable senators, the Minister of Finance informs me that he has no further comment to make at this point in time.

Hon. Duff Roblin (Deputy Leader of the Opposition): You know where you stand.

Senator Olson: Honourable senators, on this same subject, Senator Tremblay on November 8 asked a supplementary question regarding the advisory group reporting to the Minister of Finance and the Macdonald royal commission. The answer is only one page in length but, in any event, I would ask that it be taken as read.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(The answer follows:)

Honourable senators, Economic Advisory Panel reporting to the Minister of Finance has nothing directly to do with the Macdonald Royal Commission. The role of the panel is to advise the Minister of Finance on general fiscal and monetary matters. The panel is made up of outstanding Canadian economists from universities across the country. The panel's mandate is to provide information, suggestions, opinions and ideas to the Minister on a wide range of topics. The panel's mandate does not include advising the Minister on tax policy and tax reform measures.

I think honourable senators will agree that the mandate of the panel acting in a personal advisory capacity to the Minister of Finance on short-term matters is not the same as the mandate contained in the terms of reference of the Royal Commission on the Economic Union and Development Prospects for Canada. There is, therefore, no need to harmonize the activities of the two bodies which have been established for distinctly different roles.

ROYAL COMMISSION—BUDGET ALLOCATION

Senator Olson: Honourable senators, I also have a reply to Senator Asselin's question of November 8 respecting the budget to be allocated to the Royal Commission on the Economic Union and Development Prospects for Canada. Since this answer is not very long I will read it.

Honourable senators, until the royal commission meets to define its program for carrying out the terms of reference and

to establish its staff requirements, it will not be in a position to know what the total costs will be.

Hon. Martial Asselin: That is not an answer.

Senator Olson: When the royal commission does establish what its costs will be, a normal submission to Treasury Board will be made, subject to the normal rules in the public service and subject to ministerial approval.

Senator Asselin: Who wrote the answer?

Senator Olson: The officials who are very competent at writing these answers.

ROYAL COMMISSION—RELATIONSHIP TO CABINET COMMITTEE ON ECONOMIC AND REGIONAL DEVELOPMENT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a further supplementary question raised by Senator Balfour on November 8 concerning how the activities of the Royal Commission on Economic Union and Development Prospects for Canada and the activities of the Cabinet Committee on Economic and Regional Development will intermesh. The answer is a little more than half a page in length, and perhaps I may file it with *Hansard*.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*The answer follows:*)

Honourable senators, the normal business of cabinet committees is not usually related to an ongoing long-term study. Therefore, the normal business of the Cabinet Committee on Economic and Regional Development, as with the business of other cabinet committees, will not stop because of the activities of the royal commission.

On the other hand, situations may arise which are so fundamental that decisions could be suspended pending the report of the royal commission. However, no specific instances are foreseen at this moment.

ROYAL COMMISSION—TERMS OF REFERENCE— FEDERAL-PROVINCIAL CONSTITUTIONAL MEETINGS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question raised by Senator Phillips on November 9 concerning matters which may fall before the Royal Commission on the Economic Union and Development Prospects for Canada and federal-provincial meetings at the same time.

Honourable senators, there are now no meetings scheduled to deal with constitutional matters other than that on aboriginal rights, which is to take place by April 17, 1983.

Hon. Jacques Flynn (Leader of the Opposition): On April 17?

Senator Olson: April 17.

Hon. Arthur Tremblay: Not on—before.

Senator Olson: On or before April 17.

[Senator Olson.]

Senator Flynn: Not later than.

Senator Tremblay: The Constitution Act, 1982 says “before.”

Senator Olson: On or before.

As in the case with other broadly-based royal commissions, the appointment of the Royal Commission on Economic Union and Development Prospects for Canada does not mean that the normal business of government will be stopped in any way.

FOREIGN AFFAIRS

HELSINKI FINAL ACT—REQUEST FOR UPDATE ON MADRID REVIEW CONFERENCE

Hon. H. A. Olson (Leader of the Government): Honourable senators, my last delayed answer is in response to a question raised by Senator Haidasz on November 9 concerning the Madrid Review of the Helsinki Final Act. It is a rather long answer, and I would ask that it be taken as read.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*The answer follows:*)

Canada recognizes the value of the CSCE process and shares the concern that a failure to resume serious negotiations in Madrid might well endanger that process. Our objective is a successful conclusion with a balanced and substantive conference document.

In light of events in Poland, it must be expected that there will be an extensive review of implementation of the Helsinki Final Act by the participating states, and that any negotiations are likely to be long and difficult. For our part, we will be making known our deep concern about the Polish situation, including the recent dissolution of Solidarity, and about the increased suppression of human rights in the Soviet Union.

With our Allies, we shall be resuming active negotiations on the basis of a package of amendments designed to strengthen the Final Act and reflect what has happened in Poland. We shall be working, for instance, to obtain a provision on trade union rights. We shall continue to press for the convening of a Human Rights Experts Meeting which we believe can make a contribution to improved East-West understanding. Provision for such a meeting is included in the draft concluding document tabled by the Neutral and Non-aligned participating states.

In answer to the second part of Senator Haidasz' question, Canada does not formally maintain an inventory of compliances and violations of member countries. Canada is constantly monitoring the situation, however, and is aware of the general performance of the CSCE.

We have made and will make specific representations where they are warranted and make general representations at meetings of the CSCE.

REQUEST FOR ANSWER

Hon. Jack Marshall: I am sure the Leader of the Government will agree that it is not very efficient to give 10 delayed answers in one evening—many of them incomplete.

In view of the fact that some time ago there was a suggestion that the government appoint some very capable senators as parliamentary secretaries in order to assist with the preparation of delayed answers so that the process may be speeded up, I should like to know if that idea has been developed any further.

Hon. Jacques Flynn (Leader of the Opposition): Where do you see those?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I know that, especially on this side of the chamber, there are some very capable senators who could do an excellent task of responding to questions raised by members of the opposition.

However, I have to agree that not a great deal of consideration has been given recently to that suggestion. I would suppose that is based on the fact that, in reviewing the questions asked and responding, most of the time we are up to date.

CANADA POST CORPORATION

DEFINITION OF "LETTER"

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, when the minister announced that he had 10 delayed answers, I held my peace, feeling certain that the question I was interested in would be among them because it has been outstanding since last July.

My question has to do with the proposition that the Canadian Post Office should not be allowed to define its own monopoly by means of an order in council without some parliamentary examination of the subject. As the order in council is due to become law on November 26, which is just around the corner, I ask the minister whether he can give us an affirmative answer to that matter tomorrow.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I anticipated that Senator Roblin would ask that question again this evening. However, I have nothing to add to what I said the other day. However, just so that the record is straight—

Hon. Jacques Flynn (Leader of the Opposition): The record is straight with you.

Hon. Robert Muir: It is pretty bent.

Senator Olson: The members of the opposition have a bad habit of putting an interpretation on things that does not stand up under examination.

Senator Flynn: You provoke it.

Senator Olson: The inference is that the Canada Post Corporation can pass an order in council containing what it wishes by itself, but that, of course, is not true. Orders in council are passed by the Government of Canada.

Senator Roblin: I quite agree with my honourable friend. I hope I did not leave any impression with him that the Canada Post Corporation was passing orders in council—he and his colleagues have to take responsibility for that.

What this country wants is some public examination of this question before it is done in a hugger-mugger way behind the facade of the Privy Council. We, on this side, are asking that this question of the monopoly position of the Canada Post Corporation be something which receives decent and appropriate public discussion, and that it not be decided merely by a ukase issuing from the Privy Council Office in the form of a regulation by the Governor in Council that really will not do.

If my honourable friend has been examining the course of events of the subject over the past few weeks and months, he will have found that practically every responsible group in Canada, which would have a legitimate interest in this matter, has been asking for some kind of parliamentary review of this subject so it can be discussed and decided in a proper manner.

If the Canada Post Corporation has a good case, what is to prevent it from making that case to the people of Canada rather than just to the Privy Council?

● (2100)

Senator Olson: Honourable senators, I will attempt to get a more detailed answer to that question immediately. I want to tell my honourable friend, however, that, with respect to this particular order in council, the government is not doing anything that is not a long-time tradition of this government, the previous government, and all governments prior to that. If he tries to throw up the bogey-man that we are doing something different and, therefore, degrading, he is wrong.

Senator Roblin: Honourable senators, I am not saying that it is degrading; I am saying that it is foolish. I am saying that this matter ought to be discussed in public and should be subject to a full public review.

As to orders in council and legitimacy, I ask my honourable friend to remember the order in council made by this government with respect to the price of postage in Canada. It was declared, by the Standing Joint Committee on Regulations and other Statutory Instruments, to be illegal. They did not do a darn thing about it; they just said, "Try and stop us." Nobody could stop them, so they went on doing it.

If that is the kind of precedent that my honourable friend is pointing to, I am not much impressed. What I want him to do—and perhaps I had better address this matter in a more conciliatory fashion if I want him to do anything—is to say, "Yes, a committee of the Senate or a committee of the House of Commons will examine this question of the monopoly position of the Canada Post Corporation."

Most monopolies have to make their cases before some public body. Surely that is an appropriate thing for the Post Office to do. If it has a good case, it will be able to convince any committee of Parliament, I am sure. In that event, those who have other points of view will have had their day in court, and that is really what we are looking for.

I urge my honourable friend to consider the advisability of opening up this process to ordinary parliamentary scrutiny.

Senator Olson: Honourable senators, I have heard my friend not only ask the question but submit a partial argument. I have nothing to add to what I have said. I will try to get a reply as soon as I can.

Senator Roblin: Can my honourable friend undertake to bring me a reply before November 26?

Senator Olson: No, honourable senators, I will undertake to bring a reply as soon as I possibly can.

Senator Roblin: Does my honourable friend mean that he is simply going to let the passage of time make it impossible to have a parliamentary reconsideration?

Senator Olson: Honourable senators, there have been many—I would think hundreds—of cases in the past where some examination has been made *post facto* on an order in council coming into place. We have a joint committee of both houses which is specifically charged with the responsibility of looking at those matters.

Senator Roblin: Surely my honourable friend knows perfectly well that that committee does not deal with policy. He knows perfectly well that it deals with the legalities of the question—whether or not the strict letter of the law has been conformed to. That is not the issue here. The issue here is one of policy, and my honourable friend knows that the Joint Committee on Regulations and other Statutory Instruments does not deal with matters of policy. Such matters are out of the ambit of that committee altogether. Therefore, there is no question of the matter being dealt with by that committee in the way that he suggests.

Senator Olson: My honourable friend also knows that both houses of this Parliament made a policy decision when they set up a crown corporation known as Canada Post. Therefore, there is the authority and the policy upon which that order in council is based.

Senator Roblin: If that is my honourable friend's argument for doing nothing, then I am ashamed of him.

Senator Olson: That is not an argument for doing nothing. My honourable friend was questioning the policy.

VETERANS AFFAIRS

SUNNYBROOK HOSPITAL, TORONTO—SUPERANNUATION OF EMPLOYEES

Hon. Daniel A. Lang: Honourable senators, may I add to the burden of the Leader of the Government in the Senate? I only do this *in extremis*, and because I have been trying for two years to deal with this problem in other ways.

My question involves Veterans Affairs. In 1966, Sunnybrook Hospital was taken over from the federal government by the University of Toronto through the Ontario government. At that time, the employees of the hospital came under the Public Service Superannuation Act. The federal government, at that

[Senator Roblin.]

point, made a commitment that the employees' benefits would be maintained at the same level as they would have had they continued under the jurisdiction of the federal government. This commitment has not been honoured. As a result, many of these people—at least half of them who are retired—are in dire straits today.

I have tried everything within my power, through the Department of Veterans Affairs and elsewhere, to remedy this problem and to see that that commitment is honoured. I have failed. Even though I have reached the point where I have learned from the department officials that the matter is before Treasury Board, still nothing has happened. This is becoming a major concern to many retired ex-government employees who were employed at Sunnybrook Hospital.

Honourable senators, I would not raise this question on the floor of the chamber if I had not exhausted every other recourse available to me to try to remedy it. I would ask the Leader of the Government to please look into it, through the appropriate minister, in order to see if this matter cannot be rectified? I think it is a travesty of justice and a form of inhumanity to people who are the responsibility of this government. That commitment must be honoured.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will take careful note of Senator Lang's comments as they appear in *Hansard*, and will make the inquiries he has requested.

QUESTION ON THE ORDER PAPER

REQUEST FOR ANSWER

Hon. Jack Marshall: Honourable senators, might I bring to the attention of the Leader of the Government Question No. 59, which has been on the order paper since April, 1981, and which has to do with President Reagan's visit? I am getting a little concerned because he only has two more years to run. I should like to have an answer before that time.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will draw that question to the attention of my staff.

CORPORATE SHAREHOLDING LIMITATION BILL

SECOND READING—ORDER STANDS

On the Order:

Second Reading of the Bill S-31, intituled: "An Act to limit shareholding in certain corporations".—(*Honourable Senator Olson, P.C.*)

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, this order should stand until the committee reports.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this point of order was raised by Senator Flynn—

Senator Flynn: It is not a point of order.

Senator Frith: In that case, I raise, as a point of order, the question as to the regularity of this order staying on the order paper.

On the last occasion we spoke about it, I suggested that we have a look at the precedents in order to see what the recommended procedures should be. I have found a precedent prior to this session respecting the subject matter of a bill being referred to committee before second reading, which occurred in 1946. The subject matter of Bill, Trade (195) was referred to the Standing Committee on Banking, Trade and Commerce before the bill received second reading. The bill remained on the Orders of the Day at the second reading stage, and the order was called each day but was postponed until the report of the committee had been presented to the Senate. On the day that the report was tabled in the Senate, the Order of the Day for second reading resumed, the bill received second reading and was referred to the Standing Committee on Banking and Commerce.

I have the precedent in excerpt form from the *Minutes of Proceedings of the Senate*.

Senator Flynn: What does that prove? Don't be silly.

Senator Frith: Incidentally, honourable senators, I should make it clear that, as I suggested when this matter came up before, I have no illusions about convincing Senator Flynn that it proves anything. To me, however, it shows that we have a precedent showing how the same situation was dealt with in the past when a bill was referred to a committee before second reading.

I also draw to the attention of the Senate, and, in the event that a ruling is necessary, to the attention of the Speaker, that the Canada Day Bill remained on the order paper and came up on the order paper exactly as it was. The same is also true of Bill C-127, the Criminal Code amendments.

The 1946 precedent, in my opinion, indicates that the order was called each sitting—

Senator Flynn: What purpose does this serve? It is all very well to repeat that something happened, but what purpose does it serve?

Senator Frith: May I have the floor? Honourable senators, I emphasize that, as I said on the last occasion, I know that what I am suggesting indicates that the opinion of Senator Flynn is not right. I am aware that that is a totally unacceptable allegation to him; however, it may be acceptable to other honourable senators.

The 1946 precedent clearly indicates that the order was called each sitting. It was a precedent reflecting exactly the same situation as that which we now have; namely, the reference of the subject matter of a bill to a committee before second reading. I suggested that the Senate may decide that the debate on Bill S-31 should be postponed until the committee has tabled its report. If that is the case, I suggest that, when the order is called, as it has been this evening, it ought to be postponed until the report of the Standing Senate Commit-

tee on Legal and Constitutional Affairs on the subject matter of the bill has been tabled in the Senate. The bill could then remain on the order paper under the heading:

To Be Called on the Day that the Report of the Standing Senate Committee on Legal and Constitutional Affairs on the subject-matter of the Bill S-31, intituled: "An Act to limit shareholding in certain corporations" has been tabled in the Senate.

Honourable senators, this procedure would be similar to that followed earlier this session during the debate on the Address concerning the Constitution. That is my suggestion, honourable senators.

• (2110)

Hon. H. A. Olson (Leader of the Government): And it is a good one.

Senator Flynn: I thought it was mine.

Senator Frith: Then you agree?

Senator Flynn: If you had only read the conclusion, we would have gained that much time. Agreed, Madam Speaker.

Senator Frith: I have to do things my way, and Senator Flynn does things his way.

Hon. Arthur Tremblay: The same thing.

INTERPRETATION ACT BILLS OF EXCHANGE ACT CANADA LABOUR CODE

SECOND READING—POINT OF ORDER—SPEAKER'S RULING
RESERVED

On the Order:

Second reading of the Bill S-30, intituled: "An Act to amend certain Acts in relation to Canada Day".—(*Honourable Senator Olson, P.C.*).

Hon. Jacques Flynn (Leader of the Opposition): Does this item stand? It would appear to be in the name of Senator Olson. If the honourable senator moves second reading of this bill, I will raise a point of order; but until he moves second reading, I cannot do so.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will move second reading at any time that the Leader of the Opposition wishes to proceed with his point of order. I had hoped that we could deal with Bill S-32, but we have now gone beyond that item. I am rather anxious that that bill be sent to committee.

Senator Flynn: There is no rush.

Senator Olson: Some people believe that a great deal of importance attaches to that bill. In any event, that argument does not need to be made now because we have gone beyond that order. Perhaps I should move second reading of Bill S-30 if Senator Flynn is prepared to proceed with his point of order.

Therefore, I move the second reading of Bill S-30, to amend certain acts in relation to Canada Day.

The Hon. the Acting Speaker: Honourable senators, it is moved by the honourable Senator Olson, P.C., seconded by the honourable Senator Frith, that this bill be read the second time.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: Madam Speaker, that I rise on a point of order will not surprise honourable senators. The basis for my point of order is rule 47, which reads as follows:

(1) A motion shall not be made which is the same in substance as any question which, during the same session, has been resolved in the affirmative or negative, unless the order, resolution, or other decision on such question has been rescinded as hereinafter provided.

(2) An order, resolution, or other decision of the Senate may be rescinded on five days' notice if at least two-thirds of the senators present vote in favour of its rescission.

To make my point, I would first note that the Senate, during the same session, has already decided on a motion that is the same in substance as the one we are now being invited to decide on; and, secondly, if that is the case, we must decide whether rule 47(2) would apply.

I will deal first with a minor problem which has been resolved by the passage of time. I refer to the question of five days' notice. Since the bill was tabled on the order paper, more than five days have passed; so there is no question of using that argument. My point of order will be to ask the Chair to rule whether this bill, in order to pass, would have to receive the approval of two-thirds of the senators present; and, if it does not, whether it should be considered as having been defeated. That is the main question.

Senator Olson: By "defeated", do you mean out of order?

Senator Flynn: I do not mind how you interpret it, but, in fact, the bill would not pass. If the bill received the approval of, let us say, the equivalent of 60 per cent of the senators present, that would not be sufficient to conclude that the bill had passed. If our rules require that two-thirds of the senators vote in favour, and that number is not reached, then the bill does not pass. It is the same as if the bill were defeated by one vote, or whatever margin you would suggest. That seems to be quite obvious. If the minister wishes to put another interpretation on it, and the conclusion or result is the same as I suggest, then there is no problem.

The first point that I wish to establish is that the Senate, during this session—namely on October 25, 1982—has already decided in substance the same question that is applicable to this bill. On October 25, we were dealing with Bill C-201, to amend the Holidays Act—the Canada Day bill—and if honourable senators will refer to page 4831 of *Debates of the Senate* of October 25, 1982, they will see that I moved a motion in amendment to add to Bill C-201 exactly the provisions that are contained in Bill S-30. Regarding the main provision of Bill C-201, it was merely a question of form; but the remainder of that motion in amendment is, word for word, the same as what is contained in Bill S-30. Therefore, in my

view, the Senate has, during this session, resolved that question in the negative.

If the government now wishes to put the same question to the Senate, it cannot do so unless it meets the requirement of rule 47(2) concerning a favourable vote of two-thirds of the senators present.

Technically, it is a rather difficult matter; whether we should have a motion that the decision made on October 25 be rescinded. I do not believe we should interpret our rules to mean that if a motion for the second reading of this bill is approved, there should be a motion to rescind the decision made on October 25. I suggest that the bill, in order to pass, must receive the approval of two-thirds of the senators present.

The question of not putting the same motion, in substance, before Parliament during the same session goes back a long way. I am not sure whether it is necessary to refer to all of the authorities in support of this rule. However, I would refer Your Honour to May's *Parliamentary Practice*, Seventeenth Edition, at page 396. There are also several references in *Beauchesne*. I refer honourable senators to *Beauchesne*, third edition. There are references at page 132, number 325, and page 134, number 332. Other references can be found at page 518, where there is a ruling by the Honourable James Cockburn made in 1869; at page 570, where there is another ruling of the Speaker; and, finally, at page 632, where there is a ruling by the Honourable Rodolphe Lemieux made in 1927. All these precedents will establish that it is not a question of having, word for word, the same motion, but the substance has to be the same.

● (2120)

I suggest that in this case there is no doubt about the identity of the two motions because you merely have to read the substance of the motion itself which can be found in the debate. In fact, the idea is to move the consequential amendments to Bill C-201 to make other statutes conform with the decision taken, in substance, in Bill C-201. Bill S-30 says, clearly, to the Senate, "You decided in the negative on October 25, and now we invite you to decide exactly the contrary during the same session." I could argue on the basis of the substance or the motives behind this bill, but that would not be relevant at this point.

If the point of order is dismissed by the Chair, I could very well move a six months' hoist on the basis of the fact that we are asking the Senate to do exactly the contrary to what it did on October 25. The point is that the presentation of the bill during the same session requires the enforcement of rule 47(2), and the bill cannot be passed in this session unless it receives a favourable vote of two thirds of the senators present.

I suggest to the government that it might be wise to do what was first suggested to the committee by the Honourable Serge Joyal when the bill was in committee, that in due course during the next session he would introduce in the House of Commons a bill for that purpose. That was his argument for telling the Senate to defeat any amendment along the lines of

[Senator Olson.]

the one I proposed and which was, in fact, defeated for that very reason.

To me, there is also the question of dignity. We might as well say that the bill is out of order right away and that we will not accept it, rather than make fools of ourselves, as the government would have us do, by asking us to decide exactly the contrary to what we decided approximately one month ago. In any event, I think the rules are a protection for our dignity, and I hope that the Chair will sustain the point of order I have made.

Senator Olson: Honourable senators, I want to make a few comments about the point of order raised by Senator Flynn because I think we accept his argument that some of the consequential amendments are in essentially the same words and, therefore, the substance of Bill S-30 which is now before this house. However, Senator Flynn left out one of the most important points, and that is that that is not all that was in his amendment. Senator Flynn's motion in amendment of October 25 also included, "by deleting clause 1 and substituting the following" which was, as I argued at the time, a complete substitution for Bill C-201. However, I did not win that argument. The motion was thought to be in order, so it was moved and later negated.

The strange thing about this debate is that now Senator Flynn is arguing that we should accept his argument to deny the Senate the opportunity to vote on exactly what he moved that day. Is that not a strange situation? He has now set himself up as the stumbling block for the Senate to have an opportunity to vote on what he himself moved as a desirable, substantive matter at that time.

Hon. Daniel A. Lang: As you did on October 22.

Senator Asselin: You should apply the rules.

Senator Olson: But let me come to my point. We understand that Senator Flynn has narrowed his point of order—now that the five days are no longer required because time has run out in that respect, rather than voting positively on Bill C-30 in the former way which requires a majority vote—to rule 47 so that a two-thirds majority is required.

Senator Flynn: No.

Senator Olson: That is what you argued a few minutes ago.

Senator Flynn: It is not a majority; it is a plurality.

Senator Olson: Rule 47(2) reads:

An order, resolution, or other decision of the Senate may be rescinded on five days' notice if at least two-thirds of the senators present vote in favour of its rescission.

Senator Flynn is saying that if we follow this procedure we will rescind a decision that was made some time ago, although the rescission would be of a much larger package than is contained in Bill S-30. That is so, because what are contained in Bill S-30 are simply the consequential amendments. What was contained in Bill C-201 was the substance of an idea in the form of a bill, that of changing the name "Dominion Day" to "Canada Day". The consequential amendments relating to the

other three statutes—namely, the Bills of Exchange Act, the Canada Labour Code, and the Interpretation Act—were not included. That is what Senator Flynn is asking us to rescind, and we do not wish to rescind that substantive matter. Bill S-30 was created to make the consequential amendments to changing the name "Dominion Day" to "Canada Day".

Senator Flynn: As is my amendment.

Senator Olson: If we accepted Senator Flynn's argument, we would have to rescind the decision that was taken on his amendment. And the matter goes deeper than that, as Senator Flynn fully understands. So I hope honourable senators will not be dragged into the situation which Senator Flynn is spinning for us, because it would be a wrong approach to a substantive matter which the senators have already passed, that of changing "Dominion Day" to "Canada Day".

All we are trying to do in Bill S-30 is to finish the job and make the consequential amendments which involve the changing of one word for another in each of the three statutes. Therefore, honourable senators, I would not think it appropriate for us to accept Senator Flynn's amendment. What is more, I think he must make these arguments slightly tongue in cheek, because what we are doing with these consequential amendments in Bill S-30 is exactly, right to the word, what he wanted done in his amendment. That is what we are now prepared to do.

● (2130)

Hon. Duff Roblin (Deputy Leader of the Opposition): I find my honourable friend's argument a little difficult to follow.

Senator Olson: It is too logical.

Senator Roblin: I suspect he does, too; I can tell from the way he presented his argument. He did not have quite that fervour we might have expected had he been satisfied as to the rightness of his point of view.

I find it incredible that he should now say that Senator Flynn wants to oppose doing what he proposed to do on a previous occasion, when my honourable friend prevented him from doing so, because he refused to accept his amendment.

If my honourable friend thinks that my colleague Senator Flynn is remiss in this connection, what must he think of himself, because he was the man who led the charge on the other side, saying, "Away with all these consequential amendments to the bill. We will not have them in this form."

Senator Olson: On a point of order, I gave an undertaking at the time that a bill sponsored by the government to deal with those three words, commonly referred to as consequential amendments, would be introduced. So my honourable friend cannot make that argument.

Senator Roblin: Yes, but I presume my honourable friend would agree that any bill that he introduces has to conform with the rules of this house. It is not good enough to say that he will do so-and-so, if that does not fit our rules. That is an idiotic position to take, and yet that is the position he is taking because he is convinced that his view on this matter is right.

What happened back in October? Two propositions came before the house. One had to do with the substance of the matter, namely the changing of the name of the day from "Dominion Day" to "Canada Day." What happened to that? It carried. Did Senator Flynn ask that that substantive motion be changed, when his amendment came along? No. He repeated it, to make sure that the position would be perfectly clear.

What Senator Flynn did suggest was that not only would we repeat the substantive motion insofar as that amendment was concerned, but we would add on these other consequential matters that are under discussion tonight. Now that is the substance of the matter.

When my honourable friend talks of Senator Flynn trying to deal in some peculiar way with the substance of the name of the day, he of course knows that he is completely wrong. All one has to do is analyse the sequence of events. It is only necessary to analyse the wording of the amendment Senator Flynn submitted. When one has done that, it becomes as clear as can be that what we are talking about in Bill S-30 is the substance of the amendment that Senator Flynn proposed.

Senator Olson: Part of the amendment.

Senator Roblin: He did not propose to amend the "Canada Day-Dominion Day" principle. That was exactly as stipulated in the measure which my honourable friend was responsible for introducing to this house. Senator Flynn's amendment had to do with the consequential matters, and them alone. I must say that I almost thought my honourable friend was a member of the legal profession, he argued his case so adroitly; but perhaps not.

Hon. Martial Asselin: He should go back to school.

Senator Roblin: Whether he should go back to school or not, the substance of the matter is the same in the two cases, and it seems to me, not to prolong the argument, that the correct course for the government to follow would be simply either to give us five days' notice of a motion to rescind an amendment that was defeated or, if it does not want to do that, to let the matter stand until the next session of Parliament. Then there would be no question of the legality or the propriety of the matter.

An Hon. Senator: It would show people that you are sincere.

Senator Frith: Honourable senators, in making a ruling on this subject the Speaker, I am sure, will refer to the points made, with or without fervour, on the interesting point of order raised by Senator Flynn. I just wish to bring to the attention of the Speaker one or two further points he might consider in making his ruling.

Rule 47 of the Rules of the Senate of Canada states that:

(1) A motion shall not be made which is the same in substance as any question—

Whether for good reason or not, our rules define "bill" and "motion" in two separate definitions. Rule 5(a) defines "bill":

(a) "bill" means a draft Act of Parliament and includes both a private and a public bill;

Rule 5(h) defines "motion":

[Senator Roblin.]

(h) "motion" means a proposal made by a senator that the Senate or a committee thereof do something, order something to be done, or express an opinion concerning some matter;

Whether the other provisions in the various texts dealing with motions and bills mean to make a distinction between a motion and a bill is a question I am sure the Speaker will consider in making his ruling. However, it is a fact that rule 47 refers to motions but not to bills.

I should like to make two other references which might be of some assistance to the Speaker. In the Nineteenth Edition of *May*, at page 492, there are two headings that might be relevant. The first reference, under the subject "Proceedings in Passing Public Bills" and objections based on the same basic principle as that raised by Senator Flynn, is as follows:

(i) *When previously decided question related to an amendment on second reading—*

Which was the case here.

On 31 March 1859 an amendment was proposed, but not made, to a proposed amendment on the second reading of the Representation of the People Bill, expressing an opinion in favour of the ballot; but this was held not to preclude a motion on a later day for bringing in a bill for the taking of votes by way of ballot.

My second reference is to paragraph (iii):

(iii) *When the later bill is the same in substance as an amendment rejected when offered to an earlier bill—*

Which seems to be exactly the case here.

The National Insurance (Widowed Mothers) Bill (1961-62) was allowed to proceed although a new Clause to the same effect had been rejected when offered to the Family Allowances and National Insurance Bill.

Honourable senators, I have just one other reference to make for the benefit of the Speaker. In the Fourth Edition of *Bourinot*, at page 546, again dealing with the question of rejected bills that are not to be revived, the author makes the point:

Or, if a bill be altered in any material point, both in the body and title, it may be received a second time.

Honourable senators, I add those references for the Speaker to consider in making his ruling on this point.

Hon. John Godfrey: Honourable senators, I am rather confused as to what this debate is all about. Obviously, if we give the five days' notice and there is a vote, the opposition, which actually proposed the original amendment, surely cannot vote against this bill which is doing what they want. I see no problem, because, regardless of the ruling, they cannot possibly vote against it.

Senator Roblin: You can tell us how. You did it.

Senator Asselin: You did it before, yes.

Senator Flynn: The question of how we will vote may be of some concern to us, but it is none of your business. That is the

first point. We will deal with that question when the time comes.

Right now we are dealing with a point of order, but you are always butting in and, as usual when the occasion presents itself, you have put both feet in your mouth. Your intervention serves no useful purpose at this time. When the matter comes to a vote we will decide what we will do.

Right now I am simply drawing to the attention of the Senate, and especially to the attention of the majority who voted against my amendment, just what the government is asking the Senate to do, namely, swallow the decision it made less than a month ago.

With respect to the substance, I think the Leader of the Government in the Senate will agree that, if it was not defeated, it would have been decided that my amendment would not have changed the substance of the bill; it would have changed only the wording of the first section, and that, substantially, the amendment would have brought in the consequential amendments that are contained in Bill S-30. There is no doubt about that.

Both *May* and *Beauchesne* clearly say that no question or bill shall be offered in either house that is substantially the same as one on which judgment has already been expressed in the current session. Judgment has been expressed against these consequential amendments in this session.

● (2140)

The point Senator Frith raised was whether the bill should be considered as a motion. If the Chair rules that what we must do is move that the decision of the Senate of October 25 be rescinded, then I do not mind that, but it seems to me that moving a bill which contains exactly the same matter which was decided against one month ago is a motion of some kind, and that means simply that this cannot pass unless it has received the approval of two-thirds of the senators present. That is quite clear.

With regard to the substance, the honourable senator has said that we were in favour of it, but I am not discussing that; I am simply discussing the "about face" of the government. Why did you not vote for the amendment that I moved? That would have been the proper thing to do. You have a majority, and you voted against that amendment, and I know that that was for partisan reasons because many did not want to do that. That is your problem, but do not try to make fools out of us now. We voted for that amendment. I do not know why you are now asking us to vote for it again.

What is silly is to ask people who voted against that amendment less than a month ago to vote for it now. If Senator Godfrey is not concerned about that, that is his problem. If he is ready to change his vote, he may do so, but as far as we are concerned, we will do what we wish. That is our business.

Again, one must remember that the rules are there to be followed, and the rule requires two-thirds of the senators present to vote for the amendment. If you say that the rule

does not apply, then let us just tear that page out of the book and forget about it.

Senator Godfrey: Honourable senators, I should like to point out to Senator Flynn that the Standing Senate Committee on Banking, Trade and Commerce, of which he is an active member, as a general rule, does not propose amendments to bills but obtains undertakings from ministers that consequential or other amendments will be made. That is what we are doing now, which is the usual practice in committees.

So, we are not reversing ourselves in any way, but are following a practice that is well established in Senate committees. I do not see how my honourable friend, Senator Roblin, can say that it is idiotic, because we are now doing what you want, which is bringing in consequential amendments, so I would suggest that it would be idiotic of you to vote against them.

Hon. George J. McIlraith: Honourable senators, it is quite improper to make that kind of reference to the undertakings asked by the Standing Senate Committee on Banking, Trade and Commerce. In those cases, the Senate does not have a question before it and a decision is not taken on the question. That bears no relevance to what has been argued or can be argued under this rule.

I raise this in the interest of keeping the desirable practice followed by the Standing Senate Committee on Banking, Trade and Commerce clear of any improper impression that might be presented in the debate on this matter this evening.

Senator Olson: Honourable senators, I shall be very brief. If Senator Flynn wishes to continue to argue that somehow we are making fools of ourselves, and that it is the senators on this side of the house who are doing a reversal, nothing could be further from the truth. I want that on the record.

All of Bill S-30 deals with consequential amendments. The fact of the matter is that there was more than that in Senator Flynn's amendment. When he moved that amendment, he moved an amendment to the substantive part of the bill, which he denies now. He had similar wording, and perhaps identical wording, but he did indeed do that. Whatever his motives may have been at the time they are of no particular interest now because that bill has been passed, although I know what his motives were.

I just want to make it clear that we are not making fools of ourselves but are doing things in the proper procedural order. I hope that honourable senators opposite will support us in completing a task which was undertaken.

Hon. Jack Marshall: Honourable senators, we made fools of ourselves by accepting the bill in the first place. We should have torn it up and thrown it out. We are not only making fools of ourselves now, but are making ourselves prostitutes to the system.

Senator Olson: I do not believe that Senator Marshall has any more right than any other senator to reflect on the votes taken in this place.

Senator Marshall: I do because I was, and remain, embarrassed.

The Hon. the Acting Speaker: The Chair will take Senator Flynn's point of order under advisement, and report later.

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY VETERANS
AFFAIRS EXPENDITURES IN SUPPLEMENTARY ESTIMATES (B)—
DEBATE ADJOURNED

Hon. Jack Marshall, pursuant to notice of November 9, 1982, moved:

That the Standing Senate Committee on Health, Welfare and Science be authorized to examine and report upon the expenditures pertaining to Veterans Affairs set out in the Supplementary Estimates (B), laid before Parliament for the fiscal year ending March 31, 1983.

Hon. Royce Frith (Deputy Leader of the Government): Is Senator Marshall going to say a word or two in support of his motion?

Senator Marshall: It was, and is, my thought and suggestion—and I discussed this with the Chairman of the Standing

Senate Committee on Health, Welfare and Science—that this might be an opportune time to look into any changes that are required to veterans legislation. There are many anomalies and inadequacies which have arisen because of the changing times and conditions. This might give us an opportunity to call witnesses before that committee to debate changes to that legislation on behalf of the veterans of Canada.

Senator Frith: Honourable senators, I have heard what Senator Marshall has said. I must say that, *prima facie*, what he has said seems to support his motion. I have checked and know that what he has said is true—that the chairman of the committee to which he wishes to refer these estimates will cooperate and supports such a reference.

Therefore, I move the adjournment of this debate, and hope that we can dispose of this motion favourably by the end of the week.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 17, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

[Translation]

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE
SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 45(1)(a), moved:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting today, at four o'clock in the afternoon, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

QUESTION PERIOD

[English]

ECONOMIC UNION AND DEVELOPMENT PROSPECTS FOR CANADA

ROYAL COMMISSION—TERMS OF REFERENCE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to solicit a clarification from the Leader of the Government with respect to the meaning and implication of the terms of reference that have been provided to what I will call, for lack of a better description, the Macdonald royal commission. The terms of reference, on page 2, state:

The Committee further advise that the study include an examination of and a report on . . .

(b) the appropriate institutional and constitutional arrangements to promote the liberty and well-being of individual Canadians and the maintenance of a strong and competitive economy including consideration of the following . . .

And this is the nub of it.

—changes in the institutions of national government so as to take better account of the views and needs of all Canadians and regions, and to encourage the further development of the Canadian economic union.

My question is: Does this clause in the terms of reference indicate that the government expects this commission to

undertake some studies with relation to the future of the Senate, or Senate reform? The Senate is certainly an institution of the national government, and one's curiosity is naturally aroused as to whether or not this term of reference indicates that the government expects this commission to consider the constitutional future of the Canadian Senate.

Hon. H. A. Olson (Leader of the Government): I will make some inquiries about that more specific question as to the interpretation, and give the reply as soon as I have it. I hope to have it very shortly.

ROYAL COMMISSION—APPOINTMENT—ROLE OF DEPARTMENT
OF FINANCE, ECONOMIC COUNCIL OF CANADA AND HELLIWELL
COMMITTEE

Hon. Lowell Murray: May I ask the minister whether he has had an opportunity to obtain a reply to my question of last week on the subject of the Macdonald royal commission? The minister will recall that I had quoted the Honourable Marc Lalonde as having replied, "No comment," when asked whether he was consulted by the Prime Minister on the establishment of this royal commission. Further to that, the Prime Minister has indicated that only the Deputy Prime Minister knew of his intention to set up this royal commission. Will the minister clarify that situation for us?

Hon. H. A. Olson (Leader of the Government): I undertook then to try to get further comment on the so-called, "No comment," and I will do that as soon as I can.

Hon. Martial Asselin: What about pursuing my question of yesterday?

Senator Murray: At the same time, if it happens that in fact the minister and the Department of Finance were not consulted by the Prime Minister on the establishment of this royal commission and the appointment of its members, will the minister undertake to bring a statement into the Senate indicating just what role in the policy-making process the department and the Minister of Finance are expected to play in the present government?

● (1410)

At the same time, will the minister undertake to obtain for us an indication of the respective roles of the Economic Council of Canada, the committee headed by Professor Helliwell, whose appointment was announced by Mr. Lalonde a couple of weeks ago, and the new royal commission headed by the Honourable Donald Macdonald?

Senator Olson: Honourable senators, yes, I will include that in the inquiry that I send to the Minister of Finance.

ROYAL COMMISSION—TENURE OF CHAIRMAN

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, if I may continue the line of questioning begun by my colleague, I would like to ask the minister to clarify the position of Mr. Macdonald as chairman of this royal commission. Mr. Macdonald has stated, as reported in the press—and he has not disavowed the statement—that he has taken on the task of heading the commission on the condition that he was free to step down to run for the Liberal leadership if Prime Minister Pierre Trudeau retires before the commission's three-year mandate expires.

My question is: In the event of that happening and Mr. Macdonald's stepping down, as he says he is entitled to do, what plans has the government got for maintaining the continuity of the work of the commission?

Hon. H. A. Olson (Leader of the Government): Honourable senators, essentially the same question was asked yesterday, and I gave an undertaking that I would check it out. I am sorry that my honourable friend is repeating exactly the same thing as he said yesterday. That is, he is really asking whether or not a statement that appeared in the press is true; but he has put it in the context that he wants me to ask whether or not the press statement can be verified, and I will endeavour to do that.

Senator Roblin: I am really not concerned whether the statement appearing in the press is true. I am concerned whether the statement made by Mr. Macdonald, that he is going to step down from the chairmanship of the royal commission in the event that he chooses to run for the Liberal leadership, is true. That is the question to which I want an answer.

Senator Olson: I understood that part of the question. I also understood the explanation of where my honourable friend got the information. I do not believe he has a letter or some other document of greater substance than a press report. I believe that is where he got the information from, and that is why I gave the reply I did a few moments ago.

Senator Roblin: I would remind my honourable friend that a good deal of the information that he dispenses comes to us in terms of press reports and press releases, so he need not be the slightest bit surprised if we pay some attention to them. This is from a report of a telephone conversation with Mr. Macdonald. There is little point in trying to fudge the issue with some reference to press reports. We want the facts, and the minister will undoubtedly get them for us.

Senator Olson: That is right, and I have given an undertaking to do so. But I would like the honourable senator to understand that I do not accept *prima facie* that press reports are facts.

Hon. Jacques Flynn (Leader of the Opposition): We all know that.

Senator Roblin: No one is asking my honourable friend to accept any press report *prima facie* or any other way, although he is the author of a good many of them, as he must admit.

[Senator Olson.]

Even if he does not choose to believe himself, I am not sure whether he chooses to believe Mr. Macdonald. We do not care about the press report; what we care about are the facts. What about the chairmanship of this royal commission? Is it to be headed by a man who is ready to cut and run if he sees the chance to run for the Liberal leadership? That is the question we want answered.

Senator Olson: I understood that, and what I said a few moments ago is just as valid now as it was then.

THE CABINET

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Jack Marshall: Honourable senators, can the Leader of the Government advise us if the Minister of State for Social Development and the Minister of State for Fitness and Amateur Sport will be in the chamber today?

Hon. H. A. Olson (Leader of the Government): Honourable senators, no, they will not be here today. Indeed, the house leader advised honourable senators yesterday that the Minister of State for Social Development would not be here today.

HEALTH AND WELFARE

PLIGHT OF CERTAIN WOMEN BELOW AGE SIXTY-FIVE

Hon. Jack Marshall: Honourable senators, I should like to address a question to the Leader of the Government concerning the widows in this country who are below the age of 65, and also those women who are divorced, separated, deserted and living alone. For the many years that I have been in the Senate, nothing has ever been done for them. I have heard nothing but statements that funds are not available.

• (1415)

Considering the way inflation and the state of the economy are going, I think it is about time that these people across the country be given some help. Granted, the honourable senator may be getting some advice right now that this matter falls within the jurisdiction of the provinces, but I think the federal government should show some leadership in this area and provide widows throughout Canada with some help—help which they deserve. Right now they are well below the poverty line.

Hon. H. A. Olson (Leader of the Government): I shall take the question as notice and get a detailed answer for the honourable senator, but I do not accept the premise on which the question was based, that nothing has been done. When Senator Marshall receives the answer he will see that a number of substantial things have been done by a government that has a very keen social conscience.

Senator Marshall: The honourable senator can make that comment all day if he wants, but what the government has done so far is not to my satisfaction.

VETERANS AFFAIRS

PLIGHT OF VETERANS RESIDING ABROAD

Hon. Jack Marshall: I would like to turn to a problem with regard to veterans affairs, and such problems come to my attention on a daily basis. For some reason or other, Canadian veterans who decided to stay in foreign countries after the war—for health reasons, because they like the warmer climate, or what have you—have to return to Canada for 365 days in order to qualify for war veterans' allowances. The irony of the situation is that if a veteran returns from, say, England to Canada, he immediately receives his war veterans' allowance, but he has to remain in Canada for one year, separated all the time from his family and children. At this stage of the game, when World War II veterans are in their sixties, some relief must be given so that these people can qualify, no matter where they are located.

I wonder if the Leader of the Government could bring this matter to the attention of the Minister of Veterans Affairs so that it may be considered in the very near future, before it is too late.

Hon. H. A. Olson (Leader of the Government): I will take the question as notice.

CANADIAN WHEAT BOARD

MCDONALD'S RESTAURANTS OF CANADA LTD.—ISSUANCE OF PERMIT FOR IMPORTATION OF BUNS

Hon. Gildas L. Molgat: Honourable senators, I would like to address a question to the Minister of State for the Canadian Wheat Board. Some time ago I sent a copy of a Manitoba Government, Information Services Branch, news release to the minister. It related to a problem in Manitoba concerning the importation of buns by McDonald's and the fact that there was a permit issued by the Canadian Wheat Board to permit this even though it seems to go against the policy of "Buy Canadian." Since then I understand that the Wheat Board has issued a further permit. I wonder if the minister could tell me what is the situation in this regard and whether or not the government intends to take action on the matter?

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): I thank the Honourable Senator Molgat for having sent me notice of his question.

Hon. Martial Asselin: A planted question.

Senator Argue: I have received representations on this subject from a number of people, including the Minister of Labour of Manitoba, the Honourable Mary Bert Dolan. I, too, am concerned that the decision not to buy buns from McGavin's, which is a Canadian company, has reduced sales and forced layoffs in this Canadian industry, in a number of provinces. However, while I share the concerns, I must point out that there are a number of factors to consider in regard to this matter.

Canada enjoys a substantial surplus in the two-way trade in bread and bakery products with the United States. In 1981

Canada exported about \$58 million worth of bread and baked products to the United States while it imported \$29 million worth of similar products. That means, of course, that Canada exports twice as much as it imports. I understand the value of the McDonald's imports is about \$8 million, so even with this large sum under consideration we still have a very favourable balance.

I suggest that we must be concerned about the possibility that Canadian protectionism to limit imports could lead to retaliation and a limit on our exports. We could, in fact, stand to lose more jobs than we might hope to gain by the action being requested. Also, since Canada is a signatory to the General Agreement on Tariffs and Trade, any actions we take must be consistent with the GATT agreement.

Finally, regarding the import permit issued by the Canadian Wheat Board, this was a 45-day permit. The honourable senator is quite right that it has been re-issued. The permit was approved on the understanding that McDonald's would provide progress reports on their efforts to find a Canadian source of buns. McDonald's has cancelled its contracts with McGavin's because of dissatisfaction with the quality of buns supplied by McGavin's in certain provinces—Manitoba, Saskatchewan and British Columbia. It is worth noting that the Calgary plant continues to supply Alberta buns. Indeed, one of the options being considered is to supply some of its prairie outlets from the Calgary plant.

• (1420)

I have urged McDonald's to return to a Canadian supplier as soon as possible. The company has since assured the Wheat Board that importing hamburger buns is only an interim measure and that alternative sources of supply, as I have outlined, are being pursued.

The Canadian Wheat Board has issued an import permit for 244,000 dozen hamburger buns during the 45-day period from November 16 to January 1. The buns covered under this permit will be imported for McDonald's Restaurant outlets in Manitoba and Saskatchewan. The board issued the permit on the basis of a progress report provided by McDonald's Restaurants on efforts to obtain a Canadian source of supply.

Senator Asselin: This is a speech you are making.

Senator Argue: Well, it is a fairly comprehensive answer.

Senator Asselin: May I have a copy of it?

Senator Argue: The Canadian Wheat Board is satisfied that McDonald's is actively pursuing a Canadian source of supply for its buns. My office has been in consultation with Ron Marcoux, Executive Vice-President of McDonald's western region, who confirms that René Fleury has received a contract from McDonald's to build a bun plant in British Columbia.

An Hon. Senator: Ha, ha!

Senator Argue: I think this information is rather encouraging, in light of the difficulties that have arisen in British Columbia. Honourable senators may laugh, but it is important to the people of Canada to have these jobs available. The situation is improving in British Columbia, and efforts are

being made to have supplies provided in Canada that are of an adequate quality.

We are trying to ensure that McDonald's Restaurants in Canada are a market for Canadian products, but we do not want to follow the kind of advice that would have us putting an embargo on imports from the United States, thus interfering with what is now a good balance in trade in favour of Canada, and interfering with our standing in the GATT.

Senator Molgat: Judging from the laughs across the way, it would seem that some honourable senators do not consider this a serious matter. I regret that, because it does happen to involve a fair amount of employment in my province.

Hon. Jacques Flynn (Leader of the Opposition): Thank you very much for the lecture.

Senator Molgat: For that reason alone it is indeed a serious matter.

Has the minister any knowledge whether or not the Department of Industry, Trade and Commerce, for example, has become involved in the discussion? I understand there is an argument whether or not the quality provided is adequate. That is an argument between McDonald's and the bakeries.

Are there any means by which the Department of Industry, Trade and Commerce can help to resolve this matter, if, in fact, it is the heart of the problem?

Senator Argue: I do not really know what the answer to that might be, unless the honourable senator is suggesting that perhaps the Department of Industry, Trade and Commerce should provide some grants for the building or improvement of facilities.

The Canadian Wheat Board has issued permits for 45 days on the understanding that McDonald's will do everything possible within that 45-day period to find a Canadian source. McDonald's is under a good deal of pressure from the Canadian Wheat Board, and from others in Canada, to attempt to find a satisfactory Canadian source of supply.

The evidence is that the situation in British Columbia will be corrected, so we have done quite well out there. The problem then is to have the situation in Manitoba and Saskatchewan corrected as well, and I will be very happy to inquire whether the Department of Industry, Trade and Commerce either has a role to play or is already playing a role. Certainly, the pressure is on Canadian suppliers to come forth with a bun of adequate quality for McDonald's.

• (1425)

Hon. Joseph-Philippe Guay: Perhaps I did not hear the minister correctly, so I should like to ask him, as a supplementary question, when the proposed plant to be located in British Columbia will be built.

The minister keeps saying that the permit or certificate allows the company 45 days to consider the possibility of improving the situation. Is there simply a proposal to construct a plant in British Columbia, or is it a fact that the plant will be constructed?

[Senator Argue.]

Further, I should like to ask the minister whether the Minister of Employment and Immigration has been consulted, and, if so, whether he agrees with the policy with regard to the 45 days to consider the possibility of improvement. I realize the unemployment that this will create in Manitoba, and must agree with Senator Molgat that this may cause a serious problem in the area.

Senator Argue: Honourable senators, I have not consulted with the Minister of Employment and Immigration.

Jobs in Canada are very, very important, and I do not think we should take precipitous action that might result in a major net loss of jobs, because we are exporting to the United States twice as much in bakery products as we are importing from the United States.

I have the situation in Manitoba very much in my mind. I am obviously not responsible for the provision of facilities to bake buns, but I am encouraging the Canadian Wheat Board to continue its monitoring of the situation and to continue the pressure to get buns produced in Manitoba and Saskatchewan. The Saskatchewan situation is similar to that in Manitoba, and the product is of adequate quality.

Senator Guay: Would the minister answer that part of my question regarding the proposed construction of a plant in British Columbia?

Senator Argue: That has been announced in the newspapers. While one cannot always believe what is in the newspapers, it seems fairly clear that a gentleman in Vancouver has announced that he is in the process of establishing a \$2 million bakery capable of turning out 54 million hamburger rolls a year.

When that plant is in operation, which it is expected to be 1983, the McDonald's British Columbia market will be fully supplied with rolls that this man believes—and I would agree—are likely to be of the quality that McDonald's will accept. Further, there will be many jobs provided while the construction of the plant takes place.

FOREIGN AFFAIRS

EAST-WEST DÉTENTE—POLICY OF U.S.S.R.

Hon. Peter Bosa: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. The minister has recently returned from Moscow, having attended the funeral of the late Leonid Brezhnev.

Hon. Martial Asselin: He was representing the Canadian Wheat Board.

Senator Bosa: I am wondering if the minister could inform the Senate whether he has had any political contact with the new leaders of the U.S.S.R. concerning their intentions as to the policy of détente.

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): I am afraid I did not get that far during my visit to the Soviet Union. I attended the funeral of Leonid Brezhnev

and did go with others to the reception where we met the Soviet leaders.

On the question of what I did in addition to what I have now said—and I was there for only a very short time—I had an opportunity to meet with officials of Exportkhleb, which is the importing grain organization in the Soviet Union, and discussed the sales that we have agreed to and our delivery of those sales. I must say that the officials of that organization were very optimistic that Canada would meet its current contract in every way. They said that, while they were interested in what had happened regarding the dispute on the west coast, based on Canada's record they felt that this was a very temporary situation and that we would meet our commitments in full for the current year; and I agreed with them on that.

We did discuss or raise the possibility of additional sales to that market during the current year. From the views that were exchanged, I personally feel that there is a real possibility of additional sales during the current year. Of course, there is the matter of guaranteed credit having been provided to the Soviet Union, but, as I said earlier, there was absolutely no element of subsidy. It is perfectly clear that the repayment terms will be fully met. The information I received or the opinions I heard would indicate that there may not be the same kind of need for credit in the foreseeable future that there has recently been, which, to me, just underlines how important it was to provide that 180-day credit, how wise it was from a business standpoint, and how fortunate we were, from the standpoint of the producers of western Canada and the economy of Canada, to be able to make such a huge and satisfactory sale.

● (1430)

Some Hon. Senators: Hear, hear.

LABOUR RELATIONS

BRITISH COLUMBIA—VANCOUVER HARBOUR—RESUMPTION OF OPERATIONS

Hon. Ann Elizabeth Bell: Honourable senators, I should like to address a question to the Leader of Her Majesty's Government in the Senate. Of great concern to us on the west coast is the recent order of Parliament for longshoremen to resume work at the west coast ports. Is there anything that we can do to ensure compliance with that law if longshoremen do not adhere to this order? The problem that we are faced with is that there are perhaps four months of backlog to unload or to load, and ships are in demurrage situations, and so on. The longshoremen are not supplying sufficient crews to carry out this work. Due to insufficient workers, companies trying to load lumber, grain or whatever, are now looking at 18 days instead of 8 days to complete that work, and thousands of dollars a day in demurrage. In the meantime on Vancouver Island there are breadlines in various Pacific coast ports consisting of people who are willing to do that work, but apparently the longshoremen's union will not provide extra labour, or train them. Of course, we are losing contracts and people who are shipping are saying, "Sue me. I will not carry

on with it; I will go through Seattle and order from somebody else." It is a terrible situation for the British Columbia ports.

How can we ensure compliance with this legislation that was recently passed by Parliament?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I noted the remarks of Senator Bell, but I do not believe that I should comment on them at the moment. As a matter of fact, I think the vote of the union membership to ratify the tentative agreement that has been worked out between the employers and the unions is being held either today or tomorrow. I do not think that any discussion or any comment from me, or from the Minister of Labour, would be helpful in this situation.

Hon. Joseph-Philippe Guay: Honourable senators, I have a supplementary. Would the Minister of State for the Canadian Wheat Board have any comment to make on this subject, as he could probably inform us regarding the flow of grain.

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, as I recall the bill, I do not think there is anything particular in it concerning a settlement coming about because of negotiations, or a tentative settlement, at any rate, being reached before the deadline. My leader mentioned that there is to be a meeting tonight of the longshoremen to discuss the proposed settlement. I have been endeavouring on a daily basis to keep track of what is happening on the west coast regarding the grain situation. What is happening out there gives us much reason for optimism.

The grain handlers have a tentative settlement. They are prepared to work overtime and, in fact, they are doing so.

It is true that when they request a certain number of gangs, as I understand the situation with longshoremen, they are not always able to get the number they request. A 40,000-tonne loading into a ship per day is considered about average. There have been days since this tentative settlement when the loading of a ship amounted to 60,000 tonnes and 50,000 tonnes. The work is going forward.

Yesterday at the terminals there were some 543 car unloads. A 3,500 car unload week is indicative of a pretty good week. Some weeks they can exceed that, but, nonetheless, 3,500 car unloads at Vancouver is indicative of a good week's work. Therefore, in a five-day week—and sometimes a week may be longer than five days—an unload of some 700 cars per day is close to maximum performance. I think that is very good progress.

The information I have today indicates that one vessel is loading at Prince Rupert and two vessels are waiting. Six vessels are loading at Vancouver and 26 vessels are waiting. Six vessels are due into Vancouver this week, and only one vessel is due into Vancouver next week.

Since the tentative settlement, up until now, the loading of ships has been equal to the arrival of ships. My information is that, if there can be some reasonable increase in the loading of ships and since, as time goes on, probably fewer vessels will arrive, there will be a catch-up.

Not one single sale was lost. Not one single grain boat was dispatched to some other port.

We are fortunate in that there appears to be every chance of a settlement by the longshoremen's union and by the grain handlers' union. Work is progressing. The car unloads are getting close to a fairly normal level and, with goodwill and with some good luck, we can catch up with the backlog that occurred during the time this dispute was in effect.

ENERGY

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.— CANADIAN OWNERSHIP CHARGE

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate relating to the Canadian ownership charge which was imposed, as I understand the situation, to produce sufficient revenue to defray a high percentage of the cost of the purchase of Petrofina by Petro-Canada.

Is the Leader of the Government in a position to indicate to us how much money has been raised by that charge to date, and how near it is to reaching the objective for which it was imposed in relation to the purchase price of Petrofina?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not have the specific figures up to any given date, but I will try to get them, perhaps up to November 1 or any other particular date.

I believe it was projected that the pay-out for that purchase would be completed in about the latter part of the first quarter of 1983.

Senator Smith: On the same subject matter, is the leader able to assure us that this charge will not be extended to help defray the cost of the British Petroleum purchase?

Senator Olson: Yes, I can give that assurance, but I would remind my honourable friend of the announcement to the effect that, if the offer made by the chartered banks involved and the federal government with respect to Dome Petroleum were accepted, the charge would be applied long enough to take care of the federal government's commitment to that deal.

● (1440)

Senator Smith: My next question was going to be in connection with Dome Petroleum, and I think that the minister may have anticipated it. Just so that I may be clear whether he did or not, is he saying that the charge will be extended to cover the extent of the government's financial involvement in Dome Petroleum?

Senator Olson: Honourable senators, I was repeating an announcement that was made at the time. However, my honourable friend should be aware of the fact that what is now being considered by Dome and a number of other financial institutions involved is an offer that has not yet been accepted. Therefore, it is not known for certain that the Canadian ownership charge will be carried beyond the date I mentioned

with respect to Petrofina for the purpose of the Dome situation.

Senator Smith: Perhaps a further supplementary question would be permissible. In view of the Leader of the Government's answer, can he give an estimate as to when the situation will have gelled, if I may use such a word, as to the acceptance or otherwise of the proposal or offer?

Senator Olson: Honourable senators, I do not believe that I can answer that question today as precisely as I am accustomed to doing. I am not sure, quite frankly, how long the offer is to be outstanding, or, indeed, if there is a termination date on it.

Senator Smith: Perhaps the Leader of the Government would not mind ascertaining what he can about the matter and informing the Senate in due course?

Senator Olson: Honourable senators, I would be glad to do that.

Hon. Jacques Flynn (Leader of the Opposition): You are really improving!

CANADA POST CORPORATION

DEFINITION OF "LETTER"

Hon. H. A. Olson (Leader of the Government): Honourable senators, I want to comply with the request that was made by Senator Roblin yesterday, which was to bring back as complete an answer as I could tomorrow—that is today—and here it is.

On July 20, Senator Roblin asked for the contents of the representations sent to the minister and the corporation regarding the definition of a letter. Disclosure of this information would have been improper at that time, as it would be now.

A letter between two individuals, whether it be a minister of the Crown or not, is privileged material. It would be inappropriate to have the recipient or a third party, Canada Post Corporation, release the contents. Many of those who submitted briefs made the contents available to the press at the time and subsequently. I am told that Senator Roblin was advised of this at the time.

When Parliament passed the Canada Post Corporation Act, it unanimously agreed to the principle of a national postal service. Indeed, it agreed that the corporation should forthwith bring forward a definition of a letter to circumscribe its monopoly, or, legally speaking, its "exclusive privilege." This is necessary to ensure a revenue base with which to support the national service.

At the same time, Parliament created in the act a unique process that would allow for the protection of the public interest when the corporation sought to make any major changes. This process involves the publication of a proposed regulation, public comment and discussion and consultation, amendment by the corporation and submission of the amended

version to the Governor in Council. Cabinet then has 60 days within which to review and either accept or reject the proposal.

This is a dynamic process which allows for far greater flexibility and future change than would an amendment to an act with full parliamentary debate.

Hon. Duff Roblin (Deputy Leader of the Opposition): Would my honourable friend mind repeating that last sentence?

Senator Olson: Cabinet then has 60 days within to review and either accept or reject the proposal. Honourable senators, the last sentence is as follows, and I will go over it carefully: This is a dynamic process which allows for far greater flexibility and future change than would an amendment to an act with full parliamentary debate.

Senator Roblin: Surely my honourable friend did not expect me to accept that answer as being adequate in the circumstances?

Senator Olson: It is just a statement of fact, that is all.

Senator Roblin: It may be a statement of fact, but it is a fact that we have to deplore.

To make a statement that it is more democratic or effective to proceed in the way in which the government is proceeding rather than to seek to amend the statute is not addressing the point that I was making. It is quite within the power of the government to permit—permit, if you please—a parliamentary discussion of this matter, so that those people who want to say something can give their views and Canada Post can give its point of view. To leave the impression, however, as he does with me, that that sort of thing is not democratic, really surprises me. I think it is the way to go.

I know that my honourable friend has made his statement. I am not going to change his mind. I have to admit that he is within the four corners of the statute; that is perfectly correct. However, I think that, as a matter of public policy, it would have been much wiser to have some parliamentary discussion of a matter which is going to be very important in the light of the economy of the country.

It is a generally agreed proposition that monopolies have to justify their positions before some reasonably competent tribunal. It seems to me that Parliament constitutes such a body.

Senator Olson: Honourable senators, I think I should comment that Senator Roblin, after he receives the reply, then wants to debate the substance of it—at least that part of the substance which concerns the process that is involved. I think my honourable friend should go back and consider carefully what I have just said. I have not yet provided him with a copy of the reply, but he will have one. He will then see that this process involves the publication of a proposed regulation, public comment and discussion and consultation, amendment by the corporation and submission of the amended version to the Governor in Council. I think this process goes a long way farther—that is why it is unique—than does the making, or, indeed, the amending, of regulations of a new act.

It seems to me that Senator Roblin, with his usual generosity, should accept that this is a tremendous improvement over simply going without that 60 days' notice within which to receive any comments.

Senator Roblin: Honourable senators, I appreciate that this is not the place to debate the subject, but I want to make one final observation. I really do not agree that it is a contribution to the advancement of our public affairs to make sure that these matters are dealt with by arbitrary bodies without any process of public discussion, such as would be ordinary in the course of any other monopoly justifying its position. There certainly has not been any public discussion. We do not even have the full documentation which was available to the government. To simply say that the executive, in its wisdom, will decide what is right is not an advantageous way to do things when the matter could well be debated by Parliament.

Senator Olson: Senator Roblin is really challenging a practice that has been carried on by every government, both federal and provincial, since Confederation. Governors in Council, or Lieutenant Governors in Council, make regulations by order in council. The process to which we are referring today is even more wide open, in that the Governor in Council does not proceed until there has been a debate for about 60 days. It seems to me that Senator Roblin is being unfair in saying that this represents some restriction when it really is an expansion of the public debate that took place.

Senator Roblin: My honourable friend obviously did not mean what he said, because he said that there has been a debate for 60 days. Where is that debate, pray? The debate consists of correspondence between a number of people and the Governor in Council. I am asking for a real debate; that is what I want.

Senator Olson: There has been a great debate in public about it.

Hon. John M. Godfrey: Honourable senators, I should like to ask the Leader of the Government whether he is aware that, in following this procedure, he is adopting the procedure which was recommended in the report of the Joint Committee on Regulations and other Statutory Instruments with respect to reform of the government regulatory process as to notice and comment procedures. I must say that I am delighted that the government is doing so in this instance. It should be made compulsory, as recommended in our report.

Senator Olson: In reply to Senator Godfrey, I must say that I was not aware that we were precisely following those instructions. However, I, too, am delighted that he has drawn that to our attention.

Senator Roblin: Honourable senators, I have a great respect for Senator Godfrey and his committee. If he has been able to introduce some improvement in our procedures, who am I to object? I simply say that, as a result of my observations in Australia, in that country the Senate has the power to rule on the validity or the policy content of orders in council. It is my hope that, some day, Senator Godfrey's committee may be empowered to do the same.

Hon. Royce Frith (Deputy Leader of the Government): Perhaps, honourable senators, we can consider this delayed answer debated.

REQUEST FOR ANSWER

Hon. Jack Marshall: Honourable senators, while we are on delayed answers I should like to point out that, some time ago, I asked the predecessor of the Leader of the Government a question regarding the law of the sea. At that time I was concerned about the fact that, while Canada was going to be a signatory to the Law of the Sea Convention and the treaty, the most powerful countries in the world, such as the United States, Russia and West Germany, were not going to sign the treaty. There has to be some basis for that reasoning. In view of the fact that the Law of the Sea Treaty will be signed in Jamaica on December 6, could the Leader of the Government make a statement on the position of the Government of Canada with regard to the Law of the Sea Conference, as opposed to the position taken by, especially, the United States.

● (1450)

Hon. H. A. Olson (Leader of the Government): I will take that question as notice, honourable senators.

INTERPRETATION ACT BILLS OF EXCHANGE ACT CANADA LABOUR CODE

SECOND READING—POINT OF ORDER—SPEAKER'S RULING
RESERVED

On the Order:

Resuming the debate on the motion of the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith, for the second reading of the Bill S-30, intituled: "An Act to amend certain Acts in relation to Canada Day".—(*Speaker's Ruling*).

The Hon. the Speaker: Honourable senators, last night when the debate took place a point of order was raised on procedure. If honourable senators see no objection, I should like to think it over until tomorrow before I give my decision. It is a very complex matter, it is important, and I should like to give the best decision I can.

Is that agreed?

Hon. Senators: Agreed.

NATIONAL FINANCE

"GOVERNMENT POLICY AND REGIONAL DEVELOPMENT"—
CONSIDERATION OF REPORT OF STANDING SENATE
COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, October 27, the debate on the consideration of the report of the Standing Senate Committee on National Finance entitled *Government*

[Senator Roblin.]

Policy and Regional Development, tabled in the Senate on Monday, October 25, 1982.

Hon. G. I. Smith: Honourable senators, on October 27, immediately after Senator Everett and Senator Stuart had spoken on this report, I made a brief comment, the substance of which may be found at page 4870 of *Debates of the Senate* of that day.

Therein I indicated that the report, as presented verbally and eloquently by Senator Everett, did not sound the same to me as I had read. While I still stand by that statement, I think my comment was unfair to Senator Everett, because I think the difference can be accounted for very simply in two ways. The first is the difference between the presentation of a subject verbally and a somewhat lengthy written text. And the second way in which I think the difference may arise is that the words of Senator Everett, when carefully scrutinized, seem to me to be somewhat more precise and present the matter more succinctly than the report itself did. So far as that comment goes, I believe I was being unfair to Senator Everett, and I extend to him my regrets for having thought even for a moment that a senator with his long service and great distinction would somehow go astray in presenting the contents of a report to the Senate.

However, there are a couple of things that I noticed in this more careful scrutiny of the matter that I should like to make reference to. In looking at the list of witnesses contained in the report, I think it is very difficult to avoid the conclusion that the mixture of views was preponderantly that which emanated from academic people and members of the bureaucracy, without a great deal of leavening by testimony from people who have had in the past, and have now, the responsibility, as elected persons, of dealing with the subject of regional disparities. I suspect that had that leavening been on a somewhat more generous level, some of the comments in the report, although not necessarily the remarks of Senator Everett, might have been somewhat modified. However, I do not intend to make any further comment on that point.

The second matter is that it seems to me, in a general way—and I shall be very brief on this—that the report tended to consider disparities wherever they might exist in a province rather than what I think is the major problem in our country, which is disparities that exist in a whole region of the country, such as the one from which I come. It seems to me the treatment of these two kinds of disparity must be very different and must present very different problems, and present them to different levels of government.

Having said that, I say it is perfectly clear that the report is a very careful study of the problem and should make a valuable contribution to its understanding, if not its solution. I congratulate the committee on what was obviously the product of a lot of very hard and diligent work.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, I apologize, because I thought one of the senators on the other side of the house would adjourn the debate and subsequently rise to

speech. Perhaps I waited a little too long, but I do intend to speak.

Thus, with leave of the Senate, I move the adjournment of the debate on the report of the National Finance Committee.

Hon. Royce Frith (Deputy Leader of the Government): Agreed.

On motion of Senator Tremblay, debate adjourned.

[English]

THE ECONOMY

ECONOMIC, FISCAL AND ENERGY POLICIES OF FEDERAL GOVERNMENT—ORDER DISCHARGED AND MOTION WITHDRAWN

On the Order:

Resuming the debate on the motion of the Honourable Senator Phillips, seconded by the Honourable Senator Yuzyk:

That the Senate of Canada do urge the Federal Government to re-direct its economic, fiscal and energy policies, and bring forward as soon as possible a new budget; such budget to provide proper economic direction, improved employment opportunities and measures to restore national confidence in the economy.—(*Honourable Senator Flynn, P.C.*).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I think this motion has become obsolete, and I ask leave to withdraw it, purely and simply.

Hon. Royce Frith (Deputy Leader of the Government): Could we have it stand until the next budget?

Hon. Duff Roblin (Deputy Leader of the Opposition): You have had two already.

Senator Flynn: I would like to clean up the order paper as much as possible as far as I am concerned.

Senator Frith: We will try to do the same.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

NATIONAL DEFENCE

CONSIDERATION OF FIRST REPORT OF SUBCOMMITTEE OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—DEBATE CONTINUED

The Senate resumed from Monday, June 28, the debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs entitled: "Manpower in Canada's Armed Forces", tabled in the Senate on February 10, 1982.

Hon. Gildas L. Molgat: Honourable senators, back in June the then Leader of the Government in the Senate gave us what I took to be the official response of the government to this report. He began his reply on June 23 and concluded it on June 28. In so doing he went through all of the proposals that had been made by the committee. It is not my intention today

to go step by step through all the recommendations. I think there has been a good deal of discussion on the subject already. However, I should like to focus on one recommendation in particular, and that is the first—the whole question of a white paper on national defence.

Before doing that, I want to say how pleased I was that the Minister of National Defence received our report as openly as he did, and I thank him for the very generous but accurate comments he made regarding the work of the committee. His comments were not, of course, made in this chamber because he does not come here to speak, but I was privileged to hear him in Toronto when Senator Hicks and I represented the committee at a meeting of the Canadian Institute of Strategic Studies. The minister was present at that meeting, and spoke in the evening. Perhaps I might put on the record some statements he made at that time with regard to the committee's work, because I believe it is important that we have a rapport with the minister, that he understands what we are trying to do, and that we work together. That evening, when speaking at the dinner, he said:

• (1500)

I must highly commend the late Senator McDonald's initiative to establish a Senate Subcommittee on National Defence. Under the leadership of Senator Lafond, the subcommittee has proven highly successful, and provides a valuable service to Canada. In fact, I believe it has become, after the Senate Committee on Banking, Trade and Commerce, the most active committee of the Senate. Certainly, in its deliberations and output, the Subcommittee on Defence gives the nation clear evidence of both the intent and the qualities of the Senate. They are deliberations which illustrate the benefits of their experience, their wisdom, and, most of all, their overarching commitment to the present and future interests of Canada. I look forward with anticipation to the next installment of the subcommittee's report on the Armed Forces—that on the Maritime Command.

It is pleasant to hear those nice things said about the work of the committee, but the question, of course, is: Where do we go from here and what, in fact, is going to happen?

Perhaps I might digress briefly, before moving to the specifics of what I wish to say regarding the white paper, to express my personal opinion—an opinion which has already been expressed by some of my colleagues—with regard to a commitment which Canada has accepted under our European alliance, namely, to provide a special force, called the CAST force, for Norway. Meanwhile we have a partial brigade in continental Europe.

I personally disagree with that particular commitment and believe that as Canadians we should look at it carefully, because we are in a position where we have a brigade on the ground in Germany that is not a full brigade. It is not a fighting brigade in the normal sense. It is incapable of performing the task allocated to a brigade. Meanwhile we are dividing our efforts by accepting another commitment in Norway, which I believe we cannot realistically fulfill, and, if

we were able to fulfill it, we would still leave our brigade in Europe in a state of less than effective capacity.

I believe we do not have the right to send young Canadians to those positions unless we equip them properly, and we have a properly structured fighting force. If we are not prepared to do that, then we should not be there at all.

Some Hon. Senators: Hear, hear.

Senator Molgat: I believe it is absolutely unfair to our young soldiers to put them in that position. Therefore, I believe we should review that whole commitment very soon, and that is one of the recommendations of the subcommittee.

This brings me to the whole question of where do we go in this matter of national defence. Again, speaking at that meeting in Toronto, the minister made some specific comments regarding a white paper. He said:

Recommendation one states that a White Paper on Defence should be undertaken immediately. As far as I am concerned, white papers generally, and white papers on defence in particular, have been used mainly as vehicles by which the government has laid before Parliament and the public its defence policy. They have provided a means for explaining decisions which the government has taken either on major new policies or on major changes in policy. White papers have, in other words, been vehicles for announcing policy decisions resulting from a process of policy review by the government rather than vehicles for stimulating public debate on policy issues and policy options.

The minister went on to say that he felt there was a need for a public debate on the issue, and he commended the Senate and House of Commons committees for the work they were doing and the public discussion they were generating on national defence. He felt, however, that it had to go further, and, later on, when speaking about the work of the Senate and House of Commons committees, he said:

I am, however, considering how this work might best be integrated into a more comprehensive study in which Parliament clearly should be a leading participant. The parliamentary reports already referred to will prove useful additions to the substance of the department's strategic overview.

So the minister seems favourably disposed, but at this point, if I understand him correctly, he feels that we are not ready for a white paper as such. Well, I accept that. I really do not care if it is a white paper, a green paper or a grey paper; but I believe that what we need is a national debate on the whole question of national defence and armaments. If we said that some months ago, when we produced our report, then it is even more important today, because since then there have been further events. We need only look at recent newspaper stories. I read one that appeared in the *Winnipeg Free Press* of Monday, October 18, 1982. The heading was: "MPs call for cuts in arms spending." We had three members of the House of Commons travelling across the country in connection with

the program Operation Dismantle, and speaking on behalf of disarmament.

Recently in connection with the decision of the government to increase the amount of money to be spent on job creation, we found that the defence budget was going to be cut by approximately \$245 million. Yet, in our report, as a result of the committee's study, we found that there should, in fact, be an increase in expenditures if we are to meet the commitments we have accepted, and if we are to fulfill the tasks that we have set ourselves. From a national defence standpoint, the committee found that we needed greater expenditures. We also know that in connection with the recent municipal elections there were votes taken on the whole question of disarmament. Therefore we must have a comprehensive debate on this whole subject.

As the economic situation becomes more difficult, and as there are more pressures on budgets, undoubtedly there will be some people who say that we should cut national defence further. Unless Canadians get involved in this discussion, how can we get a reasonable solution to the problem?

I agree with the minister that a simple white paper produced by the Department of National Defence is not enough, because if we are going to get a solution to this problem, there must be substantial public approval. If taxes are going to be spent on national defence then the Canadian public has to know why, and there has to be majority support for what it is that we are trying to do.

Therefore, I believe that we should move along in this matter, and, in my opinion, the solution is to have a joint committee of both houses. Let us have a real Canadian debate on what it is that we want to do in this regard. I fully sympathize with those who say, "Yes, we want disarmament". Obviously, if we were asked, "Are you for disarmament?" most of us would answer yes. We would be for disarmament, but under what conditions? Surely it must be mutual; it must be verifiable. There are many conditions. It is not simply a question of whether we are for disarmament. Unless there is a debate going on in the country, I do not believe we will bet the right solution. Therefore, I hope that our committee continues to complete its work on maritime defence and that, in the meantime, we move on to have a public discussion on the issue of national defence.

• (1510)

There are not too many people in Parliament today who remember the days between 1930 and 1939 when Germany was busy re-arming, and the rest of the democratic world was standing by watching the events. Had there been a public debate at that time, possibly the posture of the free countries would have been different in 1939. In fact, the events of 1939 might not have happened at all had the free world reacted somewhat earlier, but everyone was putting the subject aside as though it were not to be discussed openly. Granted, here and there some bold politician, notably Sir Winston Churchill, would make a speech on the subject, but it would be pooh-poohed because it was not the popular thing to say.

I think the failure was to get the public involved in the discussion. So, honourable senators, I would hope that if the subcommittee has done nothing except awaken public opinion, that in itself is a major step forward. However, I think we must go on from there and participate in a national debate on the subject. If we can prove that what we are recommending is right, then, perhaps, we can get public support and do a proper job, which, in the opinion of the committee members, is a big one.

Hon. G. I. Smith: Honourable senators, I should like to have an opportunity to discuss this report and perhaps enlarge on some of the points the honourable senator has made. I am not prepared to do it today and, therefore, with the consent of the Senate, I move that this debate be adjourned.

On motion of Senator Smith, debate adjourned.

THE ESTIMATES 1982-83

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE CONCLUDED

The Senate resumed from Tuesday, June 22, the debate on the consideration of the Report of the Standing Senate Committee on National Finance on the Estimates laid before Parliament for the fiscal year ending March 31st, 1983.

Hon. Jacques Flynn (Leader of the Opposition): I do not intend to speak to this report. If no other senators wish to speak, I suggest that we consider the matter debated.

The Hon. the Speaker: If no other honourable senator wishes to speak, this report is considered debated.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONSIDERATION OF ELEVENTH REPORT OF STANDING JOINT COMMITTEE—DEBATE CONCLUDED

The Senate resumed from Wednesday, March 10, the debate on the consideration of the Eleventh Report of the Standing Joint Committee on Regulations and other Statutory Instruments.

Hon. C. William Doody: Honourable senators, I want to apologize for having left this matter on the order paper for such a long time. Quite honestly, it had passed from my mind and I should have responded quite a while ago. At the time it was put on the order paper I had a rather comprehensive report ready, full of awesome and extravagant praise for our esteemed colleague, but on sober second thought I thought it better not to honour him from this side of the house as he is in enough trouble as it is.

The report, which is one of many tabled by Senator Godfrey from that prolific committee, is an extensive one and deals at great length with various matters of interest to the committee. We had several hearings in this particular regard, one of which sticks in my mind—the one dealing with a tailings problem in an area of British Columbia and the strenuous attempts we made to get the Minister of Fisheries of the day to appear before the committee and give testimony. Eventually, he did arrive, flanked by two lawyers from two departments in the grand American tradition. He said very little, obviously not wishing to incriminate himself in any way. I have no doubt that the tailings coming from the particular factory are still running into the particular reserve in British Columbia.

In any event, that is not for want of effort by Senator Godfrey and his colleagues. As I said, I wish to commend him on his efforts. It is a committee that perhaps does not have all the glamour of some of the other committees, but it does grind heavily on untutored and unlettered souls such as I from time to time. However, it is a necessary committee. I commend this report to the Senate.

The Hon. the Speaker: If no other honourable senator wishes to speak, this report is considered debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 18, 1982

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

THE HONOURABLE FRED A. McGRAND

ESTABLISHMENT OF LECTURESHIP ON CHILD WELFARE,
ST. THOMAS UNIVERSITY, FREDERICTON, NEW BRUNSWICK

Hon. Florence B. Bird: Honourable senators, I think you will be as pleased and proud as I am to know that St. Thomas University in Fredericton, New Brunswick, is setting up a Chair which will be called the Honourable Senator F. A. McGrand, M.D., Lectureship on Child Welfare.

Hon. Senators: Hear, hear.

NATIONAL HOUSING ACT

BILL TO AMEND (NO. 2)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-135, to amend the National Housing Act (No. 2).

Bill read first time.

Hon. H. A. Olson (Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

CANADA EVIDENCE BILL, 1982

FIRST READING

Hon. H. A. Olson (Leader of the Government) presented Bill S-33, to give effect, for Canada, to the Uniform Evidence Act adopted by the Uniform Law Conference of Canada.

Bill read first time.

Senator Olson, with leave of the Senate and notwithstanding rule 44(1)(f), moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

[Translation]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding Rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Tuesday next, November 23, 1982, at eight o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

● (1410)

QUESTION PERIOD

[English]

THE ECONOMY

SMALL BUSINESS DEVELOPMENT BOND PROGRAM—STATISTICS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would address a question to the Leader of the Government in the Senate with respect to the Small Business Development Bond program. No doubt the minister will recall that in November of last year, when we received budget model A, a change was made in the Small Business Development Bond program to convert it into one for those in "dire straits". I am anxious to know if he can tell me how many small business bond transactions have been entered into since November of last year, and the amounts of the loans?

Hon. H. A. Olson (Leader of the Government): Honourable senators, that is statistical information which I will seek to obtain as soon as possible.

ECONOMIC UNION AND DEVELOPMENT PROSPECTS FOR CANADA

ROYAL COMMISSION—APPOINTMENT OF CHAIRMAN AND
MEMBERS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question which was asked by Senator Asselin on November 16 and by Senator Roblin on November 17 concerning the terms of the appointment of the chairman of the Royal Commission on Economic Union and Development Prospects for Canada. This answer was available earlier to my honourable friends who read the record of the other place, but I have taken some excerpts from that which I think will be enlightening.

Honourable senators, yesterday the Prime Minister answered a similar question in the other place. I would like to quote his answer:

—I want to make it clear that there is no clause and no opting out provision in the contract . . . if Mr. Macdonald

chooses to quit in some hypothetical situation where I would be resigning my job—

Some Hon. Senators: Oh, oh!

Hon. Martial Asselin: We call that the grandfather clause.

Senator Olson: It would be helpful, honourable senators, if I could give you the entire answer at once. Any comments, verbal or otherwise, can then be made about it.

Senator Asselin: We know the answer; we read Hansard yesterday.

Senator Olson: The Prime Minister said:

—if Mr. Macdonald chooses to quit in some hypothetical situation where I would be resigning my job, then surely he is free to do that. To be quite thorough in my answer, the matter did come up. I told Mr. Macdonald that I could not bind him forever.

Some Hon. Senators: Oh, oh.

Senator Olson: Honourable senators, the Prime Minister continued:

I told Mr. Macdonald that I could not bind him forever, that he was raising a hypothetical situation and he would just have to take that under consideration in deciding whether he would accept it or not.

Hon. Jack Marshall: Do you call that enlightening?

Senator Olson:

I think that the same reasoning applies to some 12 or 14 other members of the Commission whose names will be announced very soon. I do not think that they are bound forever, either. There are some former Conservatives on the list, and I suppose they too could resign to seek the leadership of the Conservative Party.

Hon. Jacques Flynn (Leader of the Opposition): For once he is humorous!

Senator Olson: Honourable senators, I have a delayed answer to questions which were asked on the same day by Senators Asselin and Murray concerning the method of appointment and numbers of other members of the Royal Commission on Economic Union and Development Prospects for Canada.

The Prime Minister has announced that another 12 to 14 members of the royal commission will be appointed very soon. He has also stated that Mr. Macdonald has been consulting with other participants. Members will be appointed by order in council.

Senator Flynn: Is Senator Davey on the list?

ROYAL COMMISSION—APPOINTMENT

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question which was asked by Senator Murray on November 17 concerning a statement made by the Minister of Finance.

Honourable senators, this question was answered on November 16, 1982. Senator Murray may find the answer on page 4987 of Senate *Hansard* of that day.

● (1415)

FOREIGN AFFAIRS

LAW OF THE SEA TREATY

Hon. H. A. Olson (Leader of the Government): Honourable senators, in response to a question asked by Senator Marshall concerning the Law of the Sea Treaty, the answer is:

The American position on the Law of the Sea Treaty is that they do not like it and will not sign it. However, it is not for the Canadian government to comment on the reasons for the Americans' not signing it. Canada regrets the American attitude and has brought this point of view to the Americans. Canada supports the treaty and Cabinet is considering our position in regard to signing the convention.

Honourable senators will note that I am reading all of the delayed answers because they are rather brief.

Hon. Jacques Flynn (Leader of the Opposition): Especially as we have ample time.

FOREIGN INVESTMENT REVIEW AGENCY

GOVERNMENT POLICY

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question, asked by Senator Roblin on October 25, concerning statements about FIRA made at the recent meeting with U.S. business leaders sponsored by the Niagara Institute.

The Minister of Industry, Trade and Commerce and Regional Economic Expansion informs me that I was correct in saying that no promises that the act would be amended were made. In the minister's remarks to the group, he spoke about the steps we have taken, and will be taking, to streamline the review process. With respect to possible changes in the legislation, he indicated that he had asked for recommendations from the agency, and that the legislation had been in effect since 1974 with no review in the interim. However, he also indicated that it was highly unlikely that any legislative changes would be enacted in the near future.

Hon. Duff Roblin (Deputy Leader of the Opposition): I agree with that.

INTERNATIONAL TRADE

INDIA—CANDU REACTOR—SUPPLY OF HEAVY WATER

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Lang on November 16, concerning Canadian policy with respect to the sale of heavy water to India. The answer is somewhat long. Perhaps honourable senators will accept it as having been read.

An Hon. Senator: You read very well.

Some Hon. Senators: Read it.

Senator Olson: The answer is as follows:

Canadian non-proliferation policy has two main objectives: First, to ensure as far as possible that Canadian nuclear exports do not contribute to further proliferation; and, secondly, to advance the evolution of an effective, internationally agreed non-proliferation régime.

Canadian policy has been designed to achieve those objectives by making nuclear co-operation contingent on, first, the conclusion of a bilateral agreement incorporating provisions specific to Canadian-supplied nuclear items—for example, non-explosive use, prior consent on retransfers and reprocessing, fallback safeguards, and physical protection—and, secondly, for non-nuclear weapon states, NPT ratification or an equivalent non-proliferation commitment and acceptance of fullscope safeguards.

Canada, in May 1976, formally terminated nuclear co-operation with India when that country refused to meet those two fundamental requirements of Canadian policy.

This and previous governments have clearly advised the Government of India on numerous occasions that further nuclear co-operation, including the supply of heavy water, is not possible unless and until that country fully satisfies our policy requirements.

As for the difference between India and Argentina, Argentina has signed a bilateral safeguards agreement with Canada to cover the operation of the Embalse nuclear plant.

However, no further new co-operation with Argentina is possible unless it agrees to Canada's present full nuclear safeguards policy, which includes signing the Non-proliferation Treaty.

Hon. Henry D. Hicks: May I ask the minister a supplementary question in relation to the answer he has just given?

Senator Olson: Yes.

Senator Hicks: I should like to ask the Leader of the Government if, in conjunction with his answer respecting the sale of heavy water to India, he is aware that the Russians are already selling heavy water to India? Granted, they are selling it only in quantities that would take several years to make up a reactor-load to activate the Candu reactor in India. India itself has the capacity to manufacture 300 metric tonnes of heavy water per year, although at the present time their plant is not working very well and they are making only about 50 tonnes per year. There are also heavy water plants being constructed in Romania and Argentina.

● (1420)

Does the minister not think that in view of all these activities Canada's attitude in refusing to sell heavy water to India is unrealistic in the present circumstances?

Senator Olson: Honourable senators, I suppose the honourable senator is asking whether or not I support government policy. The answer to that ought to be obvious. In any event, I do not think it would be particularly useful to add to what I have said, except to repeat the information contained in one of

the paragraphs in the letter I received, and that is that Canada's view is that any co-operation—if that is the right expression—or trading relations with countries which have not signed the non-proliferation agreement is contrary to Canadian government policy.

Hon. G. I. Smith: May I ask a supplementary on the same point, honourable senators? As I understand it, the policy of Canada is not to sell heavy water to India unless India conforms to certain requirements. I cannot help but recall that Canada is today manufacturing heavy water but is rumoured to be about to cease that so far as two plants in Nova Scotia are concerned.

I should like to know what advantage there is to that policy of Canada when it allows potential Canadian jobs to be replaced by jobs in Russia.

Senator Olson: I do not think that is really the question before us. The question is whether or not Canada, when it comes to nuclear technology, will carry on trade in co-operation with trading partners who do not adhere to the non-proliferation agreement which Canada supports.

Senator Smith: But surely, honourable senators, if, as I believe is the case, Senator Hicks is correct that heavy water is being manufactured in Russia and exported to India, and we do not sell heavy water to India and are about to close at least some of our heavy water plants in Canada, then we are exchanging jobs with Russia, and putting Canadians out of work while seeing Russian employment enhanced.

Hon. W. M. Benidickson: In principle, two wrongs don't make a right.

Senator Smith: That observation is not out of order.

Senator Olson: Honourable senators, no doubt when Senator Hicks and Senator Smith read the answer I have given, which should be available to them in a short while, they will see that I did give a complete answer to the question.

Senator Smith: With respect, honourable senators, I must disagree with the honourable gentleman. I do not think he gave any answer at all.

Senator Olson: I stated the government policy.

Senator Smith: Yes, and I asked a question with relation to that government policy which you have not answered.

FOREIGN INVESTMENT REVIEW AGENCY

SALE OF APARTMENT UNITS TO FOREIGN INTERESTS

Hon. Stanley Haidasz: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. Could he tell this chamber whether FIRA has been formally asked to investigate the sale by Cadillac-Fairview and others of 11,000 apartment units to foreign interests.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will take that question as notice because I do not know if they have or not. I shall try to find out for the next sitting.

● (1425)

Senator Haidasz: In view of the fact that one of the deals in that transaction was performed by a Greymac corporation, one of which has recently been sold to a Mr. William Player, a realtor from Elmvale, Ontario, can the minister tell this chamber whether the depositors in the Greymac companies are endangered in any way above the \$20,000 insured by the Canada Deposit Corporation?

Senator Olson: I shall have to take that question as notice, too. But when I do make the reference, I am not sure that we can get an immediate response because I expect that some judgement will have to be made, after some investigation, before a reply can be given.

Senator Flynn: That is not your position anyway.

INTERPRETATION ACT BILLS OF EXCHANGE ACT CANADA LABOUR CODE

SECOND READING—SPEAKER'S RULING ON POINT OF ORDER— DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Olson, for the second reading of Bill S-30, to amend certain acts in relation to Canada Day.

[Translation]

The Hon. the Speaker: Honourable senators, on November 16 Senator Flynn raised a point of order with respect to the motion by the Honourable Senator Olson for the second reading of Bill S-30, intitled: "An Act to amend certain Acts in relation to Canada Day". Senator Flynn's point of order was as follows, and I quote from page 4992 of the *Debates*:

My point of order will be to ask the Chair to rule whether this Bill, in order to pass, would have to receive the approval of two-thirds of the senators present; and, if it does not, whether it should be considered as having been defeated. This is the main question.

Senator Flynn's argumentation was based on the provisions of rule 47 of the Rules of the Senate of Canada, which reads as follows:

47. (1) A motion shall not be made which is the same in substance as any question which, during the same session, has been resolved in the affirmative or negative, unless the order, resolution, or other decision on such question has been rescinded as hereinafter provided.

(2) An order, resolution, or other decision of the Senate may be rescinded on five days' notice if at least two-thirds of the senators present vote in favour of its rescission.

[English]

Senator Flynn argued that the text of Bill S-30 is identical to the amendment which he proposed to Bill C-201. Since his motion in amendment to the third reading of the bill had been defeated, he feels that it is irregular that the same text can be

offered during the present session and he is, therefore, asking for the strict application of Rule 47.

For his part, Senator Olson recognizes that Bill S-30 covers substantially the same subject-matter as the rejected amendment proposed during the debate on Bill C-201. However, Senator Olson feels that the bill now under debate covers only in part the rejected amendment. The question, therefore, is whether the omitted section—that is to say, that part of the amendment which does not appear—is sufficient to establish whether or not the question is substantially the same.

Before I made my ruling, I wanted to study the rationale of Rule 47. The purpose of this rule is to prevent the house from repeating the same debate—that is, going over the same material—at a time when the conditions surrounding the debate have not sufficiently changed. On this point I have to acknowledge that the lapse of time between October 25 and November 2 does not meet this condition. On the other hand, I remember reading that Senator Flynn said that it was not a matter of delay but a matter of having Rule 47 apply.

The main question remains to be answered, namely, the degree of similarity necessary for the application of this restrictive rule, which must be interpreted to the letter.

After having studied the two texts submitted to me, I have concluded that they sufficiently differ, and that Rule 47 does not apply. To be very strict, the purpose of the motion of Senator Flynn was to amend a bill, while Bill S-30 has as its purpose the amending of an act, but I do not want to rely on this distinction. I would rather rule that Bill S-30 does not contain the first three paragraphs of the amendment offered on October 25, paragraphs which constituted much more than a preamble and implicitly constitute the rejection of what was intended to be amended. In fact, it was a question of not amending the bill but of replacing it by another bill.

In other words, if the amendment offered on October 25 had only requested the consequential amendments and had not attempted to amend the title and the first clause of the bill, I would be obliged to conclude that the two texts are similar. There is no doubt that there is similarity between the two texts. As the present bill proposes only the consequential amendments, there is no need to invoke the application of Rule 47.

These differences are essential and I would refer honourable senators to the following authorities. *Bourinot*, 4th edition, page 546, states:

Or, if a bill be altered in any material point, both in body and in title it may be received a second time.

May, 19th edition, page 492, states in paragraph (i):

When previously decided question related to an amendment on second reading.—On 31 March 1859 an amendment was proposed, but not made, to a proposed amendment on the second reading of the Representation of the People Bill, expressing an opinion in favour of the ballot; but this was held not to preclude a motion on a later day for bringing in a bill for the taking of votes by way of ballot.

And *May* on the same page, in paragraph (iii), also states:

When the later bill is the same in substance as an amendment rejected when offered to an earlier bill.—The National Insurance (Widowed Mothers) Bill (1961-62) was allowed to proceed although a new Clause to the same effect had been rejected when offered to the Family Allowances and National Insurance Bill.

● (1430)

So, I think it was unnecessary for the Leader of the Opposition to amend the title and the substance of the bill, but he could do so.

My first reaction when I heard the amendment was that I could not accept it, but while reading *Beauchesne* I noticed that it could be accepted provided the substance is taken back in the amendment.

So, I think that Senator Flynn's amendment was entirely in order. That is why at that point I insisted on asking Senator Olson if he was raising a point of order, and he said that he was not. Had he been raising a point of order, I would have had to make a ruling on that.

I can see a senator voting against Senator Flynn's amendment and voting for the bill. It is possible that someone who had been opposed to the change from "Dominion Day" to "Canada Day", once it is incorporated in the statutes, may very well vote for these amendments.

As I said, there is a substantial difference between the two texts, and that is why I rule that rule 47 does not apply.

Hon. Jacques Flynn (Leader of the Opposition): With all due respect, Your Honour, I would certainly ask the Chairman of the Standing Committee on Standing Rules and Orders to consider whether it would not be a good thing to delete rule 47 altogether. We might as well forget about that.

Hon. H. A. Olson (Leader of the Government): Honourable senators, Bill S-30 is a very short bill and deals only with consequential amendments that are required to the Interpretation Act, the Bills of Exchange Act, and the Canada Labour Code. Indeed, there has been sufficient debate on this already. Therefore, I will not repeat that debate, and I commend the bill to honourable senators.

Hon. Duff Roblin (Deputy Leader of the Opposition): If no one else wishes to speak on this order this afternoon, I move the adjournment of the debate.

Hon. Andrew Thompson: Honourable senators, I should like to speak to this motion today.

As I understand the substance of these amendments, they are to change the name "Dominion Day" to "Canada Day".

Senator Olson: That bill has already been passed.

Senator Thompson: I know it has been passed, but what I say is still implied in the amendments. Certainly, the words in these other statutes have to be changed.

Some Hon. Senators: Go ahead.

[The Hon. the Speaker.]

Senator Thompson: As I understand it, what we are discussing, basically, are national symbols, and I think we should be looking at the characteristics of a national symbol. A national symbol usually recalls an historical occasion or a landmark which indicates the striving by a nation to achieve independence and freedom. In my opinion, the word "dominion" uniquely evokes a spiritual as well as a political quality in reaching that goal.

However, having said that, I should like to point out some national symbols in this chamber. Honourable senators can look at the paintings adorning the walls of this almost sacred chamber, which impress upon us constantly the sacrifices that men and women made in the past as they strove for the freedom and independence of our country. We can look at the mace—

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I hesitate to interrupt my good friend, Senator Thompson. However, it seems to me that he is engaging in a debate on a bill that has already been passed. The bill that was passed changed the name of Dominion Day to Canada Day. What we have before us now are amendments to three other acts that are technically required in order to give effect to the original bill. I regret that Senator Thompson was unable to be here when we debated Bill C-201, thus depriving us of hearing his views on that matter at that time. It seems to me that in opening the whole question of whether or not the name "Dominion Day" should be changed to "Canada Day" he is not debating the bill that is before us. What is before us is strictly a question of whether, as a result of the passing of Bill C-201, we should make these consequential amendments.

If Senator Thompson is saying that even though the name of the day has been changed, it should not be changed in the Bills of Exchange Act because of the great tradition that goes with the Bills of Exchange Act, or the Interpretation Act, or the Canada Labour Code—

Hon. Lowell Murray: You did not give him a chance to say that.

Senator Frith: I did give him a chance to say that. That is precisely why I did not make this point at the beginning. It seems to me that what Senator Thompson has said so far is out of order, and not related to the present bill. We should understand—I say this on behalf of this side and other honourable senators who supported Bill C-201, the original bill, while respecting those who did not—that we cannot debate Bill C-201 again in our consideration of Bill S-30.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I do not think Senator Thompson needs a defence from me but, nevertheless, I want to come to his assistance. We have a fairly relaxed style of operation in this house. We have not usually been sticklers for the rules, and having operated in other chambers where the rules were very important and, in fact, applied with a lawyer-like intensity, I have always been pleasantly surprised and spiritually refreshed in witnessing members of this house being allowed to speak in general terms on issues that come before us.

● (1440)

Apart from that altogether, I have not the slightest doubt in the world that if my honourable friend will listen to the rest of Senator Thompson's speech he will be able to see that Senator Thompson can clearly establish a connection between his views on Canada Day and the propriety of amending other statutes in our system of laws to reflect that change of name. There is just no question in the world that if he wants to establish that connection he can do so.

Senator Frith: You would dissolve in laughter over there if I were to maintain that.

Senator Roblin: I think I will let him say how he is going to do it, because I feel confident that he is able to do that. I do not think it would take a parliamentarian as clever as the Honourable Deputy Leader of the Government to structure his speech in such a way that it bears on the principle of this bill, which is, namely, whether or not we should apply the name "Canada Day" to Dominion Day, as it appears in the Interpretation Act, the Bills of Exchange Act and the Canada Labour Code, and perhaps some other statutes. I think Senator Thompson should be given the privilege of addressing this house and expressing his views.

Senator Thompson: I thank the Deputy Leader of the Government for raising the point, and the Deputy Leader of the Opposition for explaining to the Deputy Leader of the Government what the point obviously is. Parliament having previously enacted that Dominion Day should be called Canada Day, we are now moving on to the procedure for making consequential amendments to other legislation, the principle being established. Now, on second reading, as I understand it, we can debate the principle of amending these other statutes. It is on that basis that I wish to speak.

As I was saying, the regalia and the ritual in this chamber causes us to ask ourselves: As a symbol, what does the whole chamber represent to the Canadian people? I look, for example, at the mace. I think, as Lord Campion said, that there is a halo about the mace. I am broadening now to go into other areas of symbols, and, therefore, I refer to the mace. I suggest that the mace does indeed have a mystic and spiritual quality to it. It reaches back into the myths of early civilizations; to Moses, when he, with his rod, came down from the mountain.

I want to emphasize the significance of the mace in this chamber. To me, it represents the courage that has been shown in our long history of evolving constitutional government, of fighting the autocratic powers of the Crown, which had the authority and the symbol of the mace. I am sure every honourable senator knows that the mace was carried by the Sergeants at Arms of Richard I of England, and Philip II of France, to ensure their authority. Over the centuries the authority of the king, through the symbol of the mace, became the protection of the Speaker, and then the authority to the Speaker, and thus of the whole of this assembly and the people.

I should like to recall in this debate the accountability of the executive, or the Crown, to the people and to Parliament. I

should like honourable senators to be imbued with pride in the knowledge that we sit here because of the struggles and achievements of men through the centuries.

I think of the absolute power of the monarch during the Tudor period. I recall to your memory Queen Elizabeth I of England, with all the awesome authority that she could command, and her impatience at having to listen to the forum of Parliament. I recall Sir Edward Coke's being called before the Bar and told, "What we expect is that you say aye or no, and we do not want anything else." When he returned to Parliament, Peter Wentworth stood on his feet, and against the wishes and desires of the monarch moved the resolution of succession. What was the fate of Peter Wentworth for doing that? He, of course, was sent to the Tower, where he remained.

When I follow the roots of this chamber and the symbolism that is with us, I think in terms of the Stuart period. With all respect to His Honour, I think of another Speaker in another time, Sir John Finch, and the irritation, impatience and fury of the king concerning Parliament. Speaker Finch refused to put Sir John Eliot's protestations and was about to adjourn the house by the king's command, but he was held in the Chair, cringing and crying, by Holles and another member. The Speaker understood the awesome power of the king, and he wanted the members to keep quiet. However, there were men like Eliot and Holles who refused to be intimidated, and who demanded that decisions respecting the law and the treatment of subjects be made in Parliament, even though they were sent to jail.

This, of course, again symbolizes the struggle of the monarchy, with its feeling of Divine Right, to avoid, at all costs, having to face the forum of Parliament.

We think, honourable senators, of Charles I, and how he, impatient with Parliament, which was trying to check his methods of taxation by going outside Parliament for tonnage and poundage, and doing it by asking for loans from people, with all the coercion that the monarch could exert, made the blunder of going down to the House himself. He was the first and only monarch to cross the Bar of Parliament. When he walked up, there was an intense silence throughout the House. Parliament knew he was coming to arrest five members, and leave was given to those five members to absent themselves.

● (1450)

King Charles strode up to the Speaker and said, "By your leave, Mr. Speaker, I must borrow your chair a little." He then turned and called the names of two of the members he intended to arrest on a charge of treason. He turned to Speaker Lenthall, who, in a few words, made a speech which should ring out a message to all of us. In essence, he said that he had "neither eyes to see, nor tongue to speak" but as the representatives of the people were pleased to direct him.

Honourable senators, Speaker Lenthall stands out like a beacon for his courage in demonstrating and asserting the independence of Parliament.

I refer to Cromwell and his impatience as an executive of Parliament. I am sure that his reference to the mace as a "bauble," which he demanded his soldiers throw out with the wronged Parliament members, stands out in all our memories.

I would now turn my attention to Canada and what this chamber should denote and signify to us as senators and Canadians. In this context, I am reminded of the fight for responsible government against the Family Compact. The executive had no patience with their leader.

During the summer, while reading *The Hansard Chronicles*, written by John Ward, the present Editor of *House of Commons Debates*, I was reminded of what befell Francis Collins, the first *Hansard* reporter in Canada, who was unknown to me until I read this particular book. This courageous Canadian insisted on reporting the debates of the Legislative Assembly of Upper Canada. Robinson, of the Family Compact in Ontario, with others, had him tried for libel and thrown into prison. An outcry ensued and an appeal was made to the King. He was finally released only to die shortly thereafter. That again was a prime illustration of the Family Compact's arrogantly and arbitrarily wanting to avoid the arena of Parliament.

When we think of Mackenzie, surely we must derive a feeling of the immense responsibility which we have, as senators, to ensure accountability by the executive to Parliament. I am aware that the executive is not accountable to this chamber but, honourable senators, if we sense the slightest attempt by the executive to by-pass Parliament, then, surely, it is up to us to stand on our feet and demand that it stop.

Some Hon. Senators: Hear, hear.

Senator Thompson: Honourable senators, I would suggest that Edmund Burke was the greatest parliamentarian. In his letter to the constituency of Bristol, he said that he would not be tied down by any party when it came to using his own judgment. They could demand his industry, but no man, no set of men, could demand his judgment.

I was relieved to read in a press release a number of years ago that the Prime Minister said the kind of parliament he respected was a parliament based on the Burkean idea. In the past, Mr. Trudeau has expressed his utter contempt for people who he felt had corroded into party hacks.

I now propose to read from Pierre Elliott Trudeau's writings on *Federalism and the French Canadians*.

Hon. Stanley Haidasz: What year?

Senator Thompson: I do not know when it was published, but I should make it clear it was prior to his joining the Liberal Party.

Referring to representation in the House of Commons, he wrote:

The party strategists had but to find an acceptable stable master—Laurier, Lapointe, St. Laurent—and the trained donkeys—

And I would certainly never use words like that, but our Prime Minister did.

[Senator Thompson.]

—sitting in the back benches could be trusted to behave.

With respect to this bill, honourable senators, I am concerned that we in this chamber do not behave like trained donkeys but, rather, as men of the calibre of Holles, of Eliot, of Pym, of Howe and of Mackenzie. I single Senator George McIlraith out as one of that calibre.

Hon. Senators: Hear, hear.

Senator Thompson: Let us remember our historical strength as a free and independent people, and that freedom, in the words of Tennyson, can be lost "from precedent to precedent".

● (1500)

I wanted to say this as I watched the private member's bill develop, in some way, into a government bill, and as I watched the tiptoeing through the tulips that went along with it. I wanted to be able to state that I shall include myself in the ranks of those courageous men who stood out, over the years, to develop an accountability by the executive. Those men, no matter whether they went to jail, stood by their consciences in the House of Lords, the Senate, and the House of Commons.

Hon. Senators: Hear, hear.

Hon. John M. Godfrey: Would the honourable senator accept a question? I wonder if he would mind giving us just a hint as to what that speech had to do with the amendments to the Interpretation Act, the Bills of Exchange Act and the Canada Labour Code?

Hon. Martial Asselin: Sit down!

Some Hon. Senators: Oh, oh.

Senator Thompson: In reply, it is especially important if you cannot see its aptness.

Hon. Orville H. Phillips: Honourable senators, without prejudicing my right to speak later, I would like to direct a question to the Leader of the Government in the Senate concerning Bill S-30.

Is he aware of anything in the rules that would prevent the Senate from giving credit to the real author of the bill, namely, Michael Valpy of the *Globe and Mail*?

Senator Olson: Honourable senators, I am not aware of any rule that would prevent my honourable friend from giving credit to whomever he wants to give credit to.

On motion of Senator Marshall, debate adjourned.

BRETTON WOODS AGREEMENTS ACT INTERNATIONAL DEVELOPMENT ASSOCIATION ACT

BILL TO AMEND —SECOND READING—DEBATE ADJOURNED

Hon. George van Roggen moved the second reading of Bill C-129, to amend the Bretton Woods Agreements Act and the International Development Association Act.

He said: As some honourable senators may have noticed, this bill is very short, being only two pages in length. I recall that, some time ago, a confrère of mine on this side of the

house said that a certain bill was very short and simple, that it would not be necessary for him to dwell on it too long, and that it need not go to committee. I will not repeat that mistake. The bill, while it is very short, touches upon important matters; namely, Canada's participation in the Bretton Woods Agreement and, through that, in the World Bank and its subsidiary organizations.

Honourable senators will recall that the World Bank was established, together with the International Monetary Fund, in 1944 at Bretton Woods. I believe it was Lord Keynes who said that they had succeeded in establishing a bank which was a fund, and a fund which was a bank. That, nevertheless, is not to detract from the fact that both organizations have operated, for the past 35 years, very successfully in stabilizing economic arrangements between the nations of the world.

As honourable senators will recall, the World Bank was first used as an instrument for the reconstruction of Europe. With that concluded, however, it turned its attention to the countries of the Third World, and has since been fostering economic development in those countries. At its founding, some 44 countries were members of the World Bank, with a total subscribed capital of approximately \$10 billion. Since that time, the membership has increased to 143 member countries, with a subscribed capital of more than \$80 billion, if we include the proposed refinancing in which this bill involves Canada.

The World Bank is the largest single development agency in the world. Together with the International Monetary Fund, it plays an important role in maintaining international economic and financial stability. In 1982—and any dates to which I refer will relate to its fiscal year, which ends in June—the World Bank approved some 150 loans, totalling over \$10 billion.

The World Bank finances its lending program through two types of contributions from its member countries. If I could use an analogy—a simple corporate comparison—authorized capital is established at X billions of dollars. The donor countries are required to actually pay in, at this date, 10 per cent of that amount, the rest remaining as callable capital. On the strength of the guarantee of that callable capital from all of the donor countries, the bank goes to the ordinary money markets and borrows, at competitive interest rates, the other 90-odd per cent of its authorized capital, which makes up the majority of the funds it uses in its work.

I think it is important to point out that at no time in the history of the World Bank has a call ever been made on any of the donor countries. The bank also has a remarkable record of success in its lending, so that it does not have defaulted loans and there is no likelihood of calls being made on the donor countries, at the present time or in the foreseeable future. This is because the projects of the bank are carefully chosen and evaluated by World Bank staff, along with local authorities, in order to ensure that the projects are of a high calibre and have a high rate of economic return to the countries in which the developments are taking place.

In order not to take too much time this afternoon, honourable senators, I will try to move more quickly through my notes. In addition to the multiplier effect which results from the borrowing that is made possible because of the callable nature of the authorized capital, commercial banks have developed a custom of joining in the funding of projects which the World Bank has approved. That the banking community will join as partners on the basis of the World Bank's assessments of the projects in which it is going to invest is surely an indication of the thoroughness with which the World Bank analyses those projects. The banking community must feel that its loans are virtually safe.

Because of this policy of the World Bank to see that loans are commercially justified, and as a result of the need to pay commercial rates to lender institutions for the money it borrows from them, the bank has, of necessity, developed a practice of making the majority of its loans to the better developed countries. This left a problem insofar as the poorer Third World countries were concerned. To that end, in 1960, a subsidiary agency of the World Bank, the International Development Association, or IDA, was created. The bill now before honourable senators amends not only the Bretton Woods Agreements Act but also the International Development Association Act—the two acts under which the Canadian Parliament has authorized the participation by Canada in the World Bank and in the IDA.

I might add that the IDA, generally speaking, extends not only soft loans but long-term loans at basically no rate of interest to countries with a per capita income below \$730 per annum. These loans, while repayable in theory, are, basically speaking, outright grants to those countries, and for this reason the IDA, unlike the World Bank, requires a replenishment of its capital at regular intervals. From time to time the 143 members of the World Bank need to agree on the amount of the replenishment, and also their individual participation in that replenishment. I will not say that there is a scientific formula by which the contributions of different countries are arrived at, but it has a bearing on a number of factors including their respective gross national products.

● (1510)

The last replenishment was to be for the years 1981, 1982 and 1983, being a three-year replenishment. Unfortunately, the United States felt that it was contributing more than its share to the World Bank and the IDA, and indicated—and eventually made it firm—that its three-year replenishment would extend over four years through 1984. That would have resulted in a serious shortfall to the poorer countries of the Third World during that fourth year, if the other countries did not cover the American shortfall. However, they did not wish to do this by simply increasing the amount of their contributions. So they decided to provide bridging funds for that fourth year. That is also provided for in the moneys being sought from Parliament in the legislation now before us.

I might also point out that since the inception of the World Bank, and the creation of the IDA in 1960, additional funds have been provided by Canada to those agencies by \$1 items in

the estimates. Concerning this particular refreshment, as they call it, which started in 1981, the first contribution from Canada of \$147 million in that year was done by that historic method, which had been carried on for a number of years and was followed by both the previous Conservative and Liberal governments. However, in 1981 the Speaker of the House of Commons ruled that it was inappropriate to make those expenditures through \$1 items in the estimates and, as a result, legislation was brought forward for the 1982 advance of \$164 million. That was authorized by Bill C-71, as an amendment to the original act.

We now have before us Bill C-129, which covers the remaining contribution which Canada must make during 1983 of \$260 million. I mention this in order that honourable senators will understand the reason for the amount of \$601.81 million referred to in the bill. That amount covers the whole three-year replenishment, including the amount paid out in 1981, the amount paid out in 1982 under Bill C-71 following the Speaker's ruling, and the amount now required to be paid out. Those three amounts total the figure referred to in the present bill. When a subsequent replenishment is necessary, a further bill will have to be brought before Parliament.

Honourable senators, I do not believe that I need stress the importance to the stability of the world of the successful operation of the World Bank and the International Monetary Fund, and also the importance to Canada, one of the great trading nations of the world, of a stable world trading system, which is so greatly assisted by funds such as those from the IDA. I merely mention that for the record, but I know that all honourable senators are in agreement with Canada's support of those agencies.

That concludes my general remarks, and I now turn to the bill itself. As I mentioned, it is a brief bill. Clause 1 is exactly the same as that contained in the original Bretton Woods Agreements Act, which is in the last revision of the Statutes of Canada. I cannot remember the year in which it was actually passed, but I believe it was 1946 or 1947. The words added in clause 1—and this is a legal nicety—are “and exercising any rights”. Apparently it was decided that subscribing our share to the bank by purchasing our 7.5 per cent or 10 per cent of the authorized share capital is a right rather than an obligation. I would hope that we will treat it as an obligation as well as a right; but that is the reason for the addition of those words.

In clause 2, the word “subscription” has been changed to the word “subscriptions”. It says:

—subscriptions required or permitted from Canada, that is to say, two billion, one hundred and seventy-eight million—

That is the cumulative total since the beginning of the Bretton Woods Agreement. I might say that those moneys are arrived at in Canadian dollars that are converted to 1944 American dollars.

Hon. Royce Frith (Deputy Leader of the Government): Is that in gold? It says “weight and fineness”.

[Senator van Roggen.]

Senator van Roggen: The reason for the reference to “weight and fineness” is that the Americans were then on the gold standard. They are not any more and “fineness” does not really apply. It is not a conversion to 1944 dollars allowing for inflation. It is only a conversion to 1944 American dollars as a constant, as between the values of different moneys in the world. Today our dollar is calculated at 1.48 Canadian for the American dollar in 1944. I assume that the Swiss would be less than par after so many years, their currency having increased against the American currency. So it is not an inflation conversion.

If, for the sake of argument, our dollar today is 20 per cent below par, if we calculate it all the way back to 1944 it is 48 cents below; so that today the conversion factor is \$1.47 or \$1.48.

Clause 3 refers to the International Development Association Act passed in 1960. Again honourable senators will see that subsection 2(2) is amended only by making this reference to an exercise of rights as opposed to an obligation.

In clause 4 there is reference to a sum of “six hundred and one million, eight hundred and ten thousand dollars”. That is the amount which I tried to describe in my general remarks as being Canada's portion of the refreshment for this current three-year period, part of which was paid out in 1981 by a \$1 item, and part of which was paid out in 1982 under the previous bill. The balance is now covered under the present bill. This sum covers all three of those sums.

● (1520)

Honourable senators, I think that concludes any remarks that I have of a general nature relative to the bill. I shall be pleased to endeavour to answer any questions that you may have.

On motion of Senator Asselin, debate adjourned.

INDIAN-INUIT WEEK BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Williams, seconded by the Honourable Senator Adams, for the second reading of the Bill S-28, intituled: “An Act establishing Indian-Inuit Week and Inuit-Indian Day”.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Stand.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, since Senator Williams, the sponsor of Bill S-28, is no longer a member of the Senate, this order should be discharged if no one takes his place.

Senator Frith: Honourable senators, I think it is a good suggestion that, if no one wishes to take Senator Williams' place in sponsoring the bill, this order should be discharged. However, it may be that Senator Adams, who seconded Senator Williams's motion, will wish to sponsor the bill.

Hon. Duff Roblin (Deputy Leader of the Opposition): He would need a seconder. He cannot both move the motion and second it.

Senator Frith: That is true. I was about to suggest that Senator Adams might wish to consider over the weekend whether he would like to act as sponsor of the bill, assuming he can get a seconder, in which case we would have the bill stand in his name.

Order stands.

[Translation]

HEALTH, WELFARE AND SCIENCE

MOTION TO AUTHORIZE COMMITTEE TO STUDY VETERANS AFFAIRS EXPENDITURES IN SUPPLEMENTARY ESTIMATES (B)— DEBATE RESUMED

The Senate resumed from Tuesday, November 16, the debate on the motion of Senator Marshall.

That the Standing Senate Committee on Health, Welfare and Science be authorized to examine and report upon the expenditures pertaining to Veterans Affairs set out in the Supplementary Estimates (B), laid before Parliament for the fiscal year ending March 31, 1983.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I intend quite simply to second the

motion. In the meantime, Senator Everett has informed me that he would like to make some comments in the debate on this order. Thus, with leave of the Senate, I do adjourn the debate for Senator Everett.

On motion of Senator Frith, for Senator Everett, debate adjourned.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

TWENTY-EIGHTH GENERAL CONFERENCE, NASSAU, BAHAMAS— INQUIRY STANDS

On Inquiry No. 2 of Senator Rowe:

That he will call the attention of the Senate to the Twenty-eighth General Conference of the Commonwealth Parliamentary Association, held at Nassau, Bahamas, from 16th to 22nd October, 1982, and in particular to the discussions and proceedings of the Conference and the participation therein of the delegation from Canada.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would like to stand Inquiry No. 2 in the name of Senator Rowe until next Wednesday, since he has informed me that he intends to make his comments at that time.

Inquiry stands.

The Senate adjourned until Tuesday, November 23, 1982, at 8 p.m.

THE SENATE

Tuesday, November 23, 1982

The Senate met at 8 p.m., Hon. Renaude Lapointe, Speaker *pro tem*, in the Chair.

Prayers.

QUESTION PERIOD

[English]

ENERGY

NEWFOUNDLAND—OFFSHORE RESOURCES—GOVERNMENT POLICY

Hon. C. William Doody: Honourable senators, I wonder if the Leader of the Government in the Senate would clarify one question for me. It was reported in the St. John's *Daily News* that the Government of Canada is in the process of reconsidering its position on the offshore situation. I think that that report has been received with some doubt by both sides.

Could the Leader of the Government tell us exactly what the government's position is right now? Has there indeed been a change in the thinking of the Government of Canada, or is the situation as it was when last discussed by the representatives of both the federal and the provincial governments?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall take the question as notice and refer it to the Minister of Energy, Mines and Resources for his comments. However, I would not like to take as notice a request to either confirm or deny that a speculation in the press is true or untrue.

Hon. Jacques Flynn (Leader of the Opposition): What is your problem? Why do you always worry? When you take a question as notice, you take it as notice and that is all.

PETRO-CANADA—PURCHASE OF BP CANADA

Hon. R. James Balfour: Honourable senators, I should like to pose a question to the Leader of the Government in the Senate. Is it correct that the cost of the take-over of BP Canada by Petro-Canada is not \$350 million, as was originally stated by the government, but more in the order of \$570 million?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall have to check those figures as well, but I believe that the amount is closer to \$350 million, as was stated by either an officer of Petro-Canada or the Minister of Energy, Mines and Resources when the transaction was consummated.

Senator Balfour: Is the honourable senator not aware that today, before a committee of the other place, the chairman of

Petro-Canada conceded that the actual price was of the order of \$570 million?

Senator Olson: Honourable senators, I was not aware of that. I suppose that illustrates the risk involved in trying to answer these questions before making the necessary inquiries, however rapid I like to be in responding to all the questions from the opposition.

Senator Balfour: Would the honourable senator not agree that a discrepancy of some \$220 million between the originally stated price and the price that was conceded today, if it is correct, constitutes a serious misstatement of fact on the part of the government?

Senator Olson: Honourable senators, I do not want to concede anything, because the conceding that I would have to do would be on the interpretation that my honourable friend is bringing to the Senate from whatever he may have heard reported. Therefore, I need to be a little careful. I should also take into account the calculations that have been done in one respect vis-à-vis another, because it is, of course, quite possible to provide two or more answers depending on what you add up.

Hon. Jacques Flynn (Leader of the Opposition): You know that.

Senator Balfour: Honourable senators, I have a supplementary. If it should prove to be the case that the price is \$220 million greater than that originally announced, would the leader state whether or not he agrees with the assessment given by the chairman of Petro-Canada that this acquisition will not cost Canadian taxpayers a dime?

Senator Olson: Honourable senators, before my honourable friend asks me to agree with a hypothetical situation, it would be extremely useful to both of us, and also to the minister directly responsible, if we first ascertain the facts. When I have provided those facts for my honourable friend, perhaps some of these questions may then be placed in their proper perspective.

Senator Balfour: Would the Leader of the Government ascertain the facts and make a statement on the situation in this chamber tomorrow?

Senator Olson: I have already given an undertaking that I will refer the question to the Minister of Energy, Mines and Resources. Whether or not I should make a statement is something that I will have to consider at that time. It may be that my honourable friend's information may or may not be somewhat exaggerated, but until I know that it would be imprudent of me to give that commitment.

[Translation]

AIRLINES

QUEBECAIR—GOVERNMENT POLICY

Hon. Martial Asselin: Honourable senators, my question is directed to the Leader of the Government.

Last week, the Minister of Transport revealed a plan apparently intended to rescue Quebecair by creating another company called Quebecair 2, which would be owned jointly by Air Canada and the Government of Quebec, with both parties investing \$15 million.

It seems the minister said that the new company would not be responsible for debts contracted by the old Quebecair company. Have we understood correctly the decision of the federal Minister of Transport, namely, that the former company's debts would not be honoured by the new company, Quebecair 2?

I also would like to know to what extent the Minister of Transport has guaranteed job security for Quebecair employees.

[English]

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have brought with me this evening a copy of the telex that was despatched to Mr. Michel Clair, the Quebec Minister of Transport, by the Honourable Jean-Luc Pepin, the federal Minister of Transport. It is in both English and French. It might be useful if I were to table these documents, which are about seven or eight pages in length. I believe they will answer completely many questions that my honourable friend might wish to ask. In any event, if he wishes more detail, after he has had an opportunity to read them, I will try to provide it or I will refer his question to the Minister of Transport.

If it is satisfactory to honourable senators, I will table these two documents.

[Translation]

Senator Asselin: I have no objection to the honourable minister tabling it. I agree to that—we are always most cooperative with government ministers.

Hon. Jacques Flynn (Leader of the Opposition): A bit too much!

[English]

Senator Asselin: We do agree that these documents can be tabled.

[Translation]

Apparently the main concern of Quebecair employees is that the minister's statement did not guarantee their job security, and we are told that since Minister Pepin made his statement, those employees are most nervous. They wonder why the minister could not reassure them by stating that their jobs will be protected. Could the Leader of the Government inquire with the Minister of Transport and ask him to make this commitment?

● (2010)

[English]

Senator Olson: I shall do that, but I can read one small portion of the telex. It says:

Another major social and financial aspect of my proposal is concerned with the welfare of the employees of Quebecair. I propose that our two governments develop a plan to ensure that all employees of Quebecair at the time of the creation of Quebecair 2 are protected from the negative consequences that might result.

So I am sure that my honourable friend understands that it is already clear in the telex that an attempt will be made to work out this arrangement. Until such time as that has been done, there is no further reply that I can obtain from the Minister of Transport.

[Translation]

Senator Asselin: Could the government leader tell us whether the Quebec government, through its Minister of Transport (Mr. Clair), has approved the terms put forward by the federal Minister of Transport (Mr. Pepin)? We have been informed that the Quebec Minister of Transport was to give his reply on behalf of the Quebec government this afternoon. Could the Government Leader enquire about such a reply and tell us about it?

[English]

Senator Olson: I am not aware of whether a positive or a negative reply has been received to the proposal, but I will try to find out.

Senator Asselin: Can the minister secure for us the reply of the Quebec Minister of Transport, Mr. Clair, and will he table it, if it is possible, in the Senate in the near future?

Senator Olson: If such a reply exists I will attempt to obtain it. Of course, the usual courtesy must be extended, namely, the federal Minister of Transport will ask the Quebec Minister of Transport whether he wishes his reply to be made public.

Hon. Fernand-E. Leblanc: Honourable senators, I have a supplementary question with regard to Quebecair. Keeping in mind that the Government of Quebec is a separatist government, does the minister really think that that government will be interested in joining in a partnership with the federal government?

Senator Olson: I am not sure that my opinion on this matter is particularly valid at this time.

Senator Flynn: I am sure it is not.

Hon. Royce Frith (Deputy Leader of the Government): I thought you would be sure of that.

Senator Olson: As I understand the question, I am being asked whether I think the Quebec government will take one position or another. I have to say that I have not had a sufficiently close liaison with them recently to form that opinion immediately.

Senator Frith: They can flip-flop with the best of them.

Senator Leblanc: If I understand the proposition with regard to Quebecair 2, there would be an equal partnership between the Government of Quebec and the federal government—

Senator Asselin: Not with the federal government—with Air Canada. That is very different.

Senator Leblanc: I do not think you are right.

Senator Asselin: I am right.

Senator Leblanc: If I understand the matter, what is being proposed is an equal partnership between the provincial government and the federal government on a fifty-fifty basis. We would put up, I suppose, \$15 million each and work out a new corporation.

● (2015)

However, this is my problem: As we are putting through such a proposition, which is to my mind at least the best one, it would be under the administration or the management of Air Canada—

Senator Flynn: Or Nordair.

Senator Frith: No, definitely not.

Senator Leblanc: —which certainly has the competency to do the work. I do not see why they would refuse such a proposition, which is the best one they have ever had. It would save them from bankruptcy with respect to Quebecair.

Senator Flynn: If you want to make a speech, give notice of an inquiry.

Senator Frith: It's an offer they can't refuse.

Senator Olson: Honourable senators, Senator Leblanc will see that the details of this are given on page 5 of the document I have just tabled. However, he might find one paragraph of particular interest:

Quebecair 2 would be funded and owned 50 per cent by Air Canada and 50 per cent by the government of Quebec through any means it would determine including private sector participation. However, during the initial period of the new company's existence, Air Canada would have management control of Quebecair 2's operations to facilitate its becoming a commercially viable air carrier.

Senator Flynn: I have a supplementary question. If Mr. Pepin's proposal were accepted, would the government exempt Quebecair 2 from Bill S-31 as the government is prepared to exempt Quebecair 1?

Senator Asselin: Touché.

Senator Olson: Honourable senators, we must take one step at a time.

Senator Asselin: Touché.

Senator Olson: My honourable friend knows what the situation is. The exemption has already been announced by the government, even in anticipation of the provisions of Bill S-31.

[Senator Frith.]

Senator Flynn: It would put Quebec on the same footing as the federal government with respect to investing in transportation companies. What Bill S-31 wants to prevent now would be acceptable, if both Quebec and Ottawa were on an equal footing.

Senator Frith: If you want to make a speech, launch an inquiry.

Senator Flynn: I am asking you if that is the understanding.

[Translation]

Senator Frith: There is a big question mark at the end!

[English]

Senator Flynn: Well, there is a question mark for the benefit of Senator Frith.

Senator Olson: Honourable senators, my friend the Leader of the Opposition is asking whether Quebec and Ottawa will be on an equal footing.

Senator Flynn: Under Bill S-31.

Senator Olson: Under Bill S-31 it is not intended that the federal government will be on the same footing as the provincial governments, and that is for the very simple reason that the Crown in right of Canada has jurisdiction over interprovincial and international transportation activities.

Senator Asselin: I think you had better wait for the judgment of the Supreme Court.

Senator Flynn: Is the Leader of the Government suggesting that owning shares and having control of the operations are exactly the same thing?

Senator Olson: No, he does not.

Senator Flynn: Thank God. You would not dare say that.

Senator Asselin: You'll learn, Bud, you'll learn.

ENERGY

PETRO-CANADA—RELOCATION OF OFFSHORE SUPPLY BASE AT MULGRAVE, NOVA SCOTIA

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate relating to Petro-Canada and its offshore supply base at Mulgrave, Nova Scotia. Is it a fact that Petro-Canada is about to move its supply base from Mulgrave to some other location?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I shall have to make inquiries about that. I am not sure of the answer at this point in time.

Senator Smith: I thank the honourable gentleman for his undertaking to make inquiries. Will he be kind enough, should the answer be yes, to ask why the supply base is being moved, where it is being moved to, when the move will take place and how the present employees will be affected by the move.

Senator Olson: All of those questions will be included in the inquiry.

Senator Smith: Thank you.

● (2020)

SPORT

REGULATION OF BOXING

Hon. Andrew Thompson: Honourable senators, I have a question for the Minister of State for Fitness and Amateur Sport. It concerns the recent tragic death of a young Korean boxer, Duk Koo Kim. My interest in this stems from my years as an amateur boxer in the navy.

Would the minister tell us if he is considering examining the procedures and regulations governing boxing so that it becomes a sport and not a hazard to the lives of participants?

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators I thank the honourable senator for his question.

The problem of violence in boxing, which, over the years, has led to the deaths of certain participants in the sport, is a matter of real concern to me and the department. I have held meetings—

Hon. Jacques Flynn (Leader of the Opposition): Is there something other than violence in boxing?

Senator Perrault:—during the past month with respect to proposals from various parts of the country to reduce or, hopefully, to prevent ring deaths and injuries. These submissions have led me to the belief that if negotiations can move forward successfully, we should have in Canada a co-ordinator of boxing to ensure that those who step into rings in any province of Canada are physically able to participate in pugilistic contests.

Unfortunately, certain provinces do not have provincial boxing commissions. Ideally, it would be helpful to have commissions located in all of the provinces. Perhaps we require a central information clearing agency—and this surely cannot be beyond the bounds of technology today—a computer-assisted agency to provide computer access to dossiers on all participants to those commissions to ensure, for example, those boxers who have suffered brain damage, those who have been rendered senseless or who have received significant injuries do not participate in boxing contests within a few days of sustaining such injuries and receive competent medical clearances before they fight again.

I must say that some of those provinces where boxing matches are staged on a regular basis have shown a high degree of co-operation in efforts to assure reasonable standards for the sport. There is less interest in certain other provinces where boxing matches are not held on a large scale.

After recent events in the United States, it would be very tragic were someone to die in a boxing ring this week in Canada. In my view, we must move quickly to do what we can to ensure that we do not have a repeat, ever again, of the recent ring tragedy that occurred in the United States.

I am making the problem one of my priorities as the Minister of State for Fitness and Amateur Sport.

Hon. Joseph-Phillippe Guay: It is common knowledge that one can step into the ring and be physically fit in all respects. You can have a commission to ensure that boxers are physically fit before they go into the ring, but after being hit in the second round the injury may not be noticed until the seventh or eighth round. That is the problem facing boxers today.

Senator Perrault: The honourable senator has made a good point. There has been a suggestion that pre-fight brain scans should be made mandatory to ensure that there are no people physically incapable of participating in boxing matches.

Of course, regardless of precautions, there are no fail-safe measures, and we all understand that. A number of hockey and football injuries, some serious, still occur despite the fact that equipment has been dramatically improved over the years. But perhaps we can minimize sports risks, and I feel that we should attempt to do so.

As far as a central co-ordinator of boxing is concerned, I am not thinking in terms of some super-czar located in Ottawa or Toronto who will dictate what should be done in all of the provinces, but rather a person and an office to assist the provincial boxing commissions with information regarding ring records, physical and medical records. We want the maximum degree of protection for people engaged in the sport of boxing.

Hon. C. William Doody: I have a supplementary question for the minister. Could the honourable minister tell us whether boxing is one of the so-called sports that his department will continue to fund and encourage, or is it one of those less desirable types of athletic competition in terms of human destruction and injury?

● (2025)

Senator Perrault: It is our view that boxing can be a safer sport under the proper conditions—for example, if proper headgear is used; if the weight of gloves is such that fists are not going to cause serious physical injury; and if the competence of the referees is such that contests will not proceed beyond a point where serious physical injury is possible.

Assisted by the federal government, Halifax has one of the best boxing training programs in Canada. Indeed, honourable senators, the maritimes can be very proud of the standard established in Halifax for the production of good, competent amateur boxers. Almost all of the abuses that are taking place are in the so-called professional ranks. I have reports of situations in certain parts of Canada where teams of three or four boxers, some of whom should not even be participating in the sport, are moving from town to town and nobody knows their records. One of these boxers could be knocked out two or three times a month. He might participate in a bout, in order to earn \$50, having been knocked out a couple of nights before in another small town. That kind of abuse is the beginning of tragedy. The good amateur program centred in the great city of Halifax has been a marked success.

Senator Doody: I should like to repeat the question. Would the minister indicate whether or not his department will continue to fund this so-called sport which encourages young people to get into this sort of life?

Senator Perrault: The program will be continued because if it is conducted under proper, safe auspices, it is a good conditioning sport, a good training sport and a good sport to inculcate discipline. Similarly, if football and other sports are not supervised properly, they can be dangerous as well. We intend to continue our efforts. In the recent Commonwealth Games held at Brisbane, Canada did quite well in boxing and there were no serious physical injuries to any of our participants.

Senator Doody: That we know of.

Hon. Nathan Nurgitz: Honourable senators, as a further supplementary question, could the minister tell us, with respect to professional boxing, whether he has considered the report of Mr. Justice Hewak of the Manitoba Court of Queen's Bench, who undertook an extensive study of boxing in that province as a result of a death that occurred seven or eight years ago?

Senator Perrault: All of these studies are being considered. At the present time we are receiving excellent help from the Province of Nova Scotia. One minister's office there is providing great assistance to the federal government and other provinces in attempting to develop a regulatory program which may be of real help to all of Canada. The ultimate plan, I believe, may be to have provincial access to a pool of computer-stored information about boxing participants, perhaps from all over North America. An information retrieval system of that kind would cost money, which is an important factor. The funding of such a program, of course, would be a major consideration.

Hon. Jean-Paul Deschatelets: May I ask a supplementary question? Is it the minister's intention to call a conference on this matter with heads of the boxing commissions that exist in four or five of the provinces?

Senator Perrault: We have had a preliminary meeting in Saskatoon, with constructive results, with the ministers responsible for fitness and amateur sport in the provinces. It was agreed at that meeting that we would try to take action in this area. As I said earlier, our main boxing facility for Canada is in Halifax, and because of Nova Scotia expertise in that field an official of the Province of Nova Scotia will be producing some proposals shortly. I think it would be of real benefit for the heads of the boxing commissions to meet. Senator Deschatelets has advanced an excellent idea.

Hon. Jacques Flynn (Leader of the Opposition): Well, it is from an expert.

AIR CANADA

SUGGESTED REDUCTION IN DOMESTIC FARES

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate regarding big-hearted Air Canada. The advertisement in today's newspaper says that Air Canada, in consultation with the Canadian Government Office of Tourism, will issue cost-cutting coupons to Canadian travellers, which will allow them to save on hotel accommodation and car rentals. However, the advertisement

mentions nothing about cutting the cost of air fares to assist those who cannot afford to visit other parts of Canada.

● (2030)

As an example, many Newfoundlanders who work in Toronto and wish to return home for Christmas will have to pay over \$500 to fly to Gander. The return fare to Stephenville is about \$450.

Can the Government of Canada induce the big-hearted Air Canada president to cut air fares, which, in turn, will mean that more seats on planes will be filled and, thereby, the airline will make a profit instead of gouging the poorer people who can least afford to travel across their own country?

Hon. H. A. Olson (Leader of the Government): Honourable senators, it is very interesting to hear Senator Marshall's views on what Air Canada is outlining in some of its promotions. I wish neither to agree nor to disagree with him, although I think he will understand that there is far more involved in an advertising and business promotion scheme than some of the comparisons he has made.

Senator Marshall: That is a good answer.

Hon. Jacques Flynn (Leader of the Opposition): For once.

Senator Marshall: The advertisement states:

Whether you just want to visit the family back home without sleeping on a cot in the livingroom or you've always dreamed of doing Canada in style, now is the time.

Now is not the time because, even while we are talking about Canadian unity, people living in the far reaches of Canada cannot travel across the country unless there is a reduction in air fares. It would be more useful to lower the fares than to try to entice people to travel by offering them cheaper hotel accommodation.

THE ECONOMY

PRICE RESTRAINT IN FEDERAL PUBLIC SECTOR

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have four delayed answers. The first is in response to a question asked by Senator Roblin on July 21 concerning price restraint in the federal public sector.

To my knowledge, those bodies that are subject to the six-and-five restraint program would include all organizations listed in the federal telephone directory plus crown corporations. This gives the widest possible scope to the policy which is aimed at restraining all prices established, directly or indirectly, under federal jurisdiction.

Honourable senators, I also have a response to a question asked by Senator Roblin a little later on the same day concerning the publicity the government intends to give to any cabinet decisions which approve deviations from the 6 per cent rule on account of exceptional circumstances.

I have made inquiries and have been informed that only in exceptional circumstances will an exemption to the administered prices six-and-five policy be considered. Arguments in support of exemptions of individual cases would be submitted

by the sponsoring minister for a ruling by a special committee of ministers, and the results would, necessarily, be communicated by the minister responsible.

ECONOMIC UNION AND DEVELOPMENT PROSPECTS FOR CANADA

ROYAL COMMISSION—TERMS OF REFERENCE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Roblin on November 17 concerning the terms of reference of the Royal Commission on Economic Union and Development Prospects for Canada as they relate to changes in the institutions of national government.

Honourable senators, the answer is fairly short, and I could read it, but I would ask that it be taken as read.

The Hon. the Speaker pro tem: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(The answer follows:)

Honourable senators, whether or not the Royal Commission wishes to consider changes in the institutions of national government such as the Senate would, of course, be up to the Royal Commission.

From the government's point of view, the terms of reference would certainly allow the Royal Commission to examine the reform of the Senate in the context of national policy-making relating to economic development.

Therefore, the Royal Commission would not be a major forum for ideas on Senate reform, but could study the institution in the context of how to make better national economic policy.

ROYAL COMMISSION—APPOINTMENT—ROLE OF DEPARTMENT OF FINANCE, ECONOMIC COUNCIL OF CANADA AND HELLIWELL COMMITTEE

Hon. H. A. Olson (Leader of the Government): Honourable senators, on this same subject I have a response to a question asked by Senator Murray on November 17, 1982 concerning the respective roles of the Economic Council of Canada, the committee headed by Professor Helliwell and the new royal commission headed by the Honourable Donald Macdonald.

The terms of reference of the Royal Commission on Economic Union and Development Prospects for Canada are a matter of public record and were tabled in the Senate on November 8, 1982.

The Economic Council of Canada was created by an act of Parliament, which is also a matter of public record.

The role of the Economic Advisory Panel reporting to the Minister of Finance is outlined in an answer given to a similar question asked by Senator Tremblay at page 4987 of the *Debates of the Senate* of November 16, 1982.

Hon. Lowell Murray: Honourable senators, I would ask the minister to go back and try to obtain an explanation for the existence, at public expense, of these three bodies which are doing work that is remarkably similar, if not overlapping, in this world of six-and-five and ostensible government restraint.

Senator Olson: Honourable senators, Senator Murray can make that argument if he wishes.

Hon. R. James Balfour: It is a statement of fact.

Senator Olson: It is an opinion, and many senators opposite have a great deal of difficulty separating opinion from fact.

In any event, I will do what the honourable senator asks. It would then be factual to take excerpts from the terms of reference to which I have just referred. I am not sure that would help Senator Murray's argument very much, but I will respond precisely to the question he has asked.

Senator Murray: I would thank the minister and the government for doing so as soon as possible.

THE ECONOMY

SMALL BUSINESS DEVELOPMENT BOND PROGRAM—STATISTICS

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Roblin on November 18 concerning the number of small business bond transactions since November 1981 and the amounts of the loans.

Honourable senators, the answer is rather long and contains two tables, Table A and Table B, which give better meaning to the response being conveyed. I would, therefore, ask that the answer, containing the two tables, be taken as read.

The Hon. the Speaker pro tem: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Honourable senators, I am pleased to furnish Senator Roblin with the latest available statistics on the Small Business Development Bond Program.

Table A provides statistics on the Small Business Development Bond Program under existing legislation and takes into account information available, which is as of January 15, 1982. This Program was directed to corporations for development purposes and to assist those corporations in financial difficulty. Table B provides statistics on the Small Business Bond Program, as of April 28, 1982. This Program was provided for in the November 12, 1981 Budget. The Small Business Bond program will cover, in addition to corporations, unincorporated businesses and partnerships, including farmers and fishermen, in financial difficulty.

TABLE A
SMALL BUSINESS DEVELOPMENT BOND PROGRAM
As of January 15, 1982

| Province | Elections Received and Processed | Amount Loaned |
|--------------|--|------------------|
| | | \$ |
| Newfoundland | 215 | 24,785,567 |
| P.E.I. | 77 | 10,096,989 |
| Nova Scotia | 358 | 45,815,201 |

| | | |
|------------------|--------|-----------------|
| New Brunswick | 406 | 44,848,746 |
| Quebec | 1,716 | 239,694,003 |
| Ontario | 4,724 | 679,647,834 |
| Manitoba | 771 | 124,477,274 |
| Saskatchewan | 1,224 | 189,340,341 |
| Alberta | 1,788 | 311,755,063 |
| British Columbia | 2,467 | 405,978,976 |
| N.W.T. | 4 | 769,000 |
| Yukon | 16 | 3,838,334 |
| N.W.T./Yukon | 38 | 5,965,516 |
| | 13,804 | \$2,087,012,844 |

TABLE B
SMALL BUSINESS BOND PROGRAM
As of April 28, 1982

| Province | Elections Received | Amount Loaned | Unincorp- orated Farmers | Incorp- orated Farmers | Other Businesses | |
|------------------|-----------------------|------------------|--------------------------------|------------------------------|---------------------|-------------------|
| | | | | | Unincorp- orated | Incorp- orated |
| | | \$ | | | | |
| Newfoundland | 13 | 1,181,898 | | | | 13 |
| P.E.I. | 34 | 3,787,020 | | 4 | | 30 |
| Nova Scotia | 79 | 8,925,816 | 7 | 2 | | 70 |
| New Brunswick | 68 | 8,465,921 | | 9 | | 59 |
| Quebec | 49 | 8,469,094 | | 3 | | 46 |
| Ontario | 1,077 | 172,432,789 | 129 | 122 | 11 | 815 |
| Manitoba | 164 | 27,197,753 | 13 | 61 | | 90 |
| Saskatchewan | 108 | 21,975,105 | 6 | 10 | | 92 |
| Alberta | 480 | 94,004,389 | 5 | 101 | | 374 |
| British Columbia | 354 | 80,090,874 | 25 | 54 | 6 | 269 |
| | 2,426 | 426,530,659 | 185 | 366 | 17 | 1,858 |

INTERPRETATION ACT
BILLS OF EXCHANGE ACT
CANADA LABOUR CODE

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith, for the second reading of the Bill S-30, intituled: "An Act to amend certain Acts in relation to Canada Day".—(*Honourable Senator Marshall*).

Hon. Jack Marshall: Stand.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am sure that it will come as no surprise that the government takes the position that Bill S-30 represents an irresistible and purely technical corollary to the passing of Bill C-201—

Hon. Jacques Flynn (Leader of the Opposition): That is not the view of His Honour the Speaker.

Senator Frith:—and the consequential amendments follow quite naturally from that. For that reason, and since the introduction of Bill S-30 was in fulfillment of an undertaking to introduce the consequential amendments—

Hon. Richard A. Donahoe: No, not in the Senate.

Senator Frith:—I should like honourable senators to realize and understand that the government will not support the position that this purely technical debate on the bill be continually adjourned. The government will ask that at some point—and I would respectfully suggest within the next two weeks—the matter be put to a vote. For that reason, I do not think honourable senators should assume that we will always accept adjournments of the debate.

Senator Flynn: On that point, since the Speaker's decision we have been trying to ascertain what the substantial differ-

ence is between the amendment, which was defeated, and this bill.

His Honour ruled that we could vote against this bill even if we voted in favour of the amendment which was introduced by this side some weeks ago.

This is an important matter because the Speaker did indicate to us that there was a substantial difference between the amendment and this bill, and we have to consider that matter.

Therefore, I do not see that we can accept the view that this is a technical matter. If it were a technical matter, of course, our point of order would have been maintained, but it was not maintained, and we are going to take all the time that is required to consider our position.

● (2040)

Hon. H. A. Olson (Leader of the Government): Honourable senators, I think there is a point of order. I am not sure that Senator Flynn intended to raise a question with respect to the Speaker's ruling, because the fact is that when that ruling was given there was also given a complete explanation as to why it was made.

Senator Flynn: Yes.

Senator Olson: The ruling is not an examination of the wording of Bill S-30 and an amendment that was moved some time earlier.

Senator Flynn: We heard it. You do not need to go through it again.

Senator Olson: If you heard it, then you will realize that "detailed examination" does not fit with the rest of your argument, because there were a couple of other paragraphs included in your amendment that are not contained in Bill S-30.

Senator Flynn: In any event, that does not change our stand.

Hon. George J. McIlraith: Honourable senators, it seems to me that a new matter has been raised tonight. The Deputy Leader of the Government in the Senate has asked that Bill S-30 be proceeded with in a manner that is not in accordance with the usual practice in the Senate.

I have just been looking at the order paper, taking note of some of the bills listed there. I notice such measures as: Bill C-129, to amend the Bretton Woods Agreements Act and the International Development Association Act; Bill C-135, to amend the National Housing Act; Bill S-33, to give effect, for Canada, to the Uniform Evidence Act adopted by the Uniform Law Conference of Canada; Bill C-90, to amend the customs Tariff and to repeal certain Acts in consequence thereof; and Bill S-32, to amend the Penitentiary Act and the Parole Act.

Honourable senators, I am inclined to believe that those are important bills. I am not inclined to believe that there is such great urgency attached to Bill S-30, because I have in my mind that July 1 is a few months away. Is the matter of such great urgency that the bill should be dealt with in a manner different from that in which bills are usually dealt with in the Senate? I want to put the Deputy Leader of the Government

in the Senate on notice that, as a senator, I am not willing to acquiesce in that unusual practice.

Some Hon. Senators: Hear, hear.

Senator Donahoe: Honourable senators, I rise to ask the senator who first spoke to this order if he will permit a question? I have a question which I would like to address to him. I take it that the honourable senator assents.

Honourable senators, my question is a simple one. I understood the honourable senator to say that an undertaking was given such that Bill S-30 would be introduced. My question is: Was he referring to the undertaking which was given by Mr. Joyal, the Minister of State? Did the honourable senator understand at the time, as I did, that Mr. Joyal was saying that there will be a bill with consequential amendments introduced in the House of Commons? Was I incorrect in that understanding?

Senator Olson: Yes, I think the honourable senator might have been wrong—

Senator Donahoe: Excuse me, honourable senators, my question was addressed to the Deputy Leader of the Government, who was the first to speak on this order. I would like to have an answer from him, if I may.

Senator Flynn: Give him a chance.

Senator Frith: Honourable senators, I shall deal first with the point raised by Senator McIlraith with reference to what he called an unusual procedure. I take it that, in his opinion, it is unusual not to constantly agree to all suggestions for the standing of orders. He and I disagree on that point.

Senator Flynn: What difference does it make?

Senator Frith: I was merely trying to be courteous to the Senate.

Senator Flynn: Oh, oh.

Senator Frith: That is, I was trying to advise honourable senators that it cannot be taken for granted that we will always agree to the adjournment of this particular order.

Hon. Eric Cook: Who is the "we"?

Senator Frith: Honourable senators, I spoke on behalf of the government.

Some Hon. Senators: Oh, oh.

Senator Flynn: What do you mean by "the government"? Do you mean the Prime Minister of Canada?

Senator Frith: Honourable senators, I mean those of us who represent the government. The government's point of view is what I put forward. That is what I said when I began to speak, and that is what I meant by "we." Therefore, I have nothing more to add to what I said when I first spoke to this order.

As to the question raised by Senator Donahoe, my recollection of what was said, both by Mr. Joyal and by Senator Olson, is that legislation would be introduced—

Senator Flynn: Senator Olson did not speak in committee.

Senator Frith: That may very well be. I am speaking now about the statement I made earlier to the effect that an undertaking was given by and on behalf of the government that this legislation would be introduced.

Senator Flynn: In the next session.

Senator Frith: It may well be that Mr. Joyal, in committee, used the words "in the House of Commons." I do not remember his saying that. However, Senator Donahoe apparently does remember his saying that the legislation would be introduced in the House of Commons. I will not quarrel with him. I am quite sure that the undertaking given by Senator Olson in the debate in the Senate was to the effect that such legislation would be introduced. I am sure that, during the debate in the Senate, Senator Olson gave the undertaking that the government would introduce the consequential amendments. I certainly do not recall his saying "in the House of Commons."

Senator Flynn: You wouldn't. Your memory is short when it is convenient.

Senator Donahoe: I thank the honourable senator for his answer. If I may be permitted, I should like to expand upon my question.

In the first instance, and for the sake of clarity, I was referring to the undertaking given by Mr. Joyal before the committee. It is not right to assume that I understood him to say, or that he did say, "in the House of Commons." I cannot say, from my own memory, whether those words were used. I can say, however, that I was left with the definite impression that he was saying that the government would introduce the bill in the House of Commons. In saying "we will introduce it," he was not speaking for the senators; he was speaking for the members. He was speaking for the government, the executive. That was my understanding of what he said.

The expansion of my question is simply this: Was I mistaken in such an understanding, or is that a proper understanding of what he said?

Senator Frith: Honourable senators, Senator Donahoe has said that he was left with a definite impression. I will not quarrel with his definite impression. That was his impression. If he had it, he had it. I will not say that it was incorrect for him to have that impression.

Hon. Andrew Thompson: Honourable senators, I rise with a little apprehension because of the esteemed reputation of the Deputy Leader of the Government with respect to his understanding of legal technicalities, with which I am unacquainted.

I suggest—and I would like him to clarify this—that he talks of the consequential amendments as though there is not much substance in them; as though they are more procedural in nature—a means by which to tidy up the legislation that is on the books.

If I may, I would like to raise another dimension which might be considered by him. Referring back to the effect of Bill C-201—which is now law, and which I accept—it was to amend the Holidays Act in order to change the name of the July 1 holiday from Dominion Day to Canada Day. Bill C-201

[Senator Flynn.]

amended the Holidays Act, but did not, as a consequence of that amendment, change the references to Dominion Day in the acts referred to in Bill S-30 which is now before the Senate. I believe we are all aware of that. The result of that deficiency in Bill C-201 is that there is an inconsistency in the statutory law. I believe we are all agreed on that.

• (2050)

I wonder if the Deputy Leader of the Government is aware that this inconsistency can be corrected in one or two ways. The government, by introducing Bill S-30, is proposing that it be corrected by changing the remaining references to Dominion Day in our statutory law to Canada Day. The other possibility is to change the one reference in our statutory law to Canada Day back to Dominion Day, and that can be done by repealing Bill C-201.

I believe that the Deputy Leader of the Government, as well as the Leader of the Government, when I spoke last Thursday on substance, felt that they were being charitable to me. I suggest that I had a right to speak on the substance of Bill C-201, because it follows that the government, by introducing a bill which invites one remedy, surely opens the opportunity for senators to talk on its principle and to discuss the point that there might be other remedies. When the Deputy Leader of the Government keeps referring to "these consequential acts," and saying, "Let's get on and tidy it up," and "We don't want too many adjournments," does he see this other alternative which raises some very substantial questions?

Senator Frith: Honourable senators, to use one of Senator Thompson's own expressions, I thank him for the charitable way that he, in turn, has presented this so-called alternative. I can see that there appears to be an honest difference of opinion and perspective. It is technically true that if a bill states a principle, and that is followed by a bill that makes amendments consequential upon that principle, and if someone is against the original principle and, therefore, is against the consequential amendments, then the alternative of repealing the original principle exists. Of course, that possibility does exist. However, the perception that we are having difficulty with here is that it seems to us—and I wish quite courteously to make our position clear—that once the principle has been passed, then the consequential amendments that flow from it are purely "consequential and procedural". Of course, the alternative of repealing the original bill, as a way to avoid the consequential amendments, always exists, but that, we consider, is undesirable.

Senator Flynn: It stands, anyway; and it is going to stand for a long time.

Order stands.

NATIONAL HOUSING ACT

BILL TO AMEND (NO. 2)—SECOND READING—DEBATE
ADJOURNED

Hon. Richard J. Stanbury moved the second reading of Bill C-135, to amend the National Housing Act (No. 2).

He said: Honourable senators, I would like to take a few minutes to explain the purposes of Bill C-135 now before us. The essential purpose of the bill is to improve the Canada Mortgage Renewal Plan by making it more appropriate to the current needs of Canadian families and to make its benefits available for another year.

As honourable senators will recall, when this plan was first described by the Minister of Finance in November 1981 the situation confronting homeowners was quite different from what it is now. Mortgage interest rates were very much higher; but that was not the only problem. They were rising so quickly that homeowners had little chance of making the necessary adjustments in their household budgets to anticipate the new charges that would be levied when their mortgages came up for renewal. Many people found themselves in difficulty when their monthly payments rose by 25 or 30 per cent, or more, virtually overnight.

The Canada Mortgage Renewal Plan was introduced, not as the ultimate solution of all the country's housing problems, but simply as a way of giving some temporary help to those Canadians who were hardest hit by high and volatile interest rates. The plan fulfilled a promise made in the Throne Speech which opened that session. A commitment was made, in the words of the speech, "to assist those unable to bear the burden of renegotiating their home mortgages in the present abnormal situation so that the spectre of foreclosure will be avoided."

There was a good deal of discussion, at one time, as to who were the people most in need of help. In order to define such individuals, the government applied a well established criterion. Assistance would be offered to those who, upon renewing their mortgages, would have to make monthly payments that exceeded 30 per cent of household incomes. There was speculation at that time—a year ago—about how many Canadian households would meet that criterion and qualify for help.

I recall that the minister who was then responsible for Canada Mortgage and Housing Corporation said that the number of families qualifying would depend very much upon what happened to mortgage interest rates. At that time they were ranging around 20 per cent, and the minister said that if rates remained at about that level for the next 12 months there would be about 50,000 households whose mortgage payments and taxes after renewal would represent more than 30 per cent of their household income.

I am happy to say that that particular scenario did not prevail. Mortgage interest rates did not remain at such high levels throughout the following 12 months. They are now substantially lower than that and have been dropping consistently during recent weeks. Applications for assistance under the Canada Mortgage Renewal Plan now amount to about 10,000—not 50,000—and involve a commitment of just over \$4 million.

As honourable senators may be aware, assistance under the plan was offered in two forms: as an outright \$3,000 grant for qualified homeowners who had little or no equity in their property, and as interest-deferral guarantees for those who had

5 per cent or more of equity. The interest-deferral guarantees gave some homeowners the opportunity to make use of the equity in their homes to keep monthly payments to a manageable level during the time of high interest rates.

Deferring interest, however, was not a permanent solution. The unpaid interest was added to the principal amount of the mortgage and the debt was increased. As the price of houses declined in the ensuing months, however, and as owners saw their equity in their property being reduced, many people felt that deferring interest payments was not the best solution to their particular problem.

This preference was recognized in the budget speech of June 29 when the Minister of Finance announced his intention to withdraw the interest-deferral provisions of the plan and to make the outright \$3,000 grants available to everyone who qualified for assistance under the plan, regardless of their equity. At the same time, it was announced that the plan would be extended to the end of 1983.

Those changes are, of course, the ones we are asked to approve by passing the bill now before us, and I hope that honourable senators will see their way clear to give effect to this legislation as quickly as possible. There are some 6,000 people waiting to receive assistance under the plan and CMHC cannot issue the cheques without the authority of Parliament.

It is just as important, however, to remember the thousands of additional families who will qualify for this assistance during the coming year—people who bought their houses confident that, with hard work and some sacrifice, they would be able to make their monthly payments and enjoy the pride and security of owning a place of their own. Through no fault of theirs, many of these families now find that the terms have changed, that monthly payments have risen to a level that threatens to deprive them of their home.

For these people, the Canada Mortgage Renewal Plan represents the difference between giving up and hanging in for another year. They will still have to work hard and make sacrifices, but the \$3,000 brings their hopes and dreams back into the realm of the possible.

● (2100)

I believe that the Canada Mortgage Renewal Plan is a sensible and practical way of helping many Canadian homeowners to help themselves, and that is why I will support this bill and ask for your support. The mortgage renewal plan, however, does not stand by itself. It is part of a comprehensive package of measures which address the whole range of housing needs.

The Canadian Home Ownership Plan provides \$3,000 grants to help Canadians acquire a home. The Canadian Rental Supply Plan encourages the construction of housing for rent in areas across the country that have the lowest vacancy rates. The Non-profit, Co-operative and Rural and Native Housing Programs are designed particularly to bring assistance to people who, for whatever reason, are not able to provide for themselves. The Residential Rehabilitation Assist-

ance Program provides loans and grants to people of limited income to restore their homes to acceptable standards of health and safety. The Canada Home Renovation Plan encourages people to invest their own money in home renovation as a way of creating jobs.

In addition to the long-standing and highly successful programs which help to give Canadians access to affordable housing in a good community environment, the government in recent months has invested close to \$1 billion in new housing initiatives designed not only to provide housing but also to create 120,000 or more new jobs. I think that this is the context in which we should see the Canada Mortgage Renewal Plan and the legislation now before us. They are part of a broad-ranging response to the housing needs of Canadians and an essential part of the strategy that will lead us to economic recovery.

On motion of Senator Phillips, debate adjourned.

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. A. Irvine Barrow moved the second reading of Bill C-90, to amend the Customs Tariff and to repeal certain acts in consequence thereof.

He said: Honourable senators, Bill C-90 proposes several important amendments to the Customs Tariff. The bill also introduces a number of technical housekeeping changes to the tariff. The provisions of this bill were originally introduced in a Notice of Ways and Means motion which was tabled in the other place in conjunction with the presentation of the budget of November 12, 1981. You may recall that the subject matter of the bill was given careful study by the Standing Senate Committee on Banking, Trade and Commerce which made its report to the Senate on May 11, 1982.

Having in mind the time which has elapsed since then, I think it would be useful were I to review the highlights and follow them with a more detailed explanation of the key provisions of the bill. The bill proposes a number of improvements in the general preferential tariff for developing countries, the GPT. There are reductions in rates on products of interest to developing countries as well as special measures for the least developed of the developing countries.

The bill establishes a tariff item which would provide duty-free entry for goods specially designed for the use of disabled persons. It introduces a new tariff schedule for goods used by dentists or dental laboratories. It also provides authority for the government to convert existing units of measure in the Customs Tariff from imperial to metric, following industry practice. The bill updates a number of tariff provisions contained in the former Canada-New Zealand Trade Agreement of 1932 to reflect the Trade and Economic Co-operation Agreement which has replaced the old agreement. Finally, the bill introduces a number of miscellaneous tariff changes in response to representations received from interested parties in Canada.

[Senator Stanbury.]

I would now like to discuss in more detail some of the measures I have just outlined. First, I shall deal with the general preferential tariff—or the GPT, as it is commonly known. Honourable senators are aware of the important role played by the preferential tariff systems introduced by Canada and other developed countries in assisting the growth of exports and balance of payments positions of developing countries. The bill provides several significant improvements in Canada's GPT which will benefit less developed countries or LDCs, without having any adverse effect on the Canadian business community. There is a new duty-free entry provision for goods covered by the general preferential tariff, that are imported from countries designated by the Governor in Council as being least developed developing countries, or LLDCs. In addition, the bill liberalizes the rules governing the origin of the imported goods to permit tariff-free entry on goods partially produced in one LLDC and finished in one or more other LLDC's.

The purpose of these measures is to offer LLDCs potential new export opportunities by removing the duties on goods that qualify for the GPT when imported from LLDCs. Roughly one third of the items covered by Canada's GPT system are currently dutiable. The concessions in the bill will provide free entry to LLDCs on about 600 tariff items. There is also authority which would enable the government to implement tariff rate quotas as a way of providing Canadian industry with temporary relief from imports from developing countries which cause or threaten injury to Canadian production.

The schedules of GPT rate changes in the bill include a number of reductions which will benefit LDCs. These reduced rates were based on recommendations made by the Tariff Board in Part I of Reference No. 158. In order to determine whether access to the Canadian market for products of developing countries could be improved, the then Minister of Finance in July 1980 had directed the board to study and report on the likely impact on Canadian production of providing lower rates of duty for certain products currently eligible for general preferential tariff treatment. Part I of the board's report was tabled in Parliament on May 20, 1981. The broadened product coverage under the GPT as well as reduced rates of duty on a range of products of interest to LDCs resulting from the board's study will improve the terms of access to the Canadian market for about \$50 million in imports from LDCs. I might mention that Part II of the board's report was submitted to the government in April 1982 and is now being reviewed.

The new tariff item in the bill is goods for disabled. Under this item the government will be authorized to provide by order in council duty-free entry for products that are specially designed for disabled persons, enabling it to respond quickly to future requests for the removal of the duty on specialized goods for the disabled which are not available in Canada. In addition, the duty-free provisions in the bill for electronic selector control devices to enable the disabled to control such things as appliances and for electronic devices to aid persons with speech impediments will be of immediate benefit to the handicapped who have need for this specialized equipment.

Under dental products, the new schedule of tariff items covering materials used by dentists and dental laboratories will result in duty-free entry for a number of materials such as dental cements, pins, posts and screws not made in Canada and unlikely to be made here, and reductions in duties on several other materials, such as dental amalgams and similar filling materials and impression compounds. The consolidation of all these materials in one short schedule will simplify import procedures and related paperwork.

With regard to metrication, many of the provisions of the Customs Tariff are described in imperial units of measure. The authority provided for in the bill to convert these units to the metric system by order in council will enable the government to give priority to introducing the metric system where it is being used by industry sectors, and to leave the existing system in place in those sectors where metrication has not yet taken place.

● (2110)

Although Canadian producers in many sectors, such as sugar and textiles, have completed their conversion process, many others have not. Some of those that have completed conversion have asked that the Customs Tariff be metricated, since they now buy and sell goods almost exclusively in metric units and would like to make all their reports and customs entries in metric units of measure. They are faced with additional record-keeping costs as long as they must deal in two measurement systems.

In order to accommodate these industry groups, the government would like to be able to proceed with the conversion of the relevant sections of the Customs Tariff within the next few months. However, it is premature to convert all sections of the Customs Tariff since a number of industries, such as iron and steel, still deal in old imperial measures or a combination of the two systems and will complete their conversion process at a later date.

The main reason why authority is being sought to metricate the Customs Tariff by order in council is that it will provide some flexibility in dealing with individual industrial sectors and will ensure that consultations can be held with them in order to discuss any concerns. I would point out that proposed section 22(2) will strictly limit the amount of deviation possible from existing rates of duty to ensure that existing levels of tariff protection are maintained for Canadian industry.

With regard to the Canada-New Zealand Trade Agreement, there are a number of purely technical measures in the bill relating to the new Trade and Economic Cooperation Agreement between Canada and New Zealand. The agreement provides for the continuation of existing preferential rates accorded to New Zealand goods under the old Canada-New Zealand Trade Agreement. Bill C-90 brings the Canadian legislation up to date by repealing the 1932 New Zealand Trade Agreement Act and related clauses in the Customs Tariff and by replacing them with new provisions to reflect the cooperation agreement. I would emphasize that these amend-

ments do not involve any change in the tariff rates on goods from New Zealand.

The new agreement does, however, require changes to our legislation with respect to the rules governing the origin of goods imported from New Zealand. The old agreement and the act based on that agreement stated that goods would be deemed to be the produce or manufacture of New Zealand if they complied with the laws, regulations and conditions in force in Canada for the application of the British preferential tariff. The rules of origin under that tariff permit entry at preferential rates of any goods that have been substantially manufactured in one or more of the countries entitled to the tariff. This means that goods manufactured in New Zealand using component parts or materials imported into New Zealand from Britain, Australia or other countries entitled to the benefits of the British preferential tariff qualify for the tariff preferences. Since Canada is phasing out the tariff preferences for Britain and since New Zealand has already terminated the preferences which it previously accorded to Britain, the Canadian and New Zealand governments have agreed that neither country should any longer provide for cumulative origin in the bilateral agreement but, instead, that a system of "single country" origin should be adopted. This part of the agreement, which we intend to implement by means of regulations pursuant to the legislation proposed in Bill C-90, will not come into force until the legislation has been approved.

Honourable senators, the matters contained in Bill C-90 provide a number of improvements in the Customs Tariff. The general preferential tariff measures, for example, provide important benefits to developing countries, particularly those who are among the least developed of the developing countries. At the same time, these have been carefully designed to ensure that they do not have a harmful effect on Canadian production and employment. The measure in the bill which will enable the government to remove customs duties on goods designed for the disabled reflects the government's recognition and willingness to make changes which will provide relief for the disabled.

I should add that there are no changes in the bill before us from the bill studied by the Standing Senate Committee on Banking, Trade and Commerce and, as I said, reported by it under date of May 11, 1982.

I trust that these provisions meet with your approval and that we can deal with the bill expeditiously.

On motion of Senator Phillips, debate adjourned.

PENITENTIARY ACT PAROLE ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Tuesday, November 9, the debate on the motion of Senator Hastings for the second reading of Bill S-32, to amend the Penitentiary Act and the Parole Act.

Hon. Nathan Nurgitz: Honourable senators, I am sure I speak for all of you when I express to my good friend Senator Hastings our thanks for his excellent presentation and explanation of Bill S-32.

While in general I agree with the position taken by Senator Hastings that the current situation is not acceptable, I am not necessarily in agreement with the proposed amendments as outlined in the bill. Certainly, in my view, they do not go far enough to achieve the stated purpose of the bill, which is to correct a series of serious flaws in the whole of the "early release" aspect of our penal system. Indeed, I truly regret that Bill S-32 goes such a little distance in dealing with that problem. I also regret that the bill, as Senator Hastings presented it, does not concern itself with the problems of, for lack of a better word, the victims of early-released criminals; and, in simple terms, there are many people who are adversely affected by criminals receiving early releases.

However, let me first deal with the mover's comments. Senator Hastings made reference to a report made a couple of years ago by the Standing Senate Committee on Legal and Constitutional Affairs, under the chairmanship of Senator Goldenberg, which concluded that it had to be recognized that a sentence by a court was a sentence and that it was the intention of society that that sentence be served. I find no difficulty in accepting that principle as expressed in those words, the words of the committee as related by Senator Hastings, but I do have some difficulty accepting the notion, as expressed by Senator Hastings, that where the sentence is served and how it is served are matters that have been left to Parliament to decide and that Parliament, in its wisdom, has decided that the last one-third of the sentence can be served, subject to certain conditions, outside of custody.

I suspect that, in eliciting people's opinions, Senator Hastings and I must definitely be talking to different members of society, because, to my way of thinking, the majority of the people of Canada believe—but it is only a delusion—that a 10-year sentence is a 10-year sentence; that a five-year sentence is a five-year sentence; that a serious crime is accorded a long term of imprisonment; and that the criminal ought to serve that sentence.

The concept that Parliament has the authority to reduce sentences seems to be foreign to most Canadians, and I would suggest to honourable senators that, if they understood it, most of them would find it unacceptable. The common belief is that conviction of a serious crime calls for a serious punishment, a heavy penalty, not a penalty that only appears heavy but at some later date has a discount attached to it.

Honourable senators, there are several good reasons why there should be lengthy terms of imprisonment for serious offences. First, there is the deterrent factor; then there is the rehabilitative factor; and then there is the essential aspect of the protection of society.

• (2120)

I am not convinced that discounting takes all of those factors into account. For example, the protection of society is not at all covered when, often for little reason, a lengthy term is cut short.

What about uniformity? We pass laws in the name of, and for the sake of, uniformity. I cannot find an excuse for the

passage of poor legislation. Even if it is not necessarily a good law, let us at least make it uniform.

Hon. Royce Frith (Deputy Leader of the Government): But there are really worse reasons.

Senator Nurgitz: Not many, but there are worse ones.

As to the question of penalty imposed on two different persons who have committed the same offence but in different parts of the country, one would hope they would receive, if not the same, at least similar sentences. One would hope there would be some uniformity in the penalty we impose on those who breach the rules of our society. Uniformity is not only desirable, it is the only fair thing.

Last week I talked with two judges. Because I know that we are not against legislation by poll, I conducted a poll.

Hon. Martial Asselin: You are not permitted to talk to judges.

Senator Nurgitz: Yes, and I plead guilty to that.

Hon. Jacques Flynn (Leader of the Opposition): But not by telephone.

Senator Nurgitz: No, not by telephone.

Senator Frith: Nor about cases that are before them.

Senator Nurgitz: The conversation might have been regarding cases before them, but I would have no way of knowing.

Hon. Joseph-Philippe Guay: Were they from Manitoba?

Senator Nurgitz: I am not going to disclose that on the grounds that it might incriminate me.

What I want to point out to honourable senators is that, of the two judges I spoke with, one told me that in many instances, but not in every instance, he takes the discount factor into account. If there is a serious case before him, he looks at what he thinks is the appropriate sentence to be served by the accused if found guilty, and then takes into consideration the one-third, and then adds half.

The other judge I spoke with said—and I am not so sure he is far wrong—that he has to determine what penalty he metes out, and that it is not his responsibility if another authority reduces that. There is another rule and another reason.

Honourable senators, those two judges were from the same province. I confess to Senator Guay that they were both from Manitoba and both have what I suggest are contrary views. Talk about losing uniformity! That is a serious problem.

The major criticism I have of the 1971 bill and this amendment is that they contain the words "mandatory supervision." Honourable senators, talk about public deception! What do those words mean? As I said, I conducted a poll—and I only did so in my native province. I talked with two gentlemen on an aircraft today, one is a manager of a community organization, the other is in the meat business. I asked them what the words "mandatory supervision" meant to them. They both somewhat agreed that "mandatory" was a strong word, that it meant "compulsory" or "no way out." They agreed that

[Senator Nurgitz.]

"supervision" had an aspect of control to it—"overseeing" or "watchfulness", and so forth.

Honourable senators, I watched the television program *The Journal* on the CBC in which a parole officer, heavily involved in mandatory supervision, talked about what he does when he has an inmate entrusted to his care. He said that his contact with him was of a social nature with a visit on a weekly or monthly basis, depending upon the region the inmate is from.

Senator Hastings, in his comments on November 9, agreed with what this parole officer said. His questions to them are: "Where are you? What are you doing?"—as if a person would walk in and say that he was living with another criminal and committing offences.

Whether or not we can get a better system than we have, I do not know, but I am sure that we can call it something better than "mandatory supervision", because I think it deceives the public, and gives them a false sense of security. It affords little protection to the public.

Let us really think about that for the moment. To the criminal who is about to embark on a further career in crime, this is an opportunity for him to deceive the person to whom he has to report.

For the inmate who intends to go straight, as they say, I have feelings of regret and sorrow. We do not need protection from him. The system has no mechanism built in to provide protection against the one we need to be protected from. So what does the system do? As I said, it protects us from those we do not need to be protected from—that is, those who are going straight—and leaves us terribly exposed to those we need to be protected from.

Several citizens' groups have been organized as a result of this early release system. A group formed in British Columbia as a result of some serious problems that arose there has called itself "The Citizens United for Safety and Justice." I was somewhat impressed with the material that that group has distributed in attempting to get some semblance of what they consider to be sanity, and particularly protection for young people.

In one of their initial releases they said that in their community and elsewhere in Canada there has been an understandable arousal of feeling within ordinary citizens as a result of certain events relating to the early release of prisoners. They went to great lengths to stress that their objectives were of the most common variety. Under no circumstances were they encouraging the promotion of a vigilante or hysteria-motivated organization. They were not interested in permitting a radical element to infiltrate their group. What they were asking was simply that their representatives explain to them the reasons for the obvious failure of Canadian law to protect children and other members of society.

Before I leave that subject, I should like to discuss the disgusting incident of last week. I believe the *Globe and Mail* called it the "Sleazy heroics of Francis Simard". Here is a young man who was released—and I am not certain whether he was released under the mandatory supervision program or

the parole system—earlier than his sentence provided for and who is profiting from royalties on a book he has written. What is he saying about the incident that put him in prison to start with—the brutal slaying of a Quebec cabinet minister, Pierre Laporte? He talks about it in a very cold and calculating way. He talks about the carrying out of the death as being a matter of discussion. He says it was agreed to and carried out as a means of letting the world know of their particular beliefs. His words were: "It was a decision of sincerity and conviction." One newspaper account said that the closest his approach was to remorse seemed to be that he thought it was a tough decision. That is a pretty sad commentary on the early release system, whether it be parole or whether it be the so-called mandatory supervision program.

● (2130)

Senator Hastings referred to the Solicitor General having conducted a departmental study that commenced in 1979 and completed in March 1981. The statistics provided by the Solicitor General's department are staggering if not sickening, I think, to most decent Canadians. Between January 1975 and December 1979—five full years—no fewer than 70 Canadians died at the hands of convicts who had earned early release from penitentiaries. The Parole Board said that 18 of the deaths were the work of convicts on parole, so we have to leave that number out. It still leaves 52 prisoners released under so-called mandatory supervision. That is almost one a month who commits murder.

Senator Frith: One a week.

Senator Nurgitz: I said 52 in 5 years. I meant one a month. In 60 months there were 52 culpable homicides, because many of them ended up being manslaughter. If we are getting technical, not all of them were convicted of murder.

I want to address another problem. Whether we take the likes of a Simard or another murderer released under mandatory supervision, suppose he holds up a bank tomorrow and kills one or more people in that bank, he cannot even be charged with first degree murder. He goes back to prison and serves another term much less than I think our system requires. That bothers me a great deal. I have spent some time at the criminal bar defending many people, and I am somewhat bothered to have to speak out on this matter, but, as I said when we were debating the amendments to the Criminal Code dealing with sexual offences, I am staggered to stumble upon the fact that if a murder is committed in the course of an armed robbery the accused is not charged with first degree murder but second degree murder. It does not matter how many times, because we are now talking about people who have already been convicted of serious offences and have been released under some system that we are building in.

We do know that less than half of those released under the mandatory supervision program are returned to prison either for breach of the terms of the release or for the commission of a further crime—and in more cases than not for the commission of a further crime. It is regrettable, because one can say that, indeed, the program is not that bad, that 50 per cent of the people who are released, at least for a time, lead useful

lives. We do not have to house them and we did not have to feed them, but I think it is a sad day when a program is failing for almost half of those to whom it is applied.

Honourable senators, we never seem to direct our attention to another matter, why a sentence could not be a sentence, since we already concede that the only people who are helped by this kind of program are those who need and want help and who will take advantage of the system that is provided for them. Why is there never a program for those who serve a full term? There is not, other than that of the John Howard Society and some of the helpful groups in the community.

Having said that, I think we have to cut out the excesses contained in the current Penitentiary Act and Parole Act that allow this revolving-door system that Senator Hastings talked about. If, as and when the committee examines this bill, it ought to examine the entire early release program and hear from groups such as the Citizens United for Safety and Justice, the John Howard Society of Ontario, who have written to the members of my party and, I am certain, to the members of the other parties, opposing the bill but asking that it be referred to committee quickly, and the Attorneys General for the provinces.

Honourable senators, I have nothing further to add. I see that Senator Hastings is not present, but I am reasonably satisfied that no one else on this side wishes to participate in the debate. Consequently, I have no objection to the bill being referred to committee.

Hon. Richard A. Donahoe: Honourable senators, I rise on a matter of privilege. Bill C-31 was introduced for first reading in this chamber, and was subsequently passed. This evening there arose a discussion between myself and the deputy leader as to what undertakings had been given with respect to that bill. I was unable to get any statement from him as to the undertaking, or what he understood the undertaking was, given by Mr. Joyal before the committee.

I refer to the report of the Standing Senate Committee on Legal and Constitutional Affairs, Issue No. 26, proceedings held on October 13, 1982, and I ask permission to quote one brief paragraph from page 83. The minister said:

● (2140)

It is a great privilege, honourable senators, to be able to meet your expectations and inform you, on behalf of the Government of Canada, that the government intends to introduce, when the next session of the House of Commons of Canada begins, a bill to supplement the bill you are now studying—

That is in accordance with my recollection.

When I asked my questions previously, I had intended to follow by asking the question: What transpired between the date on which Mr. Joyal spoke and the date on which the bill was introduced not in the House of Commons but in the Senate?

Hon. C. William Doody: Another Liberal government commitment.

[Senator Nurgitz.]

Senator Frith: Honourable senators, we are in the midst of a debate on another bill, but, of course, a question of privilege can be raised at any time. I have no comment to make on this question at this stage except to say that I am glad that Senator Donahoe's recollection and strong impression are supported by the transcript of the proceedings before the committee.

Honourable senators, I have Senator Hastings' authority to say that he has nothing to add to what he has already said on second reading.

It is clear from the excellent intervention by Senator Nurgitz that the issue has been joined and it is, accordingly, appropriate that this bill be referred to committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Frith moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

INDIAN-INUIT WEEK BILL

SECOND READING—ORDER DISCHARGED AND BILL WITHDRAWN

On the Order:

Resuming the debate on the motion of the Honourable Senator Williams, seconded by the Honourable Senator Adams, for the second reading of the Bill S-28, intituled: "An Act establishing Indian-Inuit Week and Inuit-Indian Day".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, at the last sitting of the Senate, Senator Flynn suggested that, since this bill was sponsored by Senator Williams, who is no longer a member of the Senate, having reached the mandatory retirement age, it would be best if this order were discharged if no other senator wishes to speak to it or sponsor it.

Over the weekend I found a precedent regarding a similar, although not exactly the same, situation. Without going into any detail, it is quite obvious that Senator Flynn's original suggestion seems to be the preferred procedure in this situation—that is, that the order be discharged, it being perfectly clear that another senator is, without any impediment, free to introduce this or a similar bill again.

It appears that there would be no problem with the so-called "question of anticipation" since the bill has not been debated, it having received, in effect, only first reading and been stood over since.

Honourable senators, with that background, I ask, with leave, that this order be discharged.

Hon. Senators: Agreed.

LEGAL AND CONSTITUTIONAL AFFAIRS**REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE
CANADIAN CONSTITUTION"—ORDER STANDS**

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Lamontagne, P.C., calling the attention of the Senate to the Report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain Aspects of the Canadian Constitution", tabled in the Senate on 26th November, 1980—(*Honourable Senator Macdonald*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in answer to a question by Senator Deschatelets a week or so ago concerning the trip made by certain senators to Australia to consider the Australian experience of an elected Senate, I said that I intended to initiate an inquiry on that subject to share with honourable senators my impression—and, I hope, the impression of other senators who were members of the delegation—of the Australian experience.

Since I gave that response in this chamber, I have decided that I should like to intervene on the subject of an elected Senate for Canada, as it relates to my impression gained in Australia, in the debate on this inquiry. Several aspects of the so-called "Lamontagne Report" would compare with my views on the question of an elected Senate for Canada.

Therefore, I am respectfully asking Senator Macdonald to allow the order to stand in my name and, within the next week or so, I hope to make an intervention along the lines I have just described.

Hon. John M. Macdonald: That is perfectly in order.

The Hon. the Speaker pro tem: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Jack Marshall: Do the Australians have a national holiday called "Dominion Day" or "Australia Day"?

Senator Frith: They call it "Australia Day." You picked the wrong country to ask about.

Senator Marshall: I should have known better.
Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 24, 1982

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

QUESTION PERIOD

[English]

ENERGY

PETRO-CANADA—PURCHASE OF BP CANADA

Hon. R. James Balfour: Honourable senators, I have a question for the Leader of the Government. Does the leader have anything to add to the responses he gave last night to my questions concerning the transaction between Petro-Canada and British Petroleum?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I do not have anything of substance to add to the question; but I can advise the honourable senator—

Hon. Jacques Flynn (Leader of the Opposition): Not the question; the answer. You do not add substance to a question.

Senator Olson: The response to a question, I presume by extrapolation, is the answer, and for that I do not have anything of substance to add. But I can advise Senator Balfour that we have made the necessary inquiries to get the detailed, technical calculations of the matters he has raised.

Senator Balfour: I have a supplementary question for the Leader of the Government in the Senate.

Hon. Jack Marshall: A technical corollary.

Senator Balfour: In the course of his inquiries, would the minister either confirm or deny that the one-cent-per-litre gas tax is to be extended in order to fund the acquisition by Petro-Canada of the assets of British Petroleum?

Senator Olson: I believe it is fair to say that the Minister of Energy, Mines and Resources announced some time ago that the Canadian ownership tax would not be extended or used for this acquisition by Petro-Canada. I think it might also be helpful if Senator Balfour would care to look at the committee proceedings to which he referred yesterday.

Senator Flynn: Why don't you?

Senator Olson: I do not think they are available yet.

Senator Flynn: Then read about them in the press.

Senator Olson: If the honourable senator will look at those proceedings as soon as they are available, he may find a great deal of detailed information that is in line with the questions he has raised. Of course, I can do that research for him and

bring in an answer based on the proceedings, but I am sure that the transcript will be available to Senator Balfour as soon as it is available to me.

Senator Balfour: I take it, then, that the minister is giving the Senate an assurance and a confirmation that the one-cent-per-litre tax will not be extended, contrary to reports on the CBC this morning?

Senator Olson: This points up the problem I have with confirming, denying, qualifying, modifying, or whatever, reports that my honourable friends opposite hear on the radio or read in the newspapers. What I said was that the Minister of Energy, Mines and Resources—and I am subject to correction, though I am pretty sure that what I am about to say is true—said that he did not intend to extend the Canadian ownership tax for the financing of that acquisition of marketing outlets by Petro-Canada.

Senator Flynn: But even if we heard about this matter in the press, I am quite sure that it is in the minutes of the proceedings of the committee of the other place that the cost of the acquisition of BP is about \$200 million more than was first indicated. I think that what the Leader of the Government is being asked to do, and he should be able to understand it, is to inquire of the Minister of Energy, Mines and Resources as to whether or not he was wrong in his earlier calculations and the cost will be \$200 million more than was initially indicated. That is the question.

Senator Olson: There is no doubt in my mind as to what the question is. The doubt seems to be in the minds of the members of the opposition and now, unfortunately, in the mind of the Leader of the Opposition as well.

I gave Senator Balfour a firm undertaking—and I do the same for the Leader of the Opposition now—that I would make those inquiries and bring in a reply as quickly as I could. However, they do not seem to be satisfied that I have given that undertaking. They want me to answer before I receive a response to the inquiries. I do not think it would be prudent for me to do that.

Senator Flynn: I agree with you on that, but it would have been quite simple for you to have said, "I have not had time to discuss this matter with the minister." That is all you needed to say, instead of beating around the bush.

Senator Olson: The Leader of the Opposition likes to put words in my mouth, but—

Senator Flynn: I would like your words to be clearer; that is all.

Senator Olson: But if he cares to examine what I have said, I am sure he will see that it amounts to almost exactly the same as he has said just now.

Senator Flynn: You can never be direct in your answers, can you?

Hon. Lowell Murray: The kind of information being sought by honourable senators in this matter must surely be within the knowledge of a minister of the Crown, if these transactions are subject to the approval of the government as such.

My supplementary question to the minister is to ask him whether at some point he will enlighten us as to what the process is with regard to transactions of this kind undertaken by a crown corporation with the backing of the government.

It appears that this is a major transaction involving guarantees, perhaps even some use of the government's taxing power, and we would like to know whether such deals are made by the crown corporation simply with a wink and a nod from the Minister of Energy, Mines and Resources, or whether there is some process involving the cabinet.

Senator Olson: I am not sure just how naive Senator Murray is in these matters—

Some Hon. Senators: Oh, oh.

Hon. Royce Frith (Deputy Leader of the Government): It is not one of his mega-weaknesses.

Senator Olson:—but it does not appear to me—

Senator Flynn: Be sensible!

Senator Olson: Perhaps Senator Flynn would let me reply to the question.

Senator Flynn: I thought you were not ready to do that.

Senator Olson: It seems to me that Senator Murray is asking for a detailed play-by-play description of what goes on in cabinet. I know that he is not that naive. He knows the kind of discussions, consultations and exchanges of information and opinion that take place in this kind of process. Senator Murray may also recall that the Minister of Energy, Mines and Resources was, indeed, involved in the public announcement either at the same time or very nearly at the same time as Petro-Canada made its announcement that it intended to acquire this portion of BP.

An Hon. Senator: Had acquired it.

Senator Murray: On whose behalf was he speaking?

Senator Olson: Well, the Minister of Energy, Mines and Resources speaks as the Minister of Energy, Mines and Resources. Surely I do not have to go through a detailed description of what his responsibilities are.

Senator Murray: What is your responsibility? That is what I want to know. And what is the responsibility of your colleagues in the cabinet on this matter?

Senator Olson: In any event, this is one of those situations in which certain information, although it is not exactly hearsay, does fall into the category of what some senators believe they heard or read in the paper about the way numbers were added to come to \$347 million or \$400 million or \$600 million, and

so on. I have already given an undertaking that I would get a compilation of all those figures.

Senator Flynn: Not next year.

Senator Olson: When I have a compilation of all those figures I will bring it to honourable senators, and I am sure that will completely satisfy their curiosity. However, in the event that their curiosity is not satisfied then, after we have had that clear, comprehensive compilation of the numbers, perhaps they will wish to ask further questions.

Senator Murray: There is one question I would like to ask right now, and I will try to put it in words the minister will understand.

Hon. Richard A. Donahoe: There is no use. Don't bother.

Senator Murray: I think members of the Senate and the Canadian public have a right to know what the relationship is between this crown corporation on the one hand and the Governor General in Council, the federal cabinet, on the other. I would be grateful if the minister were to bring to the Senate in writing a statement of that kind at his earliest convenience.

Senator Olson: I can do that, and I will be glad to, but what it really amounts to is my doing Senator Murray's homework for him.

Some Hon. Senators: Oh, oh.

Senator Olson: I say that because, if he wishes to look at the statute, and the authorization that was given to the government in the first place for setting up Petro-Canada, he will find there precisely, and in legal terms, the answer to the question he has just asked.

• (1410)

Senator Balfour: As a further supplementary, I wonder if the Leader of the Government in the Senate would agree, in responding to my inquiry, to reduce his response to simple terms, namely, the total consideration being paid by Petro-Canada to British Petroleum for the assets and undertaking being acquired by Petro-Canada.

Senator Olson: I understood that to be the basic substance of the question in the first place.

Senator Balfour: No smoke and mirrors.

Senator Olson: I thought that for accuracy my honourable friend should have the totality of the factors that went into the compilation.

Hon. G. I. Smith: Honourable senators, I should like to ask the Leader of the Government in the Senate a question supplementary to the question raised by Senator Murray.

I just want to know a simple fact. Did the Government of Canada approve the purchase of BP by Petro-Canada, or did it not?

Senator Olson: I will go back and obtain the statement, comment or answer—and I am not sure which category it falls into—of the Minister of Energy, Mines and Resources at the time.

Senator Smith: I did not ask what the Minister of Energy, Mines and Resources said, with respect, honourable senators. I asked for the disclosure of a simple fact—whether the Government of Canada approved this purchase or whether it did not.

Senator Olson: Honourable senators, I gave that reply because it is more accurate than any other reply I could give, because obviously the Minister of Energy, Mines and Resources speaks for and on behalf of the government when he comments on such matters.

Senator Flynn: That does not mean he says everything.

Senator Smith: That does not mean that he received the formal approval, or that the government approved the purchase.

I do not know what all this beating around the bush is about. My question is a simple one; it is a perfectly straightforward question. I am being factual and am not being hypothetical, and there is no question of opinion. Did or did not the government approve the purchase?

Senator Olson: Perhaps Senator Smith does not understand the beating around the bush, but I can tell him, Senator Flynn and Senator Murray that I understand what the beating around the bush is all about. Therefore, I am being extremely careful and accurate in the responses I am giving.

Senator Smith: I have not heard a response to my question yet.

Senator Murray: The scandalous thing is that he does not know the answer.

CANADA POST CORPORATION

DEFINITION OF "LETTER"

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to refer to another matter, namely, the definition of "letter" as perceived by the Canada Post Corporation. I note that the cabinet has decided to reject the definition that has been received.

My question has to do with the procedure that will be followed from now on. I have been attempting to obtain information as to the objections or comments that have been made by various parties respecting the first definition which was offered. I believe the first definition was amended in some respects. I do not know what the definition is that the Governor in Council has ultimately decided to reject, but I should like to know whether the minister can tell me what the procedure will now be, apart from referring the matter back to the Canada Post Corporation.

Will there be an opportunity for interested parties to know what is in the proposed new amendment before it is proceeded with; will there be an opportunity for the members of this chamber to find out what the representations were; and will the government inform the chamber as to what the new suggested amendment is?

Hon. H. A. Olson (Leader of the Government): Honourable senators—

[Senator Olson.]

Hon. Lowell Murray: He does not know.

Senator Olson:—Senator Roblin is aware that there was a precedent set in that the proposed regulations concerning the Canada Post Corporation will require 60 days' notice before being approved by the Governor in Council and becoming effective.

To answer the first part of his question, I am not aware of any change in the process that has been established and, indeed, practised with regard to regulations of the Canada Post Corporation.

Senator Roblin: What I have been trying to get my honourable friend to consider is the possibility that the government might be willing to make known to the public, who will be asked to pay the bill, exactly what it is the Canada Post Corporation is now recommending, and if the government will be willing to make available to the public—who have a general interest in this thing—what the general representations were that were made in respect to this matter. It ultimately leads to the conclusion that the present system with respect to this is so unsatisfactory, as has been proven by current events, that the government would be well advised, in my view, to consider the possibility of having some kind of parliamentary or public review of this matter. I have made this appeal on numerous occasions, but now that the government is back to square one with Canada Post, would they not be kind enough to consider the advisability of some method of public ventilation of this matter so that it can be dealt with in an open framework and so that all those concerned can take part in that process?

• (1415)

Senator Olson: Honourable senators, the implication is that it is not an open process, and I cannot accept that. It was known some time ago—in fact, more than 60 days ago—what the definition of "letter" was to be, according to the submission that was made by the Canada Post Corporation for ratification by the Governor in Council. I expect that that process will be followed again whenever Canada Post is ready to put forth a substitute or another definition of "letter".

The next question that Senator Roblin was asking was whether or not there could or would be parliamentary debate, in one form or another, on that subject, and I will convey his views about that. I am not in a position now to give any undertaking that there will be that kind of debate. However, I cannot agree that it is not open, because it is known 60 days before ratification.

Senator Roblin: May I try to explain to my honourable friend some of my concerns with regard to this matter? It is open insofar as the Canada Post Corporation has to publish in the *Canada Gazette* its new definition when the time comes. What is not open is the bargaining process for changes that goes on between the interested parties in the industry and the Governor in Council. That is highly confidential, as far as I can ascertain. I have been asking my honourable friend, to no avail, to table the documents affecting those suggestions for changes in the definition. Therefore, it seems to me it is definitely not open. I think there is a large element of public

interest here, and the minister would be well advised to consider making it an open review. I am not so concerned about a parliamentary debate—no doubt that would arise—but I am more concerned about committee hearings that might enable all parties to express their views.

The minister has made a small concession to me by agreeing to consult with somebody as to whether or not this can be arranged. I hope he will be able to report in a short time and before the deadline of April 30 next, when this new regulation is to come in, so that we can come to grips with this matter again.

Senator Olson: I accept that, and I will make Senator Roblin's representations known.

I should like to point out, however, that the procedure followed to date is much more open, with the requirement for public information at least 60 days in advance, and, furthermore, that procedure is following accurately the recommendations that were made by the joint committee of the two houses.

Senator Roblin: I do not know what the joint committee is. All I know is everybody is concerned about this matter. I agree that I am only on the periphery of the discussion because I simply put 30 cents on my piece of mail like everybody else. Those who were really concerned about this matter have been asking for a more public and open discussion, and I am glad to hear that the minister will consider that, and I hope he will give us an answer soon.

CANADA DEVELOPMENT INVESTMENT CORPORATION

PERCENTAGE OWNERSHIP OF CANADA DEVELOPMENT CORPORATION

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, if I may proceed to another topic, I should like to address this question to Senator Austin, the minister of state in charge of the Canada Development Investment Corporation. He is the presiding genius of that yet unformed amorphous body and today he might be able to tell us the framework under which this new body will act.

My specific questions have to do with the plans that are in hand for disposing of the percentage that it owns in the Canada Development Corporation, which I think is 49 per cent. I will give the minister an opportunity, when he answers that question, to fill us in further on the plans he has in mind for this new body.

● (1420)

Hon. Jack Austin (Minister of State for Social Development): Honourable senators, in response to Senator Roblin, I would say that the Canada Development Investment Corporation was formed as a Canada business corporation in May or June of 1982. It was formed by the Canada Development Corporation pursuant to an agreement of May 27, 1982, which was announced at that time, and approved by the Canada Development Corporation shareholders on June 29, 1982.

The essence of the agreement was that the government's share interest in Canada Development Corporation would be held in the form of a holding company which is CDIC, and that the shares owned by the government and held in CDIC would be offered for sale to Canadians at such time as market conditions and a fair return on investment allowed.

I regret to say that those market conditions and that opportunity for a return on investment have not yet materialized. I have not been approached by anyone in the Canadian private sector with a proposal to acquire any of our shares of CDC, but they remain on open offer to Canadians to discuss their interest in CDC with us.

On the second limb of Senator Roblin's question, I am in a position to advise that the same mission of CDIC—that is, to offer to the Canadian investment community assets of a commercial nature now owned by the Government of Canada—will be advanced.

The Government of Canada desires to have CDIC represent a centre of commercial and financial expertise in the government. It will continue to be owned wholly by the Government of Canada and will actively seek to recruit some of the best talent in the private sector so that assets now owned by the Government of Canada can be developed in a way which will allow those assets to be offered for private Canadian shareholder acquisition at the earliest possible time. In other words, CDIC is the instrument of the Government of Canada to privatize some of its present commercial holdings, which are not required to be held in perpetuity as a matter of state presence in certain areas of our economy.

Hon. Jacques Flynn (Leader of the Opposition): What a word.

Senator Austin: If Senator Flynn is not becoming impatient with me, I could add some further information.

Senator Flynn: On the contrary, I am becoming more and more interested.

Senator Austin: At 3.30 this afternoon I will issue a press release, the details of which I would now like to share with honourable senators.

Hon. Lowell Murray: We are honoured.

Senator Austin: The government has transferred to me and to Canada Development Investment Corporation the responsibility for Canadair; de Havilland; the equity held by the Government of Canada in Massey-Ferguson; the shares of Eldorado—

Hon. Martial Asselin: What about Quebecair?

Senator Austin: —and the shares of Teleglobe.

Senator Asselin: Chrysler?

Senator Austin: These corporations will be, therefore, the subject of discussion between the Government of Canada and the private Canadian investment community concerning the interest of that community in participating at an equity level.

Again, those activities will not take place until there is an appropriate investment opportunity in those companies for

Canadian investors, and that requires, as honourable senators well know, an attractive commercial record for those companies and an opportunity for the Government of Canada to receive a fair return on its present investment.

Some Hon. Senators: Hear, hear.

● (1425)

Senator Roblin: I think I struck pay dirt this afternoon.

Hon. Royce Frith (Deputy Leader of the Government): You always do.

Senator Roblin: We have actually heard a statement made by a minister of the Crown that the government is considering a program of divesting itself of some of its present commercial activities. I think that, as a general rule, I am bound to approve of such a move on the part of the government. I would like to ask a few questions, however, with respect to the present situation.

What responsibility will the CDIC—the minister's creation—have with respect to these companies which he is going to prepare to divest? For example, with respect to the Canadian Development Corporation, which is now showing a loss for the current year of over \$100 million, it is quite clear it is not going to be easy to let that go at the present time. The opportunity has been missed. I am concerned, however, about this question of 49 per cent control residing in the CDIC. Is the government still exercising the same 49 per cent influence as it did before the CDIC was created?

If I may just elaborate on the same line of questioning, to keep the minister from bobbing up and down, what will be the operational or managerial relationship between the CDIC and the de Havilland Corporation, Canadair and those other companies which are now tagged as being available for purchase when the appropriate time comes? Is the minister in a position to tell us who is going to be responsible for this? There is a fellow Manitoban, who is known rather well to the minister, and who I think is active in the CDIC at the present time, if my information is correct. I would like to know if Mr. Maurice Strong will continue to occupy a role. I have heard that Mr. Barney Danson will be active in one of these subordinate companies. I am curious to know whether or not that is correct information. Perhaps the minister will give us a more rounded statement of how he visualizes this divesting procedure will take place.

Senator Austin: Honourable senators, I truly welcome Senator Roblin's interest. The situation with respect to the Canada Development Corporation shares which are held by me but which are to be held by CDIC with the approval of Parliament is as follows: The government has never, at any time, exercised its shareholding position in CDC so as to affect its business judgments. The president and chief executive officer, Tony Hampson, has stated publicly that at no time has the government sought to influence the business judgments of that entity over any matter. Accordingly, the government is indeed one of the most silent of its shareholders.

As a result of the May 27, 1982, agreement with the Canada Development Corporation, our shares are on the

[Senator Austin.]

market and we will continue not to attempt to participate as a shareholder in the business governance of the CDIC. We will leave that to the Canadian investor shareholders, who also have a substantial interest in CDC.

With respect to CDIC and its role relating to the assets I have mentioned, including the shares of CDC, the operating relationship will be that of a holding company, investment manager and financial partner. In other words, it will be a hands-on relationship between the 100 per cent shareholder—the Government of Canada—and the corporations, Canadair, de Havilland, Eldorado and Teleglobe. That is a relationship which is quite common in business where the corporations are governed by their directors. Those corporations will continue to be governed by their directors, but the shareholder will be represented on the board of directors, and the shareholder qua its role as a provider of funds will indeed wish to have an arrangement with those corporations relative to their operating plans, their corporate purposes and their use of those funds. Those are normal commercial operating circumstances.

With respect to the executive personnel, I would like to advise honourable senators that Joel I. Bell has today been appointed president and chief executive officer.

Senator Roblin: Of what?

● (1430)

Senator Austin: Of Canada Development Investment Corporation. Hitherto he has been Executive Vice President of Petro-Canada and has done an outstanding job as a senior officer of that company in its corporate acquisitions and financing program. I believe that Petro-Canada stands as one of the outstanding illustrations of the role of a crown-funded commercial activity.

An Hon. Senator: Time will tell.

Senator Austin: With respect to Maurice Strong, who indeed is one of the most distinguished people to come from Manitoba—he comes from Oak Lake—he is the Chairman of the Board of Canada Development Investment Corporation. He will devote approximately half of his time to the affairs of CDIC. The corporation will shortly be announcing the appointment of additional senior executive personnel to assist it in its role.

Senator Roblin: Honourable senators, I would ask one further question, to make sure that I have the situation correctly visualized in my mind. I take it that the Mr. Bell referred to is the one who received such prominent notice in a book known as *The Sorcerer's Apprentices*, which I had the pleasure of reading over the weekend, and which I consider should be on the desk of more than one member of this house, having regard to his interest in public affairs.

From what the minister has said, I can now look to him with respect to certain aspects of the management of those companies. He has told me that he is going to operate as a holding company, which means that the CDIC will make itself responsible for the capital budgets of those companies, for their operating budgets, and for their profit plan, and that the government itself will hold the purse strings. Therefore, it

would be legitimate for me to ask the minister from time to time what progress is being made in those companies, not from an operating point of view but from the point of view of the holding company responsibility that he has outlined.

Senator Austin: Honourable senators, with respect to Canadair, de Havilland, Eldorado and Teleglobe, I will stand in the same position, in reporting to this house, as the previous respective ministers did in reporting to the other place. With respect to CDC, my role will be that which I have described on several occasions in response to questions from Senator Roblin, which is that I do not report to this house respecting CDC because CDC is not a crown corporation or public corporation, but a private corporation operating as any other private corporation.

With respect to Massey, I have a position analogous to that of CDC. We are relatively small shareholders in that private corporation.

FOREIGN AFFAIRS

ST. PIERRE AND MIQUELON—CANADA-FRANCE MARITIME BOUNDARY

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government concerning the Prime Minister's recent visit to France. I should like to know if any discussions were held dealing with Canada's position concerning St. Pierre and Miquelon, particularly with regard to the ongoing negotiations that are not settled on the boundary lines between Canada and France, which has such an effect on the economic zone and the 200-mile fishing zone.

Hon. H. A. Olson (Leader of the Government): Honourable senators, from memory I do not recollect that the subject was on the agenda. However, I will make inquiries of the Prime Minister's Office and will ascertain whether or not it was discussed.

Senator Marshall: If the subject was not discussed, in view of the fact that press reports indicate that there now exists a good relationship between Canada and France, possibly this is an opportune time to pursue that matter, which is so important to Newfoundland and the country as a whole.

Senator Olson: Yes; we want to acknowledge that there are good and improving relations between Canada and France.

LOTTERIES

GOVERNMENT POLICY

Hon. Jack Marshall: Honourable senators, I have a question for the Minister of State for Fitness and Amateur Sport. Am I correct in presuming that the minister is responsible also for lotteries?

Hon. Raymond J. Perrault (Minister of State for Fitness and Amateur Sport): Honourable senators, at the present time the federal government is not involved in lotteries. We have made an arrangement with the provinces that in return for a

designated annual amount, which is paid by the provincial lottery corporation to the federal government, we will not be directly involved in lotteries.

Senator Marshall: I am not sure to whom I should put this question, but a problem arose in the Hamilton area when a local veterans' association sold tickets at 25 cents each in a small lottery. The police intervened and stopped the association from holding the lottery. That intervention has some effect on the government's responsibility toward lotteries, and since it was such a small lottery, it would appear to be a matter for the federal government to intercede to see why such discriminatory action took place.

Senator Perrault: Honourable senators, a 25-cent lottery would hardly lead one to believe that a police dragnet would be required. However, that is not within the responsibility of my department. I suggest that an inquiry should be directed to the local police officials in the community affected.

Senator Marshall: Perhaps the Leader of the Government would bring that matter to the attention of the Minister of Veterans Affairs to see if there is any legal responsibility toward Canadian veterans in whatever phase of activity they participate.

Senator Perrault: Honourable senators, certainly the honourable senator's observations will be brought to the attention of the Minister of Veterans Affairs. I would suggest also that the president of the veterans' association concerned, which was subjected to police action, should direct letters to the provincial attorney general and the head of the police commission. Those should be the first two steps to be taken, I would suggest.

THE ECONOMY

NOVA SCOTIA—GLACE BAY AND PORT HAWKESBURY— RUMOURED CLOSING OF HEAVY WATER PLANTS

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Leader of the Government. On November 2, the leader, in response to a question by Senator Muir concerning the Nova Scotia heavy water plant, said that he did not know that any decision to close the plants would be made imminently.

Would the leader put to rest all the doubts that now exist in the minds of hundreds of people who work in those plants by saying that the government does not intend to close them?

Hon. H. A. Olson (Leader of the Government): Honourable senators, I gave what I considered to be a fairly full answer to the question that was asked by Senator Muir, although he did ask an additional question, or an extension, somewhat along the lines of the question that Senator Donahoe is now asking. I give the honourable senator the same reply, namely, that we hope there will be a market for the product of those plants. My honourable friend knows that there has not been a brisk demand for heavy water and that most of the production is being stockpiled. That, of course, is an unhealthy and difficult financial situation.

Senator Donahoe: Honourable senators, as a supplementary, do I understand that the minister is saying that the future wellbeing of those who work in the plants is solely and utterly dependent on market conditions?

Senator Olson: I did not say that. I said it was difficult, but, like almost any other production of any other commodity, there is a direct relationship between the financial health of those companies and whether or not they can sell what they are producing.

Senator Donahoe: Honourable senators, I have a further question on that subject. Without regard for press reports, the actions and agenda of the cabinet, or of the future market for heavy water, but merely as a matter of fact, will the minister answer this one question: Will the plants remain open?

● (1440)

Senator Olson: The answer is that the plants are open now and, indeed, the federal government has been involved in providing financial underwriting to keep these plants open for all of the obvious good reasons, and for a long time after the production of these plants commenced being stockpiled.

Senator Donahoe: Honourable senators, one is tempted to be quiet and one is also tempted to ask a further question. Will the assistance alleged, at least, by the Leader of the Government to be given by the government to those plants—which, as I understand him is responsible for their being open—continue to be given?

Senator Olson: Honourable senators, perhaps I should make a reference to the Minister of Energy, Mines and Resources and the other ministers involved. What my honourable friend is asking of me now is that I, on behalf of the government, give an undertaking that there will be this kind of financial assistance in perpetuity or, at least, over a longer term. I have to tell the honourable senator, quite frankly, that I do not have the authority to give that kind of assurance now.

AIRLINES

QUEBECAIR—POSSIBLE EXEMPTION FROM PROVISIONS OF BILL S-31

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply to a question concerning Quebecair asked by Senator Asselin on November 9. While I have answered a number of these questions to date, I now have a much longer and more detailed reply, and I would ask that it be incorporated in *Hansard* as though it had been read.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(The answer follows:)

Honourable senators, Senator Asselin stated in the Senate on November 9, 1982, that the government had not given a "satisfactory response" to the proposed Quebecair acquisition of Nordair. The Minister of Transport gave the government's response through a telex sent to his counterpart in the Province of Quebec. The minister

stated in the other place on November 9 "that the Snow-Clair proposal has not been received very enthusiastically by the various parties involved. First of all, Air Canada was to participate in the merger, but without voting rights, a condition that Air Canada did not find very attractive. On the other hand, Nordair employees were not very enthusiastic either, and furthermore, parties from the private sector in Quebec and Ontario were, it seemed, either not very willing or not able to make substantial investments in the company that would be created as a result of a merger. In other words, a great many people did not seem to find the Snow-Clair plan very attractive, and I therefore hope that we shall be able to take a more realistic approach, for instance, in discussing Air Canada's participation in the merger, as a voting participant and not as a participant who provides funds without having a say in how they are spent."

To answer the second part of Senator Asselin's question, the Minister of Consumer and Corporate Affairs announced on November 9 that the cabinet had ruled that in accordance with Clause 6 of Bill S-31, Quebecair would be exempted from the provisions of the bill as soon as they take effect.

Senator Asselin asked whether there would be discussions with the Government of Quebec on this issue. The answer is yes. The Minister of Transport, the Hon. Jean-Luc Pepin, met with his counterpart, the Hon. Michel Clair, the Minister of Transport of the Province of Quebec, on November 10.

Senator Asselin asked why the Minister used his discretionary powers to grant Air Ontario an exclusive licence to provide air services to Toronto, Ottawa and Montreal on a route that was already partly being used by Quebecair. The Minister of Transport reversed a CTC decision regarding Air Ontario, thereby giving Air Ontario the authority to operate Sarnia-London-Toronto-Ottawa-Montreal without traffic rights between Ottawa and Montreal. As there are many non-stop flights between Toronto and Montreal (Quebecair, Nordair, Air Canada, CP Air), it is unlikely that passengers wishing to travel on this route will be diverted to the slower and indirect Air Ontario service. The main purpose of the Minister's decision was to provide passengers from Sarnia and London with same-plane service to Ottawa and Montreal.

Therefore, to answer Senator Asselin's final question, this did not mean that the federal government was no longer open to the Snow-Clair proposal.

ECONOMIC UNION AND DEVELOPMENT PROSPECTS FOR CANADA

ROYAL COMMISSION—APPOINTMENT—ROLE OF DEPARTMENT
OF FINANCE, ECONOMIC COUNCIL OF CANADA AND HELLIWELL
COMMITTEE

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a reply for Senator Murray, who asked a number of questions concerning the respective roles of the Royal Commission on Economic Union, the Economic Council of Canada and the Economic Advisory Panel to the Minister of Finance. In my reply to the honourable senator yesterday I identified several places where he could get the terms of reference with respect to each of these entities. This document not only identifies them but, indeed, identifies the full text of those terms of reference. The document is rather long and it could be printed in *Hansard*, but for Senator Murray's information, perhaps it would be satisfactory if I simply tabled it.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Lowell Murray: Honourable senators, I trust that before long the minister will bring to the Senate the name of the royal commissioners who will be joining the Honourable Donald Macdonald on this excursion that was announced a few weeks ago by the Prime minister.

Senator Olson: Without agreeing that the commission is an excursion of any kind, I can assure Senator Murray—as I indicated in the firm, unequivocal undertaking that I gave to this question when it was first asked—that I will bring that information to this chamber as soon as it is available. I am not backing away from that undertaking at all.

ENERGY

NEWFOUNDLAND—OFFSHORE RESOURCES—GOVERNMENT
POLICY

Hon. C. William Doody: I wonder if the leader could undertake to find out for me the status of the eastern offshore dispute. I asked the question yesterday and there appears to be some new movement on one side or the other, though it is all very vague. There were some articles in the local press in St. John's a few days ago and I have noticed some articles in the local press here both yesterday and today. Did the minister have an opportunity to inquire, and, if so, has anything changed?

Hon. H. A. Olson (Leader of the Government): I will check that matter out immediately.

INDUSTRY, TRADE AND COMMERCE

MAISLIN INDUSTRIES LTD.—EXECUTIVE OFFICERS AND
DIRECTORS

Question No. 85 on the Order Paper—By **Hon. Jack Marshall:**

What are the names of the executive officers and directors of Maislin Industries Ltd., 7401 Newman Blvd., LaSalle, Quebec, H3N 1X4?

Reply by the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion:

Insofar as the Departments of Industry, Trade and Commerce and Regional Economic Expansion are informed:

The executive officers of Maislin Industries Ltd., are:

Alan Maislin—President, Chief Operating Officer and Treasurer

Sydney Maislin—Chairman of the Board and Chief Executive Officer

Franklin Selegman—Secretary and Vice-President of Corporate Affairs

The directors of the company are:

Clément Beauregard Simon Maislin

William S. Devlin Sydney Maislin

Brahm M. Gelfand Hubert R. Marleau

Claude L. Langevin S. Pollock

Alan W. Maislin

Myer Maislin

NATIONAL HOUSING ACT

BILL TO AMEND (NO. 2)—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Stanbury for the second reading of Bill C-135, to amend the National Housing Act (No. 2).

Hon. Orville H. Phillips: Honourable senators, as the sponsor of the bill said in his introduction last evening, Bill C-135 essentially eliminates the interest deferral plan and substitutes a grant. I was tempted to read back to the chamber some of the answers given in the other place explaining why this could not be done. I decided not to do that because I did not want to inflict the answers on my colleagues on this side and I do not think that the honourable senators on the other side would appreciate it either. However, I say to the sponsor that once he has accepted one idea from the opposition I hope that he will feel free to accept other ideas from the opposition. We will not feel that we are being plagiarized or anything, and we would be only too pleased to help him out.

The bill itself misses several good opportunities to deal with problems affecting the housing industry, such as the cancellation of MURBs, the substitution of the Canada Rental Supply Plan, the Canadian Home Ownership Stimulation Plan and, in general, the reduction of housing starts in Canada, which is developing into a crisis situation and is being ignored by the government. As honourable senators are aware, MURBs were cancelled in the MacEachen budget of November 1981. The honourable member for Vancouver Centre, in reply to that budget pointed out certain difficulties arising as a result of its

introduction and the following week temporary changes were made to the budget. In that year there were approximately 54,000 MURB starts. This year we have the Canada Rental Supply Program, which was introduced in the same budget, that originally allowed for interest-free loans of \$7,500 per unit, which amount was later altered upward. The average loan is \$12,000. Approximately 7,800 units have been approved under this plan.

However, honourable senators, I point out that there is a considerable difference between the 54,000 units commenced under MURB and the 7,884 units approved under the Canada Rental Supply Program. I emphasize that these units have only been approved. No one seems to be able to tell me how many of them have actually started this year. I think that the number of starts is a very important aspect, because we have dropped a considerable number of housing units at a time when rental accommodation is very scarce in a number of Canadian cities. I believe that the city of Ottawa is at about a 0.5 per cent vacancy rate. I ask the sponsor of the bill to tell us how many of the units approved under the Canada Rental Supply Program were for social housing.

On March 23, 1982, the former Minister of Housing said that up to one-third of the units could be for social housing; he did not say "would" be. I understand that a number of the projects have no provision for so-called social housing units. The Canadian Home Ownership Plan, as I said with regard to the estimates recently, is the only program that is showing some signs of success. As honourable senators are aware, this plan provides a grant of \$3,000 to those who are purchasing their first home. However, because the program is meeting with a bit of success the government seems to be annoyed: "We cannot have everything else failing and have one program beginning to show some promise. We will have to alter that program." Consequently, as of January 1, 1983 that program will apply to new units only.

● (1450)

Honourable senators, before that program is altered I think we should look at it closely. To date, there have been 29,000 grants approved for new housing and 55,000 grants approved for existing housing. That is a ratio of almost two to one. There are several reasons for the fact that existing housing is more popular. First-time purchasers like to buy what are commonly called starter homes and then trade up. Existing housing is cheaper and, therefore, more attractive to first-time purchasers. Another good reason why I believe the Home Ownership Stimulation Plan should continue to apply to existing housing is that in certain centres of the country, such as Sudbury where the mining industry has closed down, a number of people are bound to have to leave town and it will be difficult for them to sell their homes, particularly if the subsidy applies to new construction but not to homes that must be vacated. There would seem to be a certain discrimination against these unfortunate people who have to sell their homes, if they have to take \$3,000 off the selling price in order to compete with new construction.

[Senator Phillips.]

As I said earlier, honourable senators, housing starts have been decreasing each year. Apparently, there is a ratio between housing starts and the deficit. As the deficit increases, housing starts decrease. This year it is estimated that there will be approximately 130,000 housing starts in Canada, but the Canada Mortgage and Housing Corporation has stated that there is a need for at least 220,000 units. That leaves a shortfall of about 90,000 units. I find nothing in this bill that would tend to stimulate construction or bring on to the market the additional 90,000 units that are required.

The bill makes no mention of co-op housing, although that form of housing is popular in certain areas of the country, particularly in the Atlantic provinces, because it is a means by which people in lower income brackets can own their own homes by participating in their construction and thus keeping the costs down. I am certain the new minister of housing, who is familiar with co-operative programs, will want to give this concept his attention in the near future.

Mobile homes are ineligible for grants, honourable senators, and I think that is unfortunate, because in areas where mega-projects take place, such as the Alsands and Cold Lake, there is an urgent need for that type of housing. The workers who go to such projects seldom go on a permanent basis. They know they will be working in such locations for perhaps three years, at the end of which time they will have to move. I should like to think the government would reconsider its position on this. I think it would be a mistake for it to remove mobile homes from the program.

Honourable senators, in the other place recently there was a suggestion of a new program of insurance against mortgage interest rate fluctuations. Perhaps the sponsor of the bill can give us some information in that regard. I do not believe this chamber has had any information on that to date. I hope that program does not meet with the fate which befell the program for mortgage reductions. In that case a blue chip committee was formed to study the proposal in the June budget and it recommended against the program. The government dropped it like a hot potato. Incidentally, I find it rather strange, honourable senators, that when parliamentary committees, or other parliamentary bodies, make recommendations to the government they are ignored, but when this blue chip committee made its recommendation the government acted upon it as if it could hardly wait to agree with it. I find that strange indeed, especially in view of the fact that throughout the summer the government spent hundreds of thousands of dollars on advertising the program, suggesting that this was the time to buy a home because the program was coming on, and then simply dropped the program. They could not even wait until the term of the TV ads had expired. There were no ads ready to replace the ones advocating the purchase of homes under this non-existent plan; the government simply had to run the old ads to term because they did not have new ads ready, they had cancelled the program so quickly.

Last evening the sponsor of the bill stated that there were approximately 10,000 applications at a cost of approximately \$4 million. That gave me some concern because that averages

out to a grant of \$400 per application, and yet the sponsor of the bill had been speaking of \$3,000 grants. Perhaps he can tell us how many of the applications actually received the full \$3,000. Did anyone receive the maximum amount?

The sponsor closed in what I would call a crescendo of exaggeration. He spoke of the programs the government had in place for housing and the jobs that would be provided. Well, I can only say that I am sorry the sponsor did not tell the Minister of Finance about all these things, because the Minister of Finance in his October statement did not refer to those figures. They must really have been exaggerated, if the Minister of Finance would not use them. I think the best term I can develop for the figures used by the honourable senator last evening is that they are a crescendo of exaggeration.

Honourable senators, this year in Canada there will be approximately 700,000 mortgage renewals. Under the provisions of Bill C-135 approximately 6,000 grants have been provided. That is less than 1 per cent of the renewals—hardly an outstanding achievement, honourable senators. Nevertheless, the urgency of mailing the cheques is very real and important to the people involved. I only hope that they receive those cheques, because if the Post Office is used they probably will not receive them. Perhaps the numbers are so small that Canada Mortgage and Housing Corporation will call the individuals concerned so that they will be able to go to the office to pick up their cheques.

● (1500)

Hon. Richard J. Stanbury: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Stanbury speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Stanbury: Honourable senators, I will try not to give you "a crescendo of exaggerations" this afternoon. I really want to point out that my honourable colleague Senator Phillips has discussed a number of matters which might have been included in the bill. They were not, but it may well be that during the committee stage he will be given an explanation as to why they were not, and he might make suggestions then as to what should be included in the bill. However, there was no suggestion on his part that the bill should be opposed in its substance. Therefore, I feel it is appropriate that this bill be referred to committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Stanbury moved that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

INTERPRETATION ACT BILLS OF EXCHANGE ACT CANADA LABOUR CODE

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Olson, P.C., seconded by the Honourable Senator Frith, for the second reading of the Bill S-30, intituled: "An Act to amend certain Acts in relation to Canada Day".—(*Honourable Senator Marshall*).

Hon. Jack Marshall: Honourable senators, I am willing to yield to any honourable senator who wishes to speak on this order, and if no one does I ask that the order stand.

Order stands.

BRETTON WOODS AGREEMENTS ACT INTERNATIONAL DEVELOPMENT ASSOCIATION ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, November 18, the debate on the motion of Senator van Roggen for second reading of Bill C-129, to amend the Bretton Woods Agreements Act and the International Development Association Act.

Hon. Martial Asselin: Honourable senators, at the outset, I should like to congratulate the sponsor of the bill, Senator van Roggen, who made an interesting presentation of this legislation last week. Before discussing the details of the bill, I wish to recall to the Senate the basic principles and background of this legislation.

The first basic part of this legislation is to authorize an increase in the Canadian contribution to the World Bank as part of an overall doubling of its capitalization. This will assist the World Bank to continue the lending programs it has undertaken over the years in its practice of lending development funds on a commercial basis. The amendment will raise the value of the shares of the World Bank that can be purchased by Canada from over \$1 billion currently in the act to a new amount of over \$2 billion. The amendment will permit Canada to subscribe to some 10,000 World Bank shares valued at approximately \$1 billion in current Canadian dollars. However, only 7.5 per cent of the face value of the shares, or some \$120 million, must actually be paid in over a four- to five-year period.

The second part of the legislation is to provide funding to the International Development Association, which is the agency that provides loans on soft terms to the less developed countries of the world—the poorest countries—in order to help them develop and grow.

The members of the official opposition in the Senate stress the overwhelming importance of the two institutions concerned, the World Bank and the International Development Association. We admit that these are two important groups,

but in the world economy in general, and especially in their work in aiding less developed nations, it has been said very often, and is still true today, that confidence in the international financial system depends on the willingness of developed countries to play a role through multilateral agencies such as the World Bank and the International Development Association.

However, we want to stress that the economic problems facing the international community cannot be solved by simply increasing financial aid. Canada and other industrialized nations must recognize that there is a limited amount of capital reserved for this purpose, and in total, generally.

Thirdly, a theme common to our participation in the debate, considering the importance placed by the government on participating in organizations such as the World Bank and the IDA, is that it places a greater emphasis on "putting our house in order". I say that because if economic conditions, both in the international community and here in Canada continue to deteriorate, it naturally follows that Canada's ability to play a leading role, or a role, at least, in these institutions will be severely affected.

Finally, we believe that this legislation is directly relevant to the need for government accountability in terms of aid efficiency. We have consistently called for an overall review of Canada's aid programs, and CIDA in particular, with an aim to providing cost-efficient aid and development programs. For if the government provides cost-efficient aid programs, and an overall aid strategy, Canadian participation in the invaluable work done by the institutions mentioned above will be ensured and strengthened.

• (1510)

[Translation]

Honourable senators, it is obvious that, owing to the interdependence of nations, our own development and the economic growth of Third World countries cannot be dissociated. This international aid policy has oftentimes benefited Canada with respect to higher industrial production, the creation of jobs and the opportunity for Canada to fully export its potentialities and abilities, especially its industrial technology. If we are to be successful, we must oppose national and foreign protectionist programs and liberalize our international trade.

It is a fact that Canadian citizens are now asking scores of questions about their country's international development policy. Given the high rate of unemployment, the inflation problem and all the other economic woes facing our country, it is naturally difficult for Canadians to swallow the fact that Canada does spend in excess of \$1 billion a year for international development.

In light of the current world economic situation, it is essential that Canada should belong to such major organizations as the World Bank and the International Development Association with a view to helping poorer countries.

When I was with CIDA we had prepared a white paper featuring an in-depth study of our international development policies. It dealt with the role of multilateral organizations, the

[Senator Asselin.]

work done by non-governmental agencies, the consideration and use of funds, as well as the review of CIDA programs. In short, we had drafted a white paper in which we thoroughly revamped the new guidelines which were to apply to our international development policy. I believe that white paper is still lying around somewhere, but perhaps there has not been an opportunity to refer it to parliamentary committees for study.

Our party is fully aware of the significant role played by the World Bank and the International Development Association on the international financial scene. I asked CIDA officials to provide me with certain figures concerning our contribution to those international financial institutions.

Those figures reveal that, in the past five years, Canada has made generous contributions to enable the World Bank to help developing countries. Canada's contributions amounted to \$141.2 million in 1977-78, \$164.8 million in 1978-79, \$164.8 million in 1979-80, \$177.1 million in 1980-81 and \$164.6 million in 1981-82.

I also asked those officials what projects CIDA had participated in with the World Bank.

CIDA's contribution to the World Bank during the last five years has been as follows: From July 1977 to 1978, projects worth \$30.4 million were carried out; from July 1978 to 1979, \$33.7 million; from July 1979 to 1980, \$33.6 million; from July 1980 to 1981, \$62.3 million, and from July 1981 to 1982, \$78.4 million.

Canada's contribution to the International Development Association amounted to \$11 million in 1977, \$5 million in 1978, \$7.5 million in 1979, \$6.2 million in 1980 and \$11.6 million in 1981.

We do not contribute to international development only through these two agencies, namely the World Bank and the International Development Association. We also contribute to the African Fund; we have invested \$170 million in this fund since 1972. Moreover, Canada is planning to invest considerable amounts in the African Bank.

I was also interested in knowing what benefits these investments bring Canadians.

When I was the minister responsible for CIDA, I had the opportunity to visit various developing countries. I used to wonder what benefits our investments in these countries brought us because some of them have managed to upgrade their national production, and I believe that Canada should strive more to become an economic partner of these countries instead of always being a donor. I was surprised by the economic returns of the contributions made by Canada, either in cash, in equipment, in grain or other types of products.

I do not think that Canadians make full use of their opportunities to win over these international markets. I had asked for a review of the situation at the time. I realized that Canadian businessmen did not get a fair share of the return of our investment in international financial institutions.

At the time, our returns were compared to those of other countries. In some cases, our return represents only 5 per cent

of our investment. On the other hand, the Japanese get 20 per cent of their investments back in economic benefits for their country. This is why we had introduced a program to encourage Canadian businessmen to take a more active part in international development.

I shall close by saying that we support this bill.

[English]

Honourable senators, I spoke with the sponsor of this bill yesterday and we agreed that it does not need to be referred to committee. Therefore, I agree that the bill now receive second reading.

Hon. George van Roggen: Honourable senators—

The Hon. the Speaker: I draw the attention of honourable senators to the fact that if the Honourable Senator van Roggen speaks now his speech will have the effect of closing the debate on the motion for the second reading of this bill.

Senator van Roggen: Honourable senators, I have nothing to add to the remarks I made on moving the second reading of this bill, other than to thank Senator Asselin for his speech this afternoon and the additional information he gave honourable senators concerning this bill. I concur in what he said about the benefits that can flow back to Canada from our foreign aid programs. The spin-offs that come later can be very important to us.

Motion agreed to and bill read second time.

● (1520)

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator van Roggen: With leave, now—or at the next sitting.

Hon. Jacques Flynn (Leader of the Opposition): Unless we are to have Royal Assent this evening, it should be at the next sitting.

Senator van Roggen moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

TWENTY-EIGHTH GENERAL CONFERENCE HELD AT NASSAU,
BAHAMAS

Hon. Frederick W. Rowe rose pursuant to notice of Thursday, November 4, 1982:

That he will call the attention of the Senate to the Twenty-eighth General Conference of the Commonwealth Parliamentary Association, held at Nassau, Bahamas, from 16th to 22nd October, 1982, and in particular to the discussions and proceedings of the Conference and the participation therein of the delegation from Canada.

He said: Honourable senators, I wish to make a brief statement on the Twenty-eighth General Conference of the

Commonwealth Parliamentary Association held at Nassau, Bahamas, during the month of October 1982.

The Canadian delegation consisted of the following members of Parliament: Mr. Keith Penner, as leader; the Honourable Arthur Huntington, P.C.; Mr. Gordon Gilchrist; Mr. Roger Simmons; and Mr. Douglas Anguish—all three parties in Parliament being represented at the conference. The Senate was represented by the Honourable Martha Bielish and me.

In addition to this official delegation from the federal government, Canada was represented, *ex officio*, by the Honourable Gerald Ottenheimer, chairman of the Executive Committee of the Commonwealth Association, one of the two senior positions in that great organization. Canada was also represented by Dr. M. Foster, a member of the Executive Committee. I would also point out that all but one of the provinces had at least one representative. It is clear that Canada had a very strong representative delegation at this important plenary conference of the association.

All members of the parliamentary delegation from Canada contributed significantly and vigorously to the various debates. Since the verbatim account of the debates will be issued in the near future, I will make only brief reference to them at this time.

The opening speech on the topic of approaches to unemployment was given by Mr. Penner. Later in the conference, Mr. Penner also dealt with relationships between Parliament and the executive branch of the government. Mr. Huntington's main contribution was made in the debate on control and scrutiny of public finance by Parliament. Mr. Gilchrist dealt with security among small nations; and Messrs. Simmons and Anguish made important contributions to the panel discussions on energy and the environment, respectively.

Senator Bielish was able to draw on her vast experience of social problems, generally, and, in particular, on the rights of women. Her background in these matters enabled her to make an excellent contribution on the all-important topic of worldwide population control. My own contribution revolved around the general topic of human rights.

Exempting myself from my next observation, honourable senators, I feel duty-bound to report that members of the 46 other delegations repeatedly made formal and informal references to the quality of the Canadian delegation.

All of us from Canada were very pleased that our leader, Mr. Penner, was elected as a member of the Executive Committee. I was particularly pleased that the only standing ovation during the entire week-long conference was reserved for my fellow Newfoundlander, Mr. Ottenheimer, who, as chairman of the Executive Committee, delivered what everybody agreed was a remarkable and most eloquent closing address. For those who may not be aware of it, Mr. Ottenheimer is the Minister of Justice and Attorney General in the Peckford administration. I should add that he is a noted scholar, being a graduate of the Sorbonne and several other universities, and is well versed and fluent in seven languages.

From what I have said, it is clear that the Commonwealth Parliamentary Association conference dealt with a number of matters of world importance. If one were to listen to some media spokesmen, or read what some columnists and editors had to say about both that conference and other international parliamentary conferences, one would be left with the very strong impression that Canada's financial involvement in Commonwealth affairs should, at this time, be either reduced to a minimum or eliminated altogether. The impression would be given that, in a time of recession and restraint, it is gross extravagance for Canada to be sending delegations to parliamentary conferences such as the one I am reporting on today.

Honourable senators, in the light of the world's problems and the interdependence of all countries of the world, this attitude is well nigh incomprehensible. Not one of the 46 countries who comprise the Commonwealth Parliamentary Association is held in higher regard by the others than is Canada. Over the long haul, this feeling is bound to translate itself into benefits for Canada in one way or another. However, that is not the major justification for Canada's involvement. If that were the only consideration, Canada could, justifiably, be accused of being selfish.

Many of the 46 countries are Third World or developing countries who need Canada's sympathy and assistance. I speak personally when I say that, above all, they need our understanding. By the same token, especially at this particular time in Canadian and world history—at a time when we are confronted by so much economic and political turbulence—Canada must not lose respect. Canada cannot afford to disregard the influence she wields in international affairs. Let us make no mistake about it, honourable senators, Canada does wield influence, and is held in the highest regard by other countries. That is not a piece of wishful thinking on my part.

● (1530)

It may come as a surprise, even to some honourable senators, to hear that, of the 46 countries which comprise the Commonwealth Parliamentary Association, the richest in terms of the per capita gross national product is Canada. I have before me the actual figures for 1979. In that year, Canada's per capita GNP was \$9,650. I ask honourable senators to register that figure in their minds. The country nearest to Canada was Australia, with \$9,100 per capita. The third country was the United Kingdom, with \$6,340 per capita. At the other end of the spectrum was Kenya, with \$380 per capita. I remind honourable senators that Canada has a per capita GNP of over \$9,000. India, an influential and vigorous member of the Commonwealth, and the second largest country in the world in terms of population, has a per capita gross national product of \$190. Bangladesh, the poorest country, has a per capita gross national product of \$100.

Honourable senators, if, because of current economic conditions, we were to take the advice of some of the editors, columnists and commentators Canada would cease participating in this organization. If that were so for Canada, how much more appropriate should it be for the poorer nations of the world? If we were to give up our membership in this associa-

tion because we are experiencing some financial troubles at the moment, how much more so is that true for countries like Kenya, Bangladesh or perhaps 30 other developing Third World countries? How much more necessary would it be for those countries to get out and save that bit of money?

In other words, probably without realizing it, some members of the media are actually advocating the abolition of this organization. If Canada, the wealthiest of all of the countries belonging to the organization, gets out, why should any of the other poorer nations remain part of it? I believe, perhaps without realizing what they are doing, members of the media are advocating the abolition of the Commonwealth.

Honourable senators, we could stretch that idea a little further to say that we may as well not take part in the conferences of the Inter-Parliamentary Union, which is a still bigger organization than the Commonwealth Parliamentary Association. The idea could be carried yet further to its logical absurdity, which is that Canada ought to back out of the United Nations. If that were to happen, all the other nations should back out, too, and that organization would go the way of all flesh.

It is rather interesting to note, honourable senators, that the United Kingdom, which so often sets the pattern in these matters, and which I think we would all agree is going through a period of severe economic troubles, sent 10 senior members of the Thatcher administration and the Parliament at Westminster to the meeting. Five of those representatives bore the title "Right Honourable." What does that mean, honourable senators? Five of those representatives were cabinet ministers, yet they were present at that meeting. Should anyone want to confirm that information, I have with me the official list of delegates.

Incidentally, the English delegation was led by one of the senior members of the Thatcher administration, the Right Honourable Harry Neil Martin. I may be naive on this point, but, having met Mrs. Thatcher and having followed her career in recent years, I cannot see her approving such an expenditure of time and money—such an absence of senior political figures from the United Kingdom—if she did not regard this association very highly. As a matter of fact, Mrs. Thatcher was, for many years, an active member of this association. Five cabinet ministers did not travel to the Bahamas without Mrs. Thatcher's okay; I do not think anybody would kid himself on that.

I can say the same thing with respect to Australia. It is not all sunshine in Australia, in these difficult times, yet fourteen members of the Australian Senate and House of Representatives travelled four or five times the distance that Canadians had to travel to attend this meeting. I cannot see their doing so if they did not feel it was of great benefit to their country.

Honourable senators, the formation of the Commonwealth Parliamentary Association has brought together a number of traditional enemies. Over the period of time that has elapsed since its formation following World War II—now some 30 years—there have been two wars, to the best of my recollection, involving members of the association as antagonists. I

remind honourable senators that we are talking about an organization of 46 nations. Does anybody really think that, over that period of time when literally hundreds of wars, large and small, were fought, the existence of the Commonwealth Parliamentary Association had no peacekeeping effect? Had there been no Commonwealth organization, how many of those 46-member nations would have resorted to violence, to military antagonism and hostilities, against one another?

To return for a moment to Canada's role in this organization, the fact is that, rightly or wrongly, Canada is expected to provide leadership. The views and feelings of the Canadian people, as expressed by the Canadian delegates to conferences such as the one I have been talking about, carry enormous weight and influence around the world. For Canada to opt out of its moral responsibility—and that is what it is—would be an act of cowardice, and, indeed, would be a supreme act of irresponsibility.

Honourable senators, I have often paid, and continue to pay, tribute to the dedication of many members of the media. I cannot help thinking that very often commentators and editorial writers on these subjects work from a basis which essentially is either malice or profound ignorance, or, I suspect, a combination of both. At this time of economic and political turbulence, Canada cannot afford to ignore its overseas friends. Let us not panic because we are passing through difficult times. We have had recessions before, and we shall have them again. The world did not end on previous occasions, and it will not end this time.

● (1540)

We have to remind ourselves that we are still one of the most fortunate countries—perhaps, in many ways, the most fortunate country—in the world, and what that really means is that our responsibility to the less fortunate areas of the world is proportionately great.

Hon. Martha P. Bielish: Honourable senators, Senator Rowe capably presented an overview of the Twenty-eighth Commonwealth Parliamentary Association Conference held at Nassau in the Bahamas in October of this year. He also mentioned that eventually a verbatim report will be available. However, perhaps I may be permitted to make a few comments and observations, since I was honoured to be part of the Canadian delegation and to have the opportunity of hearing the views of parliamentarians from other member countries of the Commonwealth, and to participate in the discussions, both formally and informally.

Senator Rowe's contribution in a plenary session on the topic "The Freedom of the Individual, Human Rights and Responsibilities, and the Authority of Government in a Parliamentary Democracy" was well received by an interested audience. In his remarks Senator Rowe referred to the patriation of the Constitution and spoke about the adoption of the Canadian Charter of Rights and Freedoms.

In this chamber I represent the opposition party, and I will present a few of the highlights from the point of view of a member of the opposition. Some countries within the Commonwealth have a one-party system and expressed the view that an opposition was not necessary; that their system of government was operating satisfactorily.

Hon. Jacques Flynn (Leader of the Opposition): Senator Olson agrees.

Hon. Duff Roblin (Deputy Leader of the Opposition): Stand up and take a bow.

Senator Bielish: I thought that would make someone happy. The session dealing with the subject "The Role of the Opposition in a Parliamentary System" was addressed by the Honourable Ron Huntington representing Canada. There were several references to his speech being an excellent one and he received enthusiastic applause. In his usual modest manner, he commented that his remarks were the result of a number of years of first-hand experience.

What I have said may suggest to honourable senators both the serious nature and friendly atmosphere that was evident throughout the conference. The agenda included seven half-day plenary sessions and two half-day panel discussions. I will list the topics, and honourable senators will see that they ranged over topics not only of concern to the Commonwealth but also to Canada, bearing in mind Canada's place in the world. The first plenary session dealt with World Peace and Development, and then followed: The Security and Future of Small Countries of the Commonwealth; Approaches to Unemployment; The Freedom of the Individual, Human Rights and Responsibilities, and the Authority of Government in a Parliamentary Democracy; and Development of Alternative Energy Resources. The latter subject took the form of a panel. There were two panels held at the same time and the subject of the second was Parliamentary Privilege with Special Reference to Confidentiality.

Further panels dealt with Population Control and Preservation of the Environment with Special Reference to Wildlife. Other plenary sessions dealt with Parliament and the Scrutiny of Public Finance; The Role of the Opposition in a Parliamentary System; and Parliament and the Executive.

At the time of the conference the annual meeting of the General Assembly of the Association took place, and also the election of officers.

The topics discussed by parliamentarians of member nations of the Commonwealth, and the exchanging of ideas and experiences; learning of their successes and setbacks; seeking solutions to problems that beset countries both large and small, be they developed or developing, is what the CPA is all about. There are those who would heap criticism. Honourable senators may judge for themselves.

The Hon. the Speaker: Honourable senators, as no other senator wishes to participate, this inquiry is considered debated.

The Senate adjourned until tomorrow at 2 p.m.

